



**Report of: Executive Member for Finance, Performance & Community Safety
and the Executive Member for Housing and Development**

Meeting of	Date	Ward
Executive	11 July 2019	All

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Downsizers Dual Charge Relief (for Council Tax payers)

1. Synopsis

- 1.1 This is a relief from 'double' council tax charges designed for any tenants who are under-occupying their home moving from a larger property over which LBI has nomination rights to a smaller property over which LBI has nomination rights freeing up their original accommodation for allocation to larger families.
- 1.2 There are periods where a "Downsizer" (an under-occupier) can become liable for council tax at their original address and their new address at the same time. This situation is often referred to as a period of overlapping tenancies and it creates an additional financial burden for the Downsizer.
- 1.3 'Downsizing' allows the council to make the best use of its housing stock and properties for which the council has nomination rights and in particular, releases scarce social housing for allocation to families. For this reason, we do not want potential downsizers discouraged from moving because they would have extra council tax to pay.

2. Recommendations

- 2.1 To create a class of council tax charge payers for the purposes of awarding an exemption to their council tax to be known as “Downsizers”.
- 2.2 To define a Downsizer as a tenant who was living in a larger property over which LBI has nomination rights who has completed an under-occupation transfer to a smaller property over which LBI has nomination rights.
- 2.3 To agree that this class of charge payers will be awarded a local council tax relief, by way of a discount, if during the transition from the larger to the smaller property the Downsizer becomes liable for council tax at both properties for an overlapping period. The discount will be applied in a way that will reduce the Downsizer’s council tax bill on any unoccupied property during the overlap to nil.
- 2.3 To agree that this class of reduction will be applied in accordance with the Downsizers Dual Charge Relief Scheme which is contained in Appendix 1 of this report.
- 2.5 To agree that Downsizers Dual Charge Relief will be available from the date the scheme is agreed and can be applied to any qualifying period from the 2019/20 financial year onwards.

3 Background

- 3.1 There is a housing crisis in London and it may not be solved by building more homes alone. A complimentary solution is to make better use of our existing housing stock. By improving mobility within our housing stock we can increase the number of new social housing lets at a fraction of the cost of building new homes.
- 3.2 Reducing any under-occupation is a cost effective way of improving this mobility. If more tenants living in large homes downsized to smaller ones, then more families in overcrowded homes could move, and more homeless families or households on waiting lists could be housed.
- 3.3 Under-occupation arises where a household lives in a property that has more bedrooms than the household’s assessed needs. Typical causes of under-occupation are older tenants/couples remaining in their home after their children have grown up and left and family breakdown.
- 3.4 On 1st April 2019, there were 4,779 families waiting for a home on Islington’s Housing Register. In 2017/18 only 494 family sized homes were let, for 2018/19 the estimate is that only circa 600 family homes were available for allocation.

- 3.5 Moving costs and additional charges such as additional council tax in this case create a disincentive to downsizing by creating additional debt for the downsizing tenant to cope with.
- 3.6 Our proposed Downsize Dual Charge Relief removes the additional charges caused by the double taxation of council tax if during their transition from the larger to the smaller home a tenant becomes liable for council tax at both properties at the same time.

4 Implications

4.1 Financial Implications

There are financial implications of awarding any new council tax relief, as it reduces the total amount of council tax income collected in the Collection Fund. The cost of any such relief is shared between the Council and the GLA in proportion to their share of the total annual council tax (78:22 split in 2019/20).

4.1.2 The number of Downsize Dual Charge Reliefs in any given financial year will fluctuate, so the cost of this proposed new relief cannot be determined precisely. An estimate of the cost of providing this relief to tenants moving from and to properties over which LBI has nomination rights is shown below.

- The number of Downsize Dual Charge Reliefs in 2017/18 and 2018/19 were 145 and 161 respectively, giving an annual average of 153.
- The annual council tax charge (including GLA precept) for an average band D property in 2019/20 is £1,489.67 so the daily charge is approximately £4.08.
- The typical transition period from the larger to smaller property is less than 4 weeks (28 days).
- Using this information (153 Downsize Dual Charge Reliefs for a transition period of 28 days) the estimated annual cost of this proposed new relief in 2019-20 would be c£17k, of which the Council share would be c£13k and the GLA's share would be c£4k.
- This estimated annual cost would increase in future financial years in proportion to any increase in the level of council tax.

4.2 Legal Implications

4.2.1 The recommendation for Downsize Dual Charge Relief is lawful. It is within the Council's powers to adopt this relief (section 13A (1)(c) Local Government Finance Act 1992). It is being done for a proper purpose and is rational: there is a need to free up the Council's housing stock and this proposal removes a potential disincentive to downsizing, and does so without creating a significant burden on the council tax budget. It is not in breach of the fiduciary duty to council taxpayers.

4.3 Environmental Implications

Environmental implications do not apply.

4.4 Resident Impact Assessment:

4.4.1 The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.

4.4.2 A person with any of the protected characteristics may find themselves living in accommodation that is larger than their needs. Unfortunately, there is no national or local research that profiles the characteristics of Downsizers specifically. Instead for the resident impact assessment we have used equalities statistics for council tenants and households available in respect of 2016/17 as indicators for the probable characteristics of Downsizers.

4.4.3 The resident impact assessment can be seen in Appendix 2

4.4.4 In the resident impact assessment we have considered whether the relief proposed impacts on equality matters and concluded there are no significant equality concerns. The Downsizers Dual Charge Relief Scheme will remove a disincentive in promoting the benefits of being a Downsizer in Islington and does not exclude anyone on the basis of any of the equality groups. So there are no any negative equality impacts for any protected characteristic or any human rights or safeguarding risks.

5 Reason for recommendations

5.1 By introducing the Downsizers Dual Charge Relief scheme the Council is supporting Downsizers within its area by removing a financial obstacle to their moving to smaller accommodation and releasing their original accommodation to house families on the Housing Register.

5.2 The Council is empowered to determine the eligibility criteria for this relief.

5.3 In order to adopt the Downsizers Dual Charge Relief scheme, the Council is recommended to create a class of charge payer that describes the eligibility criteria and decide in each individual case whether to grant Downsizers Dual Charge Relief.

Appendices

- ***Appendix 1: Downsizers Dual Charge Relief Scheme Guidance***
- ***Appendix 2: Resident Impact Assessment***

- **Appendix 3: Council Tenant Equalities Data 2016/2017**

Final Report Clearance

Signed by:



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Appendix 1: Downsize Dual Charge Relief Scheme Guidance

London Borough of Islington

Downsize Dual Charge Relief Scheme

Policy and guidance for determining Downsize Dual Charge Relief.

1.0 Scheme summary

This scheme provides relief from 'double' council tax for under-occupiers who move to smaller properties freeing up their original accommodation for allocation to larger families.

Relief is to be provided for those periods where a Downsize (an under-occupier) becomes liable for council tax at their original address and the new address at the same time. This period is often referred to as a period of overlapping tenancies and it creates an additional tax burden for the Downsize.

'Downsizing' allows the council to make the best use of its housing stock and in particular, releases scarce social housing for allocation to families. For this reason, we do not want potential Downsize being discouraged from moving because they would have extra council tax to pay.

Using Section 13A (1-3) of the Local Government Finance Act 1992 the council has created a class of council tax charge payers for the purposes of awarding an exemption to their council tax known as "Downsize".

A Downsize is a tenant who was living in a larger property over which LBI has nomination rights who has completed an under-occupation transfer to a smaller property over which LBI has nomination rights.

With the tenant's consent, Islington's Housing Options Team will make the identity of a downsize known to the Revenues Service as and when an under-occupation transfer is completed.

The effect of this scheme is that Downsize will be awarded a local council tax discount, if during the transition from the larger property to the smaller property the Downsize becomes liable for council tax at both properties for an overlapping period. The discount will be applied in a way that will reduce the Downsize council tax bill on any unoccupied property to nil.

Reducing Council Tax in these circumstances will hereafter be known as an award of Downsize Dual Charge Relief.

Downsize Dual Charge Relief is available for any qualifying period from the 1st April 2019 financial year onwards subject to the statutory limits limiting the length of time discretionary relief can be backdated. Currently a decision on discretionary relief must be made by 30th September if it is to be applied in the preceding financial year.

2.0 Background

2.1 There is a housing crisis in London and it may not be solved by building more homes alone. A complimentary solution is to make better use of our existing stock. By improving mobility within our housing stock we can increase the number of new social housing lets at a fraction of the cost of building new homes.

- 2.2 As a result the council recognises that reducing any under-occupation is a cost effective way of improving this mobility. If more tenants living in large homes downsized to smaller ones, then more families in overcrowded homes could move, and more homeless families or households on waiting lists could be housed.
- 2.3 Under-occupation arises where a household lives in a property that has more bedrooms than the household's assessed needs. Typical causes of under-occupation are older tenants/couples remaining in their home after their children have grown up and left and family breakdown.
- 2.4 On 1st April 2019, there were 4,779 families waiting for a home on Islington's Housing Register. In 2017/2018 only 494 family homes were available for allocation, there were in the region of 600 family homes available for allocation in 2018/19.
- 2.5 Moving costs and additional charges create a disincentive to downsizing by creating additional debt for the tenant to cope with.
- 2.6 Downsizers Dual Charge Relief removes the additional charges caused by the double taxation of council tax if during their transition from the larger to the smaller home a tenant becomes liable for council tax at both properties at the same time.
- 2.7 By avoiding the need for a new build or for paying for temporary accommodation the savings generated by way of under-occupancy transfers are expected to be many-fold times the cost of providing Downsizers Dual Charge Relief.

3.0 Legislative gateway

3.1 Under Section 13A(1-3) of the Local Government Finance Act 1992 (as amended), the Council has the power to reduce liability for Council Tax in relation to individual cases or class(es) of cases that it may determine. It says:

1. Where a person is liable to pay council tax in respect of any chargeable dwelling and day, the billing authority for the area in which the dwelling is situated may reduce the amount which he is liable to pay as respects the dwelling and the day to such extent as it thinks fit. This allows for a further reduction where a reduction under council tax support has been applied

2. The power under subsection 1) above includes the power to reduce an amount to nil

3. The power under subsection 1) may be exercised in relation to particular cases or by determining a class of case in which liability is to be reduced to an extent provided by the determination.

3.2 There are financial implications to awarding any discounts other than those currently available under the statutory legislation and the financial burden of Section 13A discounts has to be met through an increase in the general level of Council Tax for other payers or from the general fund.

3.3 The granting of Section 13A discounts would reduce income from Council Tax;

3.4 In order to remove a disincentive for potential Downsizers to move. The Council has created a new class of council tax charge payer known as 'Downsizers' and has decided to reduce the council tax bill for Downsizers dual council tax charge to zero.

3.5 The Council's finances will allow for the reduction to be made.

4.0 Downsize Dual Charge Relief (DDCR) application process

4.1 As and when an under-occupation transfer is completed, with the tenant's consent the Housing Options team will contact the Revenues service, confirming the tenant's details including their tenancy end date at the original property and the tenancy start date of their new property.

4.2 The council tax service will review the Downsizer's old and new tenancy details in order to identify

- a) if there is an overlapping tenancy
- b) in the case of an overlapping tenancy which dates during the overlap
 - i) the tenant DID NOT occupy the original property
 - ii) the tenant DID NOT occupy the new property
- c) and apply DDCR to these properties in respect of any dates they were not being occupied.

For the avoidance of doubt, no DDCR is applied to any property or home on dates that the same home was being occupied or lived in.

Appendix 2: Resident impact assessment of Islington Downsize Dual Charge Relief scheme

Social Housing in Islington

Ensuring people can access decent, suitable housing is a key priority for Islington Council. The Council also has a legal obligation to ensure certain groups are housed.

Social housing is a primary tool for tackling this issue. It provides accommodation to roughly 44% of Islington residents at below market rates. Demand for social housing in Islington far exceeds supply with more than 18,000 applications on the Housing Register and approximately only 1,000 properties to let each year.

In cases where the Council has a legal obligation to house someone but is unable to do so immediately it will use temporary accommodation. Temporary accommodation is costly for the council, and represents greater instability for the housed family or individual.

Although Islington Council is responsible for administering the allocation of housing, it is constrained in choosing who is allocated housing by a number of factors. These include:

- **Limited supply:** Although Islington administers more than 25,000 properties, fewer than 1,000 become available to let each year.
- **Type of property:** People can only be allocated a property where it is suitable for their needs. Almost half of all properties let annually are 1 bedroom which are unsuitable for families.
- **High demand:** There are more than 18,000 applications currently on the Housing Register. The majority of these applications are made by people experiencing one form of housing need such as overcrowding, insanitary conditions or homelessness. Many of these applicants also have children.

Islington Council has created the Downsize Dual Charge Relief in the context of these limitations in order to remove the disincentive to downsize in overlapping tenancy scenarios and in recognition that downsizing liberates accommodation that is more suitable for others who need it.

The equalities impacts of the Downsize Dual Charge Relief Scheme

The protected characteristics which need to be considered are age, disability, gender, gender reassignment, pregnancy and maternity, race, religion or belief and sexual orientation. The duty to have due regard to the need to eliminate discrimination also covers marriage and civil partnerships. Paying due regard requires a proper assessment of likely impacts based on available data.

There is no data available for Downsize specifically so we are using data about Islington's council tenants generally as our guide. Once a Downsize has released their larger property for a housing allocation, this benefits people on the Housing Register or those in temporary accommodation and so we will also use the equalities data available for their protected characteristics.

The scheme does not explicitly discriminate against any of the equality groups – there is no protected characteristic group that is singled out and directly prohibited from receipt of the relief.

Those waiting for a chance of securing housing are primarily allocated housing on the basis of their level of need, and should not be affected by their possession of a protected characteristic, unless that characteristic determines need as in the case of disability.

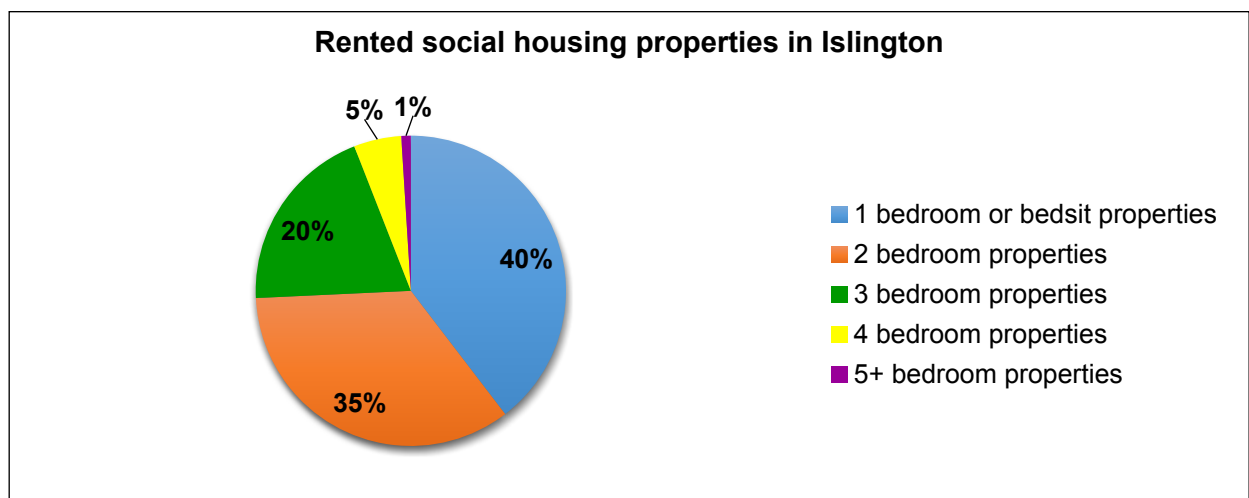
There are no major equalities concerns about current housing allocations in Islington. Analysis, supported by the data in Appendix 3, shows that women, BME groups, disabled people and the elderly are disproportionately represented in social housing in Islington, compared to the population as a whole. Because equalities groups experience a disproportionately high level of need (eg, BME people are more likely to experience deprivation, women are more likely to be lone parents etc) and the housing allocation system awards points on the basis of need, the fact that they are more likely to get housing is to be expected.

Appendix 3: Equalities data 2016/17

SOCIAL HOUSING IN ISLINGTON BREAKDOWN

This section provides a brief summary of Islington social housing stock and who lives in it. The section also provides a breakdown of the Housing Register and recent allocations. Islington Council administers roughly 25,000 rented social housing properties in Islington. Of these roughly:

- 40% are 1 bedroom or bedsit properties
- 35% are 2 bedroom properties
- 20% are 3 bedroom properties
- 5% are 4 bedroom properties
- 1% are 5+ bedroom properties



Of the **tenants** living in these properties:

- 42.6% are estimated to be BAME
- 42.5% have defined themselves as having an impairment
- 60% of households are headed by a woman
- 23.7% are over 65

Of the **applicants** on Islington's Housing Register:

- 50 % are estimated to be BAME
- 25.7 % who have declared their disability status have registered an impairment
- 57 % are registered as female
- 7.6 % are registered as aged over 65

Of the **homeless** households in temporary accommodation

- 63% are estimated to be BAME
- 70.5% are registered as female
- 22% who have declared their disability status have registered an impairment
- 1% are registered as aged over 65

Social housing in Islington 2016/17 profiled against the protected characteristics where data is available.

		Borough profile	Housing register	Homeless households in temporary	Council tenants	Allocations made to council property in 2016/17
		Total:206,285	18,033	680	24,833	892
Gender	female	51%	57%	70.5%	60%	64%
	male	49%	43%	29.5%	39.9%	35%
age	Under 16	-	-	-	-	-
	16-24	17%	13.4%	19%	3.3%	16%
	25-44	50%	52.8%	62%	32.5%	56%
	45-64	22%	26.2%	17%	40.5%	24%
	65+	10%	7.6%	1%	23.7%	4%
Disability	disabled	16%	25.7%	22%	42.5%	27%
	Non disabled	84%	74.3%	78%	57.5%	73%
Sexual orientation	LGBT	No data	10.3%	10%	3.6%	4.5%
	Heterosexual	No data	89.7%	90%	96.4%	95.5%
Race	BAME	52%	50%	63%	42.6%	54%
	Non BAME	48%	50%	37%	57.2%	46%
Religion/belief	Christian	40%	50.3%	49%	58.9%	45%
	Muslim	10%	22.5%	18%	16.9%	26%
	Other	4.5%	5.4%	6%	4.6%	4%
	No religion/not stated	47%	21.8%	26%	19.6%	25%