

**Report of: Executive Member for Finance and Performance**

<b>Meeting of:</b>	<b>Date:</b>	<b>Ward(s):</b>
Council	10 December 2020	All

<b>Delete as appropriate:</b>		Non-exempt
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**SUBJECT: The Council Tax Support Scheme for 2021/22****1. Synopsis**

- 1.1 The Council Tax Support Scheme for 2020/21 was agreed by Council on 5 December 2019. These schemes have to be agreed by full Council by 31 January for each subsequent year, even if they remain unchanged. There are no material changes to the scheme proposed for 2021/22. This report seeks approval for the Council Tax Support Scheme for 2021/22.
- 1.2 There is also a legal requirement to affirm on an annual basis the council tax discounts and exemptions for empty properties and the empty rates premium.

**2. Recommendations**

- 2.1 To agree to adopt the Council Tax Support Scheme for 2021/22 as contained in Appendix A.
- 2.2 To note the Council is retaining a cap of 8.5% for council tax support – despite unprecedented central government funding cuts both for this scheme and for the council generally – as part of our ongoing commitment to provide support throughout the different stages of residents' lives, where it is needed (paragraphs 5.8 to 5.12).
- 2.3 To retain the amendments to council tax agreed at full Council on 5 December 2019. To be clear, this means that, from 1 April 2021, the following will continue to apply:
  - 1) council tax exemption classes A (unoccupied and unfurnished property that requires or is undergoing major repairs) and C (unoccupied and unfurnished property) will have a discount of 0% for all cases;

- 2) council tax discount for second homes will be 0% in all cases;
- 3) council tax discount for empty furnished lets will be 0% in all cases; and
- 4) a premium will be charged at the maximum percentage allowed of 100% on the council tax of all properties that have remained empty for over 2 years in all cases.

### **3. Background**

- 3.1 As a result of the Government's abolition of council tax benefit from 1 April 2013, combined with a reduction in our funding from the Government of £2.9m at that time, we had to propose and consult on a new Council Tax Support Scheme.
- 3.2 There is a legal requirement for the Council to agree the scheme each year and a further requirement to consult with residents if the scheme is changed. This report is recommending a continuation of the current scheme for 2021/22.

### **4. Implications**

#### **4.1 Financial Implications:**

- 4.1.1 The estimated cost of continuing the existing Council Tax Support Scheme based on the latest position is £2.7m, of which the council's share of the burden is £2.1m financed through the council's annual budget.
- 4.1.2 In addition, the Council also provides further support through various local schemes, namely including the Older Person's Discount, Care Leaver's Allowance, Foster Care Allowance and Shared Lives Allowance, at a total cost of £989K of which approximately £776K represent the council's share of the costs, financed through the annual budgetary process.

#### **4.2 Legal Implications:**

- 4.2.1 The Council Tax Support Scheme is considered to be lawful. There are no material changes to the terms of the scheme for 2021/22, so the requirement now is for full Council to agree the scheme for its continuing adoption from 1 April 2021 for the full 2021/22 council tax year.
- 4.2.2 The Council must have due regard to the Public Sector Equality Duty, which is integral to the Council's functions, and which is set out in Section 149 of the Equality Act 2010 as follows:
  - 1) A public authority must, in the exercise of its functions, have due regard to the need to —
    - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
    - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
    - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it...

- 2) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to-
  - (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
  - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
  - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 4) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to –
  - (a) tackle prejudice, and
  - (b) promote understanding.
- 5) Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.
- 6) The relevant protected characteristics are-
  - (a) age;
  - (b) disability;
  - (c) gender reassignment;
  - (d) pregnancy and maternity;
  - (e) race;
  - (f) religion or belief;
  - (g) sex;
  - (h) sexual orientation.

4.2.3

The equality implications of the proposed scheme for 2021/22 are detailed in section 4.4.

### **4.3 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:**

4.3.1 Not applicable.

### **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 The Council Tax Support Scheme Resident Impact Assessment is attached as Appendix B. This can be summarised as follows:

- The Council is choosing to keep most criteria for the Council Tax Support Scheme the same as for Council Tax Benefit because it considers this to be fair, with extra premiums already awarded for disability, children and incentives for employment.
- The Council Tax Support Scheme provides full protection for older people who are a vulnerable group whom we intend to continue to support.
- In relation to older people aged 65 or over, Islington's minimum Council Tax Support of £100 means that there will be fewer marginal cases of older people who are not quite poor enough to receive the benefit but who are still financially fragile. People in this category are less likely to access, or be able to access, the labour market.
- Retaining the 8.5% reduction despite the loss of the government grant helps all residents who will be impacted by the cumulative loss of other benefits from the government's welfare reforms.
- Applying the 8.5% reduction to the end of the benefit award (bottom slicing) rather than taking this from the liability (top slicing) works out better for people on partial benefit and it was people on partial benefit who were most concerned about the financial impact of the changes to them personally.

4.4.3 The Resident Impact Assessment identified the following as the key mitigation options:

- The Council's limiting of the reduction in benefit from what would have been in the region of 18% to 8.5% allows affected claimants greater opportunity to adapt to their financial circumstances.
- The Council can continue to help to finance the costs of limiting the reduction in benefit to 8.5% by adopting the other changes in the Local Government Finance Act regarding exemptions and discounts ('empties') by charging fully for class A and C empty properties, second homes and empty furnished lets.
- The Council can continue to limit the impact of Council Tax by adopting a non-standard council tax recovery process for council tax support recipients, where appropriate.
- The Council can mitigate for residents who cannot pay through the use of the council tax welfare provision (or other funds) in the Resident Support Scheme.

## **5. Reason for recommendations**

5.1 Islington's Council Tax Support Scheme is designed to:

- allow working age claimants 91.5% of the support they would have been entitled to under the old council tax benefit rules;
- allow a £100 older person discount for residents aged 65 or over who are liable for council tax;
- protect pensioners in order that their council tax support is broadly the same as they would have received in council tax benefit;
- base the award for working age people on the Council Tax Benefit Regulations providing extra support for disabled people, families with children, and people in employment;
- allow for income rises of £5 a week (cumulatively) without a reduction in support to encourage paid employment;

- 5.2 In addition to this, we have a £25,000 Council Tax Support welfare provision fund within the Islington Resident Support Scheme to help provide a safety net for claimants who struggle to cope with the impact of being charged council tax.
- 5.3 The Council implemented and has continued to apply this scheme, taking account of the views expressed in public consultations carried out in 2012 and 2016 and through equality impact assessments undertaken annually since 2012.

### **The reason for leaving the scheme unchanged for 2021/22**

- 5.4 The majority of the responses from both public consultations contained some expression of concern about residents' current circumstances – e.g. financial difficulty, welfare reform, supporting the family, coping through disability, finding a job. They were worried about how changes to council tax support would affect them personally. For this reason, we have, for each year of the scheme, chosen to limit the cap in council tax support to just 8.5%, providing residents with a greater opportunity to adapt to the significant changes and cuts that have been made to welfare benefits generally by central government.
- 5.5 The £100 older person's discount has been consistently supported.
- 5.6 Our intention to support people in low-paid work by ignoring cumulative increases in income of less than £5 received significant support.
- 5.7 To help us fund the scheme we have removed council tax exemptions and discounts for some empty properties and charged the maximum premium allowed on properties standing empty for more than 2 years. The additional revenue from this is re-invested into the Council Tax Support Scheme. This approach also supports our objective to discourage property in Islington being used for investment-only purposes and then being left vacant. This report recommends that our approach to empty properties is continued in 2021/22 and we charge the maximum premium allowed in law from that date.

### **The 8.5% Council Tax Support cap – part of a wider support package**

- 5.8 **Limiting the impact** – We view capping the council tax support entitlement by only 8.5% as an important feature in the range of support which we provide to residents. The loss of grant funding from the government was £2.9m when the scheme was first introduced in 2013. We would have needed to cap council tax support by over 18% to recover the funding lost as a result of this government cut. Instead, in 2013 we started funding £1.5m of the loss directly from the council's budget.
- 5.9 **Even higher costs** – As a result of council tax increases over the last seven years of the council tax scheme, the loss now is around £2.1m. We estimate that we would need to cap the council tax scheme by around 20% to cover the full cost of the scheme. Most councils are recovering their costs in such a way. However, we have instead retained the 8.5% cap, protecting residents at significant cost to the council itself.
- 5.10 **Range of support** – The council (together with the Cripplegate Foundation) offer welfare provision through the Islington Resident Support Scheme. A Guardian newspaper freedom of information request showed that, since welfare provision was passed down to local councils by the government in 2013, the London Borough of Islington is one of only

two councils nationally to have increased the funding put into maintaining this local safety net. Throughout the country, schemes have either been shelved or significantly reduced as a result of unprecedented government cuts. So, in many places, help in a crisis or through the provision of essential household items is not available in the way that it was, if at all. In Islington, however, despite the removal of specific grant funding from government, we have a commitment to cover £1.4m of community care grants from our own funds and agreement from Cripplegate and St Sepulchre to add further charitable monies to this, further augmenting the impact of the scheme. During the COVID-19 pandemic we have quickly adapted our Resident Support Scheme to help those residents facing financial hardship. The scheme has been made easier to access, crisis award values have been doubled and processing times made faster. These changes were made in conjunction with our Voluntary sector partners. An additional £30k has been secured from Islington Giving and Cloudeley to support the increased crisis demand on the Resident Support Scheme for 2020/21.

- 5.11 **Help and advice** – We made £949,763 of discretionary housing payments in 2019/20 to help tenants who cannot pay their rent due to government benefit cuts and we have a fund for residents who are struggling to pay their council tax. We are forecasting to spend beyond our discretionary housing payments budget for 2020/21 of £1,007,226. We are supporting claimants affected by the dramatic impact of universal credit, for instance by providing significant funding for advice by Islington Citizens Advice, Islington Law Centre, Islington Peoples Rights, Help On Your Doorstep and other partners, as well as delivering our own services through the Income Maximisation Team, Families First and our own universal credit support offer to provide help and advice with their claim, access housing advice and support, maximise their benefit claim and get employment support. This is offered in conjunction with the Help to Claim service from Citizen’s Advice, which helps vulnerable residents make a claim for Universal Credit. We provide crucial energy support through SHINE and help residents find employment through our iWork Team.
- 5.12 **Support during a lifetime** – We have a range of support, aligned with our priorities of tackling poverty and reducing inequality, that can be accessed during the different stages of peoples’ lives. We do not want people to be dependent on the council, but we aim to provide help for the right reason at the right time. Appendix C contains the detail of our extensive targeted provision of support.

### **Approval of the 2021/22 Council Tax Support Scheme**

- 5.13 It is recommended that the Council Tax Support Scheme (Appendix A) remains unchanged for 2021/22, apart from one minor adjustment to change the date in the scheme to ensure it applies for 2021/22.

## **6. Conclusion and Reason for Recommendations**

- 6.1 This report recommends that the Council Tax Support Scheme for 2021/22 is approved. This means we would continue to use our funds to cover the impact of capping the council tax support entitlement by 8.5%.
- 6.2 The report also identifies the range of discretionary support that we offer and notes that Islington’s Resident Support Scheme continues to be well-funded, bucking the national trend.

6.3 This report recommends that we continue with the changes made in 2013/14 and retained subsequently to discounts and exemptions for empty properties and continue to charge the maximum premium allowed in law for properties left empty for more than two years. This helps to bridge the gap imposed by the Government in the council tax support scheme funding, so that, in line with our principles, those who are able to pay more will continue to support those who are less able to pay.

### Appendices

- Appendix A: Council Tax support Scheme for 2021/22
- Appendix B: Resident Impact Assessment
- Appendix C: From the cradle to the grave – a lifetime of support

### Background papers - none

Final report clearance:

### Signed by:



1 December 2020

Executive Member for Finance and  
Performance

Date

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