

Key Decision Report of the Corporate Director of Community Wealth Building

Officer Key Decision	Date:	Ward(s):
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Delete as appropriate	Exempt	Non-exempt
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SUBJECT: Local Council Tax Support Hardship Scheme 2021/22
1. Synopsis

- 1.1 The economic crisis caused by the Covid-19 global pandemic has hit Islington residents hard. The council wants to do everything we can to support residents to recover from the impacts of Covid-19 as we move through 2021/22, and hopefully, Covid-19 restrictions are gradually lifted.
- 1.2 One of the ways the council can help those residents hardest hit by Covid-19 is to provide financial support at this difficult time. In 2020/21, the council provided all working age residents in receipt of local council tax support with an additional rebate, above and beyond, the significant assistance already provided through our local council tax support scheme. The Government provided a grant for 2020/21 to do this, with a strong expectation that councils used the funding to provide council tax relief, alongside existing local council tax support schemes.
- 1.3 This financial support amounted to an up to £150 rebate on the council tax bill. If the liability for council tax was £150 or less after council tax support had been applied, the net result of the hardship rebate was a zero council tax bill.
- 1.4 In 2020/21, the local council tax support hardship scheme provided further additional financial support to 23,337 low-income households. This support provided a total reduction of council tax liability on top of the local council tax support of £2,619m to those households. This proved an effective way to quickly help low-income households with vital financial support.

- 1.5 We propose to implement a local council tax support hardship scheme for 2021/22 that will mirror the scheme that was operated during 2020/21.

2. Recommendations

- 2.1 To approve the implementation of a local council tax support hardship scheme for 2021/22 only. The scheme for 2021/22 will mirror the scheme provided for 2020/21 to provide an up to £150 one off rebate on the council tax bill for all working age households in receipt of local council tax support.

3. Date the decision is to be taken:

10 May 2021

4. Background

- 4.1 During 2020/21, the council provided all recipients of working age local council tax support with a further reduction in their annual council tax bill of up to £150. The Government provided a grant for 2020/21 to do this, with a strong expectation that councils used the funding to provide council tax relief, alongside existing local council tax support schemes.
- 4.2 This was achieved by using our discretionary powers under s13A(1)(c) of the Local Government Finance Act 1992, to reduce the liability of council tax payers outside of the formal local council tax support scheme design.
- 4.3 Where a taxpayer's liability for 2020/21 was, following the application of local council tax support, less than £150, then their liability was reduced to nil. Where a taxpayer's liability for 2020/21 was nil, no reduction to the council tax bill was made.
- 4.4 The 2020/21 local council tax support hardship scheme provided support to 23,337 households, totalling £2.619m of support to low income households.
- 4.5 This has been an effective way for the council to get much needed financial support to low-income households who qualify for local council tax support.
- 4.6 The proposal for 2021/22 is to mirror the 2020/21 local council tax support hardship scheme, thus providing up to £150 of council tax relief to all working age recipients of local council tax support during 2021/22. All the rules applied to the 2020/21 scheme will remain the same for 2021/22.
- 4.7 There is no expectation from Government for 2021/22 for councils to provide further support to residents beyond their local council tax support schemes. However, we feel this is important financial support for our residents at this difficult time.
- 4.8 The council is receiving unringfenced Local Council Tax Support (LCTS) of £3.6m in 2021/22. This is already fully committed as part of the approved 2021/22 budget towards potential increases in LCTS caseload.

5. Implications

5.1 Financial implications:

Based on current caseload, the indicative cost of the 2021/22 council tax support hardship fund is £2.229m. The actual cost is likely to be higher if there are new working aged recipients of council tax support during the financial year.

As this hardship relief will be awarded under discretionary powers, the cost will fall 100% on the council as billing authority. This will take effect as a transfer from the council's General Fund to its Collection Fund. Unlike the Local Council Tax Support (LCTS) scheme, the cost of the hardship fund will not be shared between the council and the Greater London Authority (GLA).

The cost of the hardship fund to the council will be funded from approximately £1m of carried over hardship funding from 2020/21 and from wider Covid grant funding/contingency available in the 2021/22 financial year.

The cost of the scheme and financial implications will be monitored and reported on as part of budget monitoring in 2021/22.

5.2 Legal Implications:

The Council can apply the same approach to the hardship fund for 2021/22 as it did for 2020/21.

That is, to apply a one-off rebate of up to £150 to anyone of working age who qualified for CTRS at any time during 2021/22.

If the liability was less than £150 after CTRS applied, the hardship rebate reduces liability to zero.

This approach is lawful as a matter of principle, and vires.

Section 13A(1)(c) of the Local Government Finance Act 1992 empowers the Council to reduce a resident's council tax charge "*to such extent (or, if the amount has been reduced under paragraph (a) or (b), such further extent) as the billing authority for the area in which the dwelling is situated thinks fit.*"

This affords the Council discretion to make a further reduction, over and above that which is provided via the mandatory council tax reduction scheme.

This would include, therefore, a further reduction of up to £150, even where this reduction results in a nil council tax contribution.

This approach is lawful as a matter of general principles of public law.

There is no requirement (under statute or common law) for there to be consultation on the proposed arrangement, and so it is not necessary for the Council to consult on such arrangement.

It would be reasonable and in accordance with the Council's fiduciary obligations to its council taxpayers, as the funding for the proposed arrangements is being made in whole, or in large part, by central government grant.

If a decision is made to apply the (up to) £150 rebate, then this can be notified to recipients by letter, in the same way as last year.

5.3 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

Not applicable.

5.4 Resident Impact Assessment:

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.

A Resident Impact Assessment was completed on 1 September 2020 and can be found as appendix A of this report.

In addition, the implementation of the local council tax support hardship scheme 2021/22 will provide additional support for all working age households in receipt of local council tax support during 2021/22. This will provide an up to £150 rebate on the council tax bill. This is in addition to the support provided through the local council tax support policy.

This is an effective way for the council to get support to low income working age households impacted by the Covid-19 pandemic.

6. Reasons for the decision: (summary)

- 6.1 The proposed local council tax support hardship scheme 2021/22; is an effective way for the council to provide vital financial help to low-income households. The financial support provided will assist working age households to manage the financial consequences of Covid-19.

7. Record of the decision:

7.1 I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

Signed by: *SCBiggs*

Stephen Biggs

Interim Corporate Director / Community
Wealth Building

Date 10 May 2021

Appendices

- Appendix A – Resident Impact Assessment

Background papers:

- Please list all background papers that comply with the description in the regulations (seek advice from Democratic Services if needed).

Report Author: Robbie Rainbird
Tel: 020 7527 8970
Email: Robbie.Rainbird@islington.gov.uk

Financial Implications Author: Martin Houston
Tel: 020 7527 1852
Email: Martin.Houston@islington.gov.uk

Legal Implications Author: Peter Fehler
Tel: 020 7527 3126
Email: Peter.Fehler@islington.gov.uk
