

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

<b>Meeting of:</b>	<b>Date:</b>	<b>Ward(s):</b>
Full Council	9 December 2021	All

<b>Delete as appropriate:</b>		
		Non-exempt

## **SUBJECT: The Council Tax Support Scheme for 2022/23**

### **1. Synopsis**

- 1.1 The Council Tax Support Scheme for 2021/22 was agreed by Council on 10 December 2020. The Scheme has to be agreed by full Council by 11 March for each subsequent year, even if it remains unchanged.
- 1.2 Islington’s Council Tax Support Scheme is an important part of the safety net we offer to help support and protect low-income households. As many of these households have suffered additional and disproportionate hardship as a result of the pandemic, particularly increased unemployment rates and more recently a £20 reduction in Universal Credit, a review is timely.
- 1.3 This report proposes changes to the Council Tax Support Scheme following public consultation and seeks approval for a revised scheme for 2022/23.
- 1.4 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 change the way the Council Tax Support is calculated so that:
  - The cap for working age households reduces from 8.5% to 5%. This will increase from 91.5% to 95% the level of support they would have been entitled to under the old council tax benefit rules.
  - Payment of Council Tax Support on two homes is allowed in specific circumstances.

- The age for a Class 2 reduction is aligned with the increase in state pension age.

2.2 To agree to adopt the Council Tax Support Scheme for 2022/23 as contained in Appendix A.

2.3 To retain the amendments to council tax agreed at full Council on 10 December 2020, with 1) to 3) below continuing to apply, whilst updating 4) below to charge a premium at the maximum that is now allowed. This will mean increasing from 100% on the council tax of all properties that have remained empty for over 2 years to the amounts set out in 4) below.

This continues the Council's practice to discourage properties remaining empty that impacts on the economic and social well-being of the borough. There will be support for any vulnerable residents impacted.

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 but less than 5 years in all cases.

a premium will be charged at the maximum percentage allowed of 200% on the council tax of all properties that have remained empty for over 5 years but less than 10 years in all cases.

a premium will be charged at the maximum percentage allowed of 300% on the council tax of all properties that have remained empty for over 10 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. Further consultation was carried out in 2016 and again recently in 2021.

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.

3.3 We are proposing to retain within the Council Tax Support Scheme for 2022/23 the following:

- allow a £100 older person discount for residents aged State Pension Age 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;

3.4 From 18 August 2021 to 30 September 2021 we consulted to seek views on the following:

- the level of support working age households receive
- allowing payment on two homes when a person has left the normal home because of fear of violence, are awaiting disability adaptations on the new home and unable to move in until these are carried out or have moved out within the last 4 weeks and still have to pay rent on the old home.
- updating the wording of Class 2 within the Council Tax Support Scheme to align it with the government's gradual increase of the state pension age.

3.5 On the level of support for working age households, two thirds of people responding to the consultation either strongly agreed, agreed or had no firm view with the general principle of increasing the level of support to those of working age through the Council Tax Support Scheme.

3.6 We are therefore recommending the Council invests in enhancing the support offered to working age households with lower incomes. By increasing the level of support from 91.5% to 95%, eligible households' bills will see an average reduction of £42 per annum.

3.7 In respect of allowing payment on two homes when a person has left the normal home because of fear of violence, are waiting disability adaptations on the new home and unable to move in until these are carried out or have moved out within the last 4 weeks and still have to pay rent on the old home, 74% of people responding to the consultation either strongly agreed, agreed or had no firm view with this proposal.

3.8 We asked about updating the wording of Class 2 within the Council Tax Support Scheme to align it with the Government's gradual increase of the state pension age. 88% of people responding to the consultation either strongly agreed, agreed or had no firm view.

3.9 The full outcome and feedback from the consultation conducted between 18 August 2021 and 30 September 2021 is included as Appendix B.

## **4 Implications**

### **4.1 Financial implications:**

4.1.1 The financial implications are based on a cost estimate derived from the latest current year caseload figures. The actual cost to the council would depend on future increases/decreases in working aged caseload and the level of council tax increases. The table below summarises the financial impact on Islington of increasing the working aged council tax subsidy from 91.5% to 95%.

	<b>Estimate £m</b>
Current total cost of CTS (WA and pensioners)	31.471
Current cost of WA CTS	22.369
<b>Estimated LBI share of increasing WA CTS from 91.5% to 95%</b>	<b>0.676</b>

There is provision in the MTFS to cover this increased, ongoing budget requirement from 2022/23.

## **4.2 Legal Implications:**

4.2.1 The Council is required for each financial year to consider whether to revise its council tax support scheme or to replace it with another scheme (paragraph 5 of Schedule 1A to the Local Government Finance Act 1992). When revising a scheme, the Council must comply with paragraph 3 of Schedule 1A. Paragraph 3 requires that, before revising the scheme, the Council must (in the following order)

- (a) consult any major precepting authority which has power to issue a precept to it,
- (b) publish a draft scheme in such manner as it thinks fit, and
- (c) consult such other persons as it considers are likely to have an interest in the operation of the scheme.

Consultation is lawful where the consultation principles are complied with: (1) consultation must be carried out at a time when proposals are still at a formative stage; (2) the proposer must give sufficient reasons for any proposal to permit of intelligent consideration and response; (3) adequate time must be given for consideration and response; and (4) the product of consultation must be conscientiously taken into account in finalising any proposals.

4.2.2 In accordance with the statutory scheme, and the principles governing consultation, the proposed revision to the Council's council tax support scheme has been consulted upon with the Mayor/GLA, a draft of the proposed scheme has been published, and residents have been consulted. The consultation process was widely publicised. There was advertising of the consultation via Islington Life, social media channels, news bulletins, the Council's website, through the Council's resident support scheme and VCS networks, as well as published adverts in the Islington Gazette and Tribune. The responses to the proposed changes are available for consideration by full Council, and need to be considered carefully before the decision is made as to whether or not approve the revised scheme. The Council is entitled to proceed with the revised scheme even though some of the proposed changes (reducing the cap to 5% for working age residents) did not find favour with the majority of those who responded to the consultation.

Before making a decision as to whether or not to approve the revised scheme, members must pay due regard to the public sector equality implications of the proposed changes. The relevant duty is at section 149 of the Equality Act 2010. The public sector equality implications of the revised scheme are contained in the Resident Impact Assessment.

### **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 State Pension Age 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.
- Despite the loss of the government grant and in the face of repeated government cuts to Islington's funding, reducing the cap to 5% is seen as an effective way that we can support our working age, low income households at this difficult time as we recover from the impacts of Covid-19.
- Applying the 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 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 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 The Council Tax Support Scheme enables the Council to provide assistance with council tax bills to the lowest income households. Financing the scheme is particularly challenging in the face of repeated government cuts to Islington's funding and the Council having to make the difficult decision to increase general levels of council tax. Despite these changes, Islington's council tax remains below the London average.

Even with these pressures we've both protected the scheme over the years and put in additional funding as it's come under pressure during the Covid-19 global pandemic. We have seen an increase in households becoming eligible for Council Tax Support as they've lost jobs or had reduced income. Given the unprecedented challenges residents faced during Covid-19, it is appropriate that we look at the scheme to ensure we are doing as much as we can for those that need the support most.

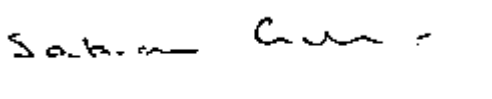
It is recommended that the Council Tax Support Scheme (Appendix A) is approved for 2022/23.

### Appendices

- Appendix A: Council Tax Support Scheme for 2022/23
- Appendix B: Consultation outcome report
- Appendix C: Resident Impact Assessment
- Appendix D: From the cradle to the grave – a lifetime of support

Final report clearance:

### Signed by:



Executive Member for Finance and  
Performance

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