

LONDON BOROUGH OF WALTHAM FOREST

Meeting / Date	Council 2 March 2023
Report Title	Local Council Tax Support Scheme 2023-24
Cabinet Portfolio	Councillor Vicky Ashworth, Portfolio Lead Member for Jobs, Social Inclusion and Equalities
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Wards affected	All
Public Access	OPEN
Appendices	Appendix 1 – Consultation Documentation Appendix 2 – Outcome analysis from the consultation on the council's preferred scheme Appendix 3 – Equality Analysis on the Council's preferred scheme Appendix 4 – Discretionary Housing Payment and Council Tax Hardship Scheme 2022-23

1. SUMMARY

- 1.1 The Council's local Council Tax Support (CTS) scheme assists low-income working age households to pay their Council Tax via financial reductions applied directly to their Council Tax bills. As of November 2022 there were 9,722 households receiving support under the Council's scheme. The current scheme commenced on 1 April 2017 and in November/ December 2021 Cabinet and Council respectively approved the continuation of that scheme in 2022/23.
- 1.2 In view of the current economic climate and the Cost of Living crisis, the Council has designed and consulted on changes to the existing scheme, that if implemented would offer a higher level of support to recipients of the scheme. This report summarises the outcome of that consultation and seeks approval to adopt the proposed scheme as the Council's Council Tax Support Scheme from 1 April 2023.
- 1.3 It is a statutory requirement that Council considers and adopts a CTS scheme annually and identifies the sources of funding.

2. RECOMMENDATIONS

- 2.1 That the Council:
- 2.2 **Adopt** the proposed scheme outlined in this report is adopted as the Council's Scheme for Council Tax Support from 1 April 2023. Under this scheme the maximum support awarded to working aged people receiving support would increase to be 85%. This represents a 9% increase in the level of support compared to the current maximum support level of 76%. All other aspects of the current scheme would continue as now.
- 2.3 **Agree to** continue with the £750,000 earmarked in reserves for a Discretionary Hardship Fund under section 13A(1)(c) of the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012, to offer additional help and support to those suffering the greatest financial hardship as defined in the Discretionary Housing Payment and Council Tax Hardship Scheme published on the Council's website. Current 2022/3 scheme attached (Appendix 2).
- 2.4 **Delegate** responsibility to make any minor and consequential changes necessary to the detailed provision as a result of any changes in the regulations upon which the scheme is based to the Strategic Director of Finance and Governance following consultation with the Portfolio Lead Member Jobs, Social Inclusion and Equalities.
- 2.5 **Note** that the scheme will continue to fully disregard War Widows & War Widowers pensions for all applicants. Other incomes, for example, Child Benefit and disability benefits such as Personal Independence Payments will also continue to be ignored when calculating entitlement to Council Tax Support.
- 2.6 **Note** that the remaining provisions of the Council's scheme for 2023/24 will be as published on the Council's website.
- 2.7 **Note** that the cost of the scheme significantly exceeds the assumed Government funding envelope. The projected cost of the whole scheme is identified as £19.57million which is £1.26million more than 2022/23 (£18.31million). This is reflected in the calculation of the council tax base for 2023/24 and included within the next MTFS. The additional £1.26million required to fund the changes proposed to the scheme will come from in-year invoiced debt collection that has already been achieved.
- 2.8 **Note** that before any significant changes to the scheme reducing or removing support could be made that a statutory consultation would need to be carried out.

3. PROPOSALS

3.1 CTS is a scheme designed help people on low incomes to pay their Council Tax by reducing the amount they are expected to pay. There are two distinct schemes:

- **A pension age scheme:** - a national scheme which offers up to 100% support. The rules and conditions of award under this scheme are legislated for by Government. Currently 5,973 households receive support under the national scheme.
- **A working age scheme:** - a local scheme whereby each council designs the rules and conditions of award. This is the Council's scheme outlined in the report which currently supports 9,722 households.

Both schemes are administered by the Council, and they share the same funding provisions through the Revenue Support Grant the Council receives from Government.

3.2 The Council's current local CTS scheme for working aged people commenced on 1 April 2017. The scheme is a continuation of the Council's first scheme introduced on 1 April 2013 to replace the abolished national Council Tax Benefit (CTB) scheme. Each local scheme was designed to be self-funding; meaning that the cost of the scheme would not exceed the estimated funding received from Government. Increases in awards and Council Tax levels over time have forced the council to move away from the original self-funded principles and it now partially funds the scheme from its own funds. Several changes have been made to the schemes over time to make it more affordable. In April 2017 the following changes were added:

- Introduction of a minimum award level of £1.00 per week - meaning residents that would otherwise be entitled to ninety-nine pence (£0.99 pence) or less support per week receive no help at all from the scheme.
- The taper applied to a person's income when their income is higher than the amount we consider they need to live on increased to 30 per cent of the extra income.
- Residents with capital / savings of £6000 or more are not entitled to receive support under the scheme.

3.3 In recognition of the impact these changes would have on low income working age households the Council has continued to administer a discretionary fund of up to £750,000 to assist those suffering the greatest financial hardship.

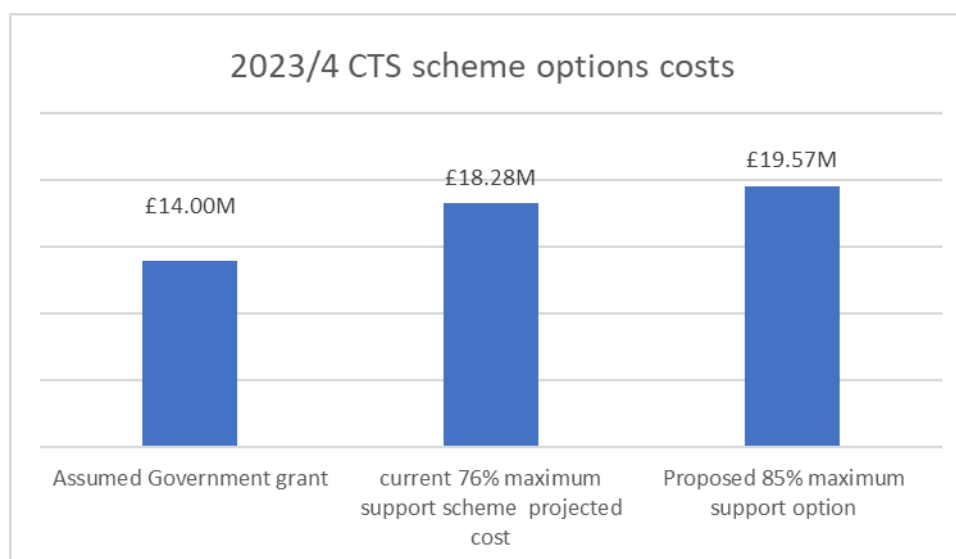
3.4 It is now being proposed that from 1 April 2023, all working age residents eligible for Council Tax Support would be required to pay at least 15% of their Council Tax themselves by capping the maximum award level at 85% of eligible Council Tax. This is a reduction of 9% from the current 24%. Under these proposals working age residents eligible for Council Tax Support would have their Council Tax bill reduced by up to 85%, leaving them with less to pay than under the

current scheme.

All other elements of the current scheme would remain as published on the Council's website with only necessary minor and consequential adjustments made to reflect Government changes to the amount and treatment of welfare benefits, including Tax Credits and Universal Credit. meaning:

- The standard fixed rate non-dependant deductions for other adults (people over 18) living in a household would continue as now and
- The taper applied to a person's income when their income is higher than their needs allowance would continue as now at 30% and
- The capital/savings limit for getting support would continue as now at £6,000
- The minimum award level of £1.00 would continue as now.

- 3.5 Moving to the more generous scheme outlined above in 2023/24 would, based on estimated costs of £19.57million (see table below), require the Council to find an additional £1.26million above the current £18.31million built into the MTFS for 2022/23. It is being proposed that the additional funding gap is covered from already achieved in-year income collection specifically related to invoiced Housing Benefit overpayments debts that have been caused by fraud or failing to report changes in circumstances, so are unrelated to Council Tax.



- 3.6 As this source of income cannot be guaranteed in future years, we may not be able to sustain this increased level of support beyond the 2023/24 financial year. The council will consider the impact of the scheme annually and consult again if it thinks further changes need to be made.
- 3.7 The modelled estimated costs for 2023/24 have been modelled on several assumptions. These include an assumed £14million government funding envelope, a similar increase in Council Tax to 2022/23 inclusive of the GLA's share and no increase in the overall

CTS caseload as we anticipate that a further 5% of the working-aged CTS caseload will move onto Universal Credit thus reducing the level of individual awards.

- 3.8 Returning to a self-funding scheme model in 2023/24 in which expenditure is capped at the £14 million assumed Government funding would require making savings of £4.28million. Funding for the working age element of the CTS scheme is approximately £5.6million of the overall government grant with the remaining £8.4m being funding to cover the protected pensioner element of the scheme, as can be seen in the projected costs breakdown tables below. So capping funding would mean reducing the working age scheme by 50% which is not possible without ceasing support for a large percentage of current recipients. This would cause significant hardship and have a greater impact on Council Tax collection for those currently in receipt of support.

Projected scheme costs for - working age households		
CT band	£/annum	Number of households
A	£571,122	647
B	£3,956,606	3852
C	£3,853,471	3192
D	£2,317,557	1643
E	£497,562	291
F	£31,634	17
G	£10,015	6
H	£0	0
Total	£11,237,967	9648

Projected scheme costs for - pension age households		
CT band	£/annum	Number of households
A	£267,749	261
B	£2,155,060	1810
C	£2,881,186	2049
D	£2,284,622	1393
E	£650,191	320
F	£69,472	28
G	£19,470	6
H	£0	0
Total	£8,327,750	5867

- 3.9 The option of adopting the proposed scheme that has been consulted on is recommended because it will provide greater financial support for some of our most vulnerable residents already in receipt of support impacted by the Cost of Living crisis and additional financial support to those applying under the scheme for the first time. Other impacts include:

- All household types would see a rise in support of between 15.92% and 17.74%.
- A couple on maximum support could potentially be £135.80 better off in Band B, £155.20 in Band C and £174.59
- A single adult household on maximum support could potentially be £101.85 better off in Band B, £116.40 in Band C and £130.95. The lower values are due to them receiving a 25% discount on their Council Tax.

- 3.10 The continuation of the discretionary hardship element of the scheme would be available as a safety net for those residents experiencing the greatest financial hardship, including non-recipients of CTS.

4. OPTIONS & ALTERNATIVES CONSIDERED

- 4.1 It is a statutory requirement that Council considers and adopts a CTS scheme from 1 April 2023 and identifies the sources of funding.
- 4.2 The Council may adopt its' proposed scheme as consulted on, Option 1.
- 4.3 The Council may choose to adopt option 2, that is to retain the current scheme unchanged, which it has also consulted on.
- 4.4 The Council may if it so wished design and consult on an alternative, either less generous self-funding or a more generous scheme than has been consulted on. However, to adopt a less generous scheme that has not been consulted would be a breach of the legislative requirement to undertake a full consultation with residents, the GLA and other stakeholders. Legislation dictates that the Council must decide on a scheme by 11 March but as the cost of the CTS scheme forms part of the budget setting process and Council Tax annual billing, approval for a new scheme would need to be made by the date the budget for 2023/24 is set in March 2023. Given these timescales, there is insufficient time remaining to undertake a meaningful consultation and obtain approval for a less generous scheme to commence from 1 April 2023.
- 4.5 The Council may decide to adopt a more generous scheme than it has consulted on however, this would require the Council identify how it would be funded, for example, from use of Council Reserves or monies from other service budgets.
- 4.6 Adopting the proposed scheme Option 1 requires an estimated additional £1.26million above the £18.31million currently built into the MTFS. The funding to bridge the budget gap has been identified in the report at 3.5 above from income collected from invoiced debts unrelated to Council Tax.

5. SUSTAINABLE COMMUNITY STRATEGY PRIORITIES (AND OTHER NATIONAL OR LOCAL POLICIES OR STRATEGIES)

- 5.1 This report impacts on the economic sustainability of many individuals and families in the borough. The proposed scheme is designed to provide additional support to recipients of the scheme in recognition of the impact the Cost of Living crisis is having on low income and otherwise vulnerable residents. The scheme also includes the continuation of a Discretionary Hardship Scheme to offer additional assistance and support to those suffering the greatest financial hardship.

6. CONSULTATION

- 6.1 The Council is under a statutory duty to consult on its Council Tax Support scheme. Consultation was carried out on a proposed scheme Option 1, namely, to continue the existing scheme but make it more generous by increasing the maximum level of support available to 85% of someone's eligible Council Tax liability. Under this scheme everyone that receives support under the scheme would have to pay at least 15% of their Council Tax bill. All other elements of the current scheme would continue as now.
- 6.2 An alternative model was also offered in the consultation to the proposed option above. The alternative model proposed was to continue with the current scheme as it is now without any changes. This would mean that from 1 April 2023 recipients of the scheme would continue to make a minimum contribution of 24% of their Council Tax themselves.
- 6.3 Consultation on the proposed scheme was undertaken for 1 month commencing from 11 October and 11 November 2022. Council Tax Support recipients, other Council Tax payers/residents, landlords and stakeholders were asked their views on the Council's proposed scheme, plus the option of continuing with the current scheme. They were also expressly asked if they wished to put forward any alternatives of their own.
- 6.4 A full report on the consultation response is attached (Appendix 2). 763 online responses were received as well as a written response was also received from the GLA. 97% of respondents were residents and 3%, landlords and organisations. Of the responses received to the Council's proposed scheme (703), 70% were in favour of the council's proposed scheme, 16% said they neither agreed or disagreed with the proposal or selected don't know. 13% were against the proposed scheme.
- 6.5 203 respondents who did not agree with the Council's proposed scheme responded to the alternative scheme of continuing with the current scheme without any changes. 29% of those responders agreed strongly or somewhat to continuing the current scheme, 19% were against and 52% said they neither agreed or disagreed or selected don't know .
- 6.6 The consultation questionnaire was made available in electronic format on the council's website and included illustrative details on the possible positive difference in awards levels of the proposed changes by band or both two adults and single adult households.
- 6.7 Additionally, an advert was placed in Waltham Forest News as well as advertising the consultation on social media and in Residents News. Letters were sent to Housing Associations and advice providers as well as text messages sent to over 58,000 Council Tax paying households, including Council Tax payers not receiving Council Tax Support.

- 6.8 Respondents were given the opportunity to add free text comments with their views and 172 respondents provided comments. 59 respondents commented on the proposal to provide greater support, in light of the cost of living crisis. For example:

"I think this needs to be implemented definitely as it will help me so much with paying the council tax".

"I think that it is very fair of the council and shows that they are committed to supporting the poorest in the borough."

"The proposal would materially support residents with cost of living concerns and is the correct approach as well as being a good use of funds. However, I believe this scheme could be supported with additional awareness raising of the support available on council tax."

- 6.9 Some respondents (45) said the scheme should go further, either providing a greater discount and/or more support for all people/families that are struggling in the current circumstances. For example:

"Residents not on any form of income support or benefits are always forgotten. Middle income families are also struggling; perhaps some targeted support /discount to those that pay full CT year on year is better considered".

"What about people that are only just over the threshold for support? They are the ones that will struggle the most as they are getting no support at all, whereas people claiming benefits are getting lots of help and support."

- 6.10 12 respondents disagreed strongly with the Council's proposed scheme as they do not agree with additional discounts and/or discounts in general:
- 6.11 *"This is completely ridiculous. The people on "low income" are already in receipt of various government benefits. They should therefore pay their council tax to the same level as everyone else. A Council Tax cut for a minority means another increase for the majority. The cost of living is hitting the people who are working full time at its hardest as we have more expenditure than those who are sitting at home doing nothing so the true reality is that we should get a reduction, not them!"*
- 6.12 11 others felt that the existing scheme is generous enough and should not be changed.
- 6.13 *"The current level of support seems adequate and should not be further subsidized especially at the expense of residents that pay full CT and never receive support or by using £1.5m of council revenue which could go into services."*
- 6.14 A number of respondents (42) also questioned where the additional funding would come from
- "I'm unclear on where the in-year revenue comes from if not from council tax. Is this parking fines and people requesting paid services like bin replacement?"*

“Whilst it is good news that council tax benefit could rise. How this would be funded is vague and for residents like me being specific and above board and truthful will help to make informed decision. Is funding coming from education, social services, health, grants, policing, where?”

“People are getting used more and more to rely on Council for support. I have nothing against providing people support from time to time however not to the extent of people who pay to have an increased council tax to cover these funds.”

- 6.15 A full extract of all comments received to the further consultation is contained in the consultation report at Appendix 2
- 6.16 As a result of the response received supporting the council's proposed scheme no change has been made to the scheme that consulted on and the concept that all working aged people in receipt of support will be expected to pay at least 15% of their eligible Council Tax from 1 April 2023.
- 6.17 Please note that should the council decide to substantially modify the scheme in future a further public consultation exercise would need to be undertaken prior to any changes being implemented.

7. IMPLICATIONS

7.1 Finance, Value for Money and Risk

- 7.1.1 Along with the introduction of Council Tax Support Government rolled its Grant funding into the overall Settlement Funding Assessment and a significant proportion is funded through the Revenue Support Grant (RSG) system. The consequences are that as RSG has been scaled back each year and the funding for this scheme has also reduced.
- 7.1.2 The implicit reduction of CTS funding from the Government through reductions to the Revenue Support Grant led Council to adopt the principle of having a self-funding CTS scheme whereby the cost of the scheme would not exceed the level of funding available. That policy was designed to ensure that Council Tax payers were not disadvantaged by the transfer of risk associated from the funding of this scheme from the DWP to Local Government.
- 7.1.3 The annual cost of the scheme from 2019/20 onwards has exceeded the funding envelope, requiring Council to fund the gap, and in doing so to move away from the principle of a self-funded scheme.
- 7.1.4 The financial landscape for Local Government is incredibly volatile at present as the impact of Covid-19, Brexit and the Cost of Living crisis are yet to be fully understood in the context of local government funding. The Government has set out a Spending Review programme which will conclude as part of the Budget announcement on 27 October. The provisional settlement for 2023/24 is expected week

commencing 19th December 2023. This funding stream has largely been a combination of Revenue Support Grant (RSG) and a local share of business rates (subject to a further top-up grant to maintain baseline funding levels).

- 7.1.5 The projected funding gap in the cost of proposed scheme for 2023/24 has been identified as £1.26million; the difference between £18.31million built into the MTFS for 2022/23 and the estimated costs of £19.57million in 2023/24. However the gap will be covered from already achieved invoiced income. The scheme costs have been modelled based on a series of financial assumptions such as no overall increase in the CTS caseload, an overall Council Tax increase of 5% including the GLA's. There is also a risk that the Settlement Funding for 2023/24 when announced could be lower than anticipated thereby increasing the Council's contribution to the scheme.
- 7.1.6 The cost of the scheme will need to be closely monitored and reviewed.

7.2 Legal

- 7.2.1 The Local Government Finance Act 2012 made provision for amending the Local Government Finance Act 1992 (LGFA) to provide for the implementation of localised Council Tax Support schemes in England with effect from April 2013. This required local councils to design their own schemes to administer council tax support for working aged people, working within a framework set out in the legislation.
- 7.2.2 Paragraph 3 in Schedule 1A of the LGFA 1992 requires that before making any changes to a scheme the Council must consult any major precepting authorities; publish a draft scheme and consult such persons as are likely to have an interest in such manner as the Council considers appropriate.
- 7.2.3 Cabinet is being asked to agree to the adoption of a new Council Tax Support Scheme from 1st April 2023 following a consultation being undertaken on the proposed scheme, an alternative option as well as giving residents and stakeholders the option of suggesting other options. The consultation process complied with the legal requirements to ensure that it provided full and adequate information for an intelligent response and an adequate time for a response. To complete this process, Members must conscientiously take into account the views expressed by those who have taken part in the consultations that have taken place as set out in **Appendix 2** when making their decision. Consultation responses are not binding on members but need to be taken into account. Members must also be mindful of and take into account all of the options available to them as are set out in paragraphs 4.1 to 4.4 that include those options that were not specifically consulted on.

- 7.2.4 The Equality Act 2010 requires public authorities to have due regard to the need to eliminate discrimination and advance equality of opportunity. The Council must further consider its wider Public Sector Equality Duty (PSED) under s.149 of the Equality Act 2010 when making its decision. Members are referred to Appendix 1, (the Equality Analysis) that sets out the nature of the duty; and which reflects the position four years into the scheme.
- 7.2.5 Members must carefully consider the impacts identified and be satisfied that the mitigation set out provides a sufficient safety net.

7.3 Equalities and Diversity

- 7.3.1 An updated equality Analysis has been completed (**Appendix 1**). It should be noted that as this scheme offers support for some of the poorest residents in the borough and as the value of awards is capped at less than 100% of Council Tax liability for working age recipients, it will have an impact on their financial stability. Therefore, all recipients of support under the Council's scheme are considered to be at a socio-economic disadvantage, particularly lone parents (more likely to be women), part time workers (more likely to be women) and large households (more likely to be from BME backgrounds).
- 7.3.2 No additional adverse impacts have been identified on any equality groups as a result of these proposals as implementation of the proposed scheme would result in an increase in the level of award offered to recipients of the scheme. As the proposed scheme continue to cap support at less than 100% the following are identified as mitigating steps:
- Work incentives are built into the scheme by disregarding an amount of earned income, making allowances for childcare costs incurred by working parents and by continuing to award the same level of support for a short period after someone starts work (4 weeks).
 - Continuing to ignore income such as child benefit, Disability Living allowance and Personal Independence Payment when calculating entitlement to support. As well as disregarding War Widows/Widowers pensions.
 - Continuing the £750,000 Discretionary Fund to support those individuals suffering the most financial hardship by offering short (and where necessary) long-term support for the most vulnerable households will ensure those requiring support will not be disadvantaged because they are unable to work due to any disability.
 - Continuing with the Discretionary Fund of up to £750,000 to support those individuals suffering the most financial hardship to offer short (and where necessary long) term support for the most vulnerable households will ensure those requiring support will not be disadvantaged because they are unable to work due to any disability.

- The council has a dedicated Employment Business and Skills Service. Interested households are actively supported to move into work where possible through referral into the council's Employment Business and Skills Service and the Fair Deals Jobs programme which also supports residents with skills, qualifications, improved language skills and to maximise incomes. Details of current programmes can be found at www.walthamforestjobs.org

7.4 Sustainability (including climate change, health, crime and disorder)

- 7.4.1 There are no implications on sustainability, climate change & environment

7.5 Council Infrastructure

- 7.5.1 The proposals will be met within the existing Council infrastructure and resources.

BACKGROUND INFORMATION (as defined by Local Government (Access to Information) Act 1985)

None