

**Report for:** Full Council, 1 March 2021

**Title:** Approval of Council Tax Reduction Scheme for 2021/22

**Report authorised by:** Jon Warlow, Director of Finance

**Lead Officer:** Jon Warlow, Director of Finance

**Ward(s) affected:** All wards

**Report for Key/  
Non-Key Decision:** Key Decision

## **1. Describe the issue under consideration**

- 1.1 Following the transfer of Council Tax Benefit to Local Authority control from April 2013, Haringey has run a replacement Council Tax Reduction Scheme that protected pensioners (as prescribed by Central Government) and those in receipt of certain disability benefits and passed on the funding cuts by giving a maximum level of support of 80.2% to all other claimants.
- 1.2 Following a consultation process in 2018, the scheme for 2019/20 was amended to increase the maximum level of support from 80.2% to 100% for working age claimants with children and to reflect some national welfare changes. This scheme continued unchanged for 2020/21.
- 1.3 There is a statutory obligation on the Council to consider, each financial year, whether to revise or replace its scheme and a further obligation to consult residents before the scheme is changed.
- 1.4 This report sets out details of the review of Haringey's current Council Tax Reduction Scheme (CTRS) 2020/21 and recommends that it continues unchanged for 2021/22.
- 1.5 The Council must approve the final scheme by 11<sup>th</sup> March 2021, even where the scheme remains unchanged ready for implementation on the 1<sup>st</sup> April 2021.

## **2. Cabinet Member Introduction: Cllr Adje, Cabinet Member for Finance and Strategic Regeneration Services**

- 2.1 Since the decision taken in 2013 by the Government to abolish Council Tax Benefit, we recognise there has been a significant financial burden on many of the lowest income households in Haringey.
- 2.2 The significant cut to funding from Central Government meant Haringey had to design a scheme whereby working age claimants had to pay something towards their Council Tax.
- 2.3 The new scheme kept this payment as low as possible with a minimum 19.8% contribution towards their Council Tax. However, as part of the manifesto commitment to redistribute the burden of Council Tax and to reform the Council Tax Reduction Scheme the council increased the protection given to pensioners to include disabled claimants and working age claimants with children. This means that these groups continue to receive the same level of support as they did prior to the abolition of Council Tax Benefit.

- 2.4 Continuing the protection of these groups by maintaining the current scheme allowed the council to provide essential financial support to some of the most vulnerable residents in the borough and contribute to stated ambition of making Haringey a fairer borough for all to live in.

### 3. Recommendations

That Full Council:

- 3.1 Notes that an Equalities Impact Assessment (**Appendix 4**) has been undertaken in relation to the Council Tax Reduction Scheme and that the findings of this EIA must be taken into account when making a decision regarding the Scheme for 2021/22.
- 3.2 Agrees to adopt the Council Tax Reduction Scheme 2021/22 as contained in Appendix 3 and therefore retains the same Scheme agreed for 2020/21. This means that from 01<sup>st</sup> April 2021;
- I. That pensioners continue to receive support for the payment of Council Tax.
  - II. That working age claimants in receipt of certain disability benefits continue to receive support for the payment of Council Tax up to 100%.
  - III. That working age claimants with children continue to receive support for the payment for Council Tax up to 100%.
  - IV. For all other working age claimants, the extent of Council Tax Support available will continue to be capped at 80.2% of Council Tax liability.
- 3.3 Authority to be given to the Director of Finance, the Director of Customer, Transformation and Resources and Assistant Director of Corporate and Customer Services to take all appropriate steps to implement and administer the Scheme.

### 4. Reasons for decision

- 4.1 The recommendation to retain the current scheme continues to support the Government's initiative of work incentives and pays due regard to the challenging financial climate.
- 4.2 In recognition of the vulnerable sectors of society, additional supportive measures were put into the 2020/21 scheme giving increased protection to approximately 5,600 claimants, and it is proposed that these continue into 2021/22. Maintaining the current scheme ensures that these protected claimants will not be further disadvantaged.
- 4.3 Consideration has been given to revising the current scheme, however a longer period is needed to fully evaluate the impact of the last changes.
- 4.4 The real reduction in Council resources and service pressures have required the Council to implement significant annual expenditure reductions since 2011. These are forecast to continue for 2021/22 and future years. The affordability to the Council of the CTRS scheme therefore continues to be an important consideration.
- 4.5 Haringey is comparable with other London LAs and its scheme reflects the need to strike a fair balance between protecting the wellbeing of our residents and recognising the challenging financial situation we are in.

- 4.6 **Appendix 1** breaks down all London LA schemes and some summary points are shown below:
- 15 LAs ask residents for a higher contribution to their Council Tax than Haringey including Enfield, Barnet, Waltham Forest, and Barking & Dagenham.
  - Wandsworth and Harrow have the highest contribution level at 30% for non-disabled working age claimants.
  - 10 LAs fully cover the shortfall including City of London, Kensington & Chelsea, and Westminster.

## 5. Background Information

- 5.1 As part of the Government's Welfare Reform Act, Council Tax Benefit was abolished and replaced with locally managed Council Tax Reduction Schemes from 1 April 2013 with a reduced level of funding and a mandate to protect pensioners from any changes.
- 5.2 Following financial modelling looking at claimant volumes, the number of pensioners in the area and anticipated collection figures, Haringey passed on the shortfall in funding to working age claimants by reducing the maximum level of Council Tax Reduction they could receive from 100% to 80.2%.
- 5.3 The consultation exercise in 2012 led to the Council extending the maximum of a 100% Council Tax Reduction to those in receipt of certain disability benefits. Further consultation in 2018 extended this protection to working age claimants with children, approximately 7,400 and 5,600 claimants, respectively.
- 5.4 Each year since 2013, we have collected approximately 84% of the Council Tax owed from those in receipt of CTRS, leaving us with a shortfall of over £1m per annum. Although we endeavour to pursue this debt, we are conscious that we are collecting from some of our most vulnerable residents and as such tend to collect via an attachment to benefits at a maximum of £14.80 per month.
- 5.5 The Council must consider whether to revise or replace its CTRS for each financial year, however, does not actually have to revise or replace it and can choose to make no changes.
- 5.6 This report proposes a continuation of the current Council Tax Reduction Scheme which includes the application method, entitlement criteria, ways to appeal, how to deal with changes of circumstances and notification styles.
- 5.7 The Scheme will continue to be run by Haringey Council and remains separate from the Department of Work and Pension's (DWP) Housing Benefit / Universal Credit awards.
- 5.8 The CTRS is calculated on the net Council Tax after all statutory discounts and exemptions set out in the Local Government Finance Act 1992 have been applied. The Act provides several discounts and exemptions including for a Council Tax banding reduction in some circumstances where the property has been adapted for a disabled person. Persons with a severe mental impairment are also disregarded when determining liability to pay Council Tax.
- 5.9 In addition to CTRS, Section 13A of the Local Government Finance Act 1992 enables local authorities to reduce the amount of Council Tax payable to a group of taxpayers (Care Leavers) and on a case-by-case basis on the grounds of exceptional financial hardship.

## **6. Contribution to Strategic Outcomes**

- 6.1 This recommendation links to all parts of the “People”, “Economy” and “Your Council” Priorities of the Borough Plan, 2019-23.
- 6.2 Continuing to extend the maximum level of financial support for households with children will ease the financial burden of families in Haringey and promote better outcomes for children and young people. There are clear links between socio-economic and health inequalities, and therefore reducing the financial burden on recipients of Council Tax Reduction will contribute to wider positive life outcomes.
- 6.3 In addition, the scheme continues to provide financial support to those in low-paid employment and to those not in employment. The spending power of those recipients of Council Tax Reduction is likely to increase, which could have positive impacts on the local economy.

## **7. Statutory Officer Comments**

### **Finance**

- 7.1 The financial impact of the revised scheme introduced from 01 April 2019 was circa £1.1m through reduced Council Tax income. The 2019/20 Budget and 2019-2024 MTFS recognised this impact and assumed that it would continue across the planning period. Therefore, as the recommendation in this report is to make no changes to the scheme for 2021/22, there are no additional financial implications to highlight.
- 7.2 Should the Council consider consulting on changes for future years beyond 2021/22, the financial implications will be assessed at that time and built into the Council's overall financial plans as required.

### **Procurement**

- 7.3 Strategic Procurement notes the contents of this report.

### **Legal**

- 7.4 The Assistant Director of Corporate Governance has been consulted on this report. Under section 13A(2) of the Local Government Finance Act 1992, the Council as billing authority must make a localised Council Tax Reduction Scheme in accordance with Schedule 1A to the Act.
- 7.5 Each financial year the Council must consider whether to revise its scheme, or to replace it with another scheme. The Council must make any revision to its scheme, or any replacement scheme, no later than 11 March in the financial year preceding that for which the revision or replacement scheme is to have effect.
- 7.6 This report recommends that Full Council retains the same provisions for the Council Tax Reduction Scheme 2021/22 that was agreed at Full Council on 26 November 2019 for the 2020/21 scheme so that it continues unchanged for 2020/21. Therefore, Full Council is being asked to agree the continuing adoption of the Council Tax Reduction Scheme from 1 April 2021 for the council tax year 2021/22.
- 7.7 Schedule 1A to the 1992 Act makes further provision about Council Tax Reduction Schemes including prescribing the consultation process that must be

followed. There is no obligation to consult as no changes are being recommended for the 2021/22 scheme.

- 7.8 Schedule 1A allows the Government to make regulations about the prescribed requirements for schemes. Any scheme that the Council adopts must comply with these regulations.

## **Equalities**

- 7.9 The Council has a public sector equality duty under the Equality Act 2010 to have due regard to:

- Eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

- 7.10 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/belief, sex, and sexual orientation. The first part of the duty also applies to the protected characteristic of marriage and civil partnership.

- 7.11 An Equality Impact Assessment (EqIA) has been completed, which assesses the potential impact of maintaining the current Council Tax Reduction Scheme (with no proposed changes) for 2021/22.

- 7.12 Maintaining the current CTRS will continue to have a neutral or positive impact for existing and future recipients of Council Tax Reduction across the protected characteristics. This is as all claimants, will either benefit or remain financially the same under a continuation of the scheme.

## **8. Use of Appendices**

Appendix 1 – Summary of other London LA Schemes 2021/22  
Appendix 2 – Equality Act 2010: The Public Sector Equality Duty  
Appendix 3 – Haringey Council Tax Reduction Scheme  
Appendix 4 – Equality impact assessment

## **9. Local Government Access to Information Act 1985**

- 9.1 N/A

## Appendix 1: Summary of other London LA Schemes 2020/21

Local Authority	Minimum Council Tax payment	Comment / Protection
Harrow (Outer)	30.00%	Claimants in receipt of certain disability premiums
Wandsworth (Inner)	30.00%	
Barnet (Outer)	28.00%	Increased from 20% in 17/18
Enfield (Outer)	24.50%	
Barking and Dagenham (Outer)	25.00%	
Bromley (Outer)	25.00%	
Ealing (Outer)	25.00%	
Havering (Outer)	20.00%	Claimants in receipt of certain disability premiums
Hillingdon (Outer)	10.00%	Claimants in receipt of certain disability premiums
Lewisham (Inner)	25.00%	Increased from 3% in 17/18
Redbridge (Outer)	15%	Claimants in receipt of certain disability premiums
Waltham Forest (Outer)	24.00%	
Bexley (Outer)	20.00%	
Brent (Outer)	0.00%	
Lambeth (Inner)	20.00%	Claimants in receipt of certain disability premiums
Haringey (Inner)	19.80%	Claimants in receipt of certain disability premiums Working age claimants with children minimum contribution 0%
Sutton (Outer)	20%	Claimants in receipt of certain disability premiums Families with children under 5
Hackney (Inner)	15.00%	
Croydon (Outer)	15.00%	Claimants in receipt of certain disability premiums Single claimants with children under 5
Greenwich (Outer)	0.00%	
Southwark (Inner)	0.00%	
Newham (Inner)	10.00%	Reduced from 20% in 17/18
Islington (Inner)	8.50%	
Camden (Inner)	0.00%	Reduced from 8.5% in 17/18
City of London (Inner)	0.00%	
Hammersmith and Fulham (Inner)	0.00%	
Hounslow (Outer)	0.00%	Reduced from 8.5% in 17/18
Kensington and Chelsea (Inner)	0.00%	
Kingston upon Thames (Outer)	0.00%	
Merton (Outer)	0.00%	
Richmond upon Thames (Outer)	0.00%	Reduced from 5% in 17/18
Tower Hamlets (Inner)	0.00%	
Westminster (Inner)	0.00%	

(note – Councils sorted from highest minimum payment to lowest)



## **Appendix 2: Equality Act 2010 – The Public Sector Equality Duty**

Section 149 of the Equality Act 2010 Public Sector Equality Duty states

(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) – A person who is not a public authority but who exercises public functions must, in the exercise of those functions, have due regard to the matters mentioned in subsection (1).

(3) – 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 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.

(4) – The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include steps to take account of disabled persons' disabilities.

(5) – 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.

(6) – 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.

(7) – The relevant protected characteristics are – age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

(8) – A reference to conduct that is prohibited by or under this Act includes a reference to –

- (a) a breach of an equality clause or rule;
- (b) a breach of a non-discrimination rule.