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**Our ref:** CTS  
**Your ref:**  
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Dear David

## **LONDON BOROUGH OF HARINGEY: COUNCIL TAX SUPPORT SCHEME 2022-23**

Thank you for your email of 25 August informing the GLA about the Council's consultation on proposals for the draft local council tax support (LCTS) scheme for 2022-23. The consultation proposes four options on reforms to the support that is provided to people of working age from 2022-23. This letter sets out the GLA's response to the consultation.

### **Introduction**

As in previous years, the GLA recognises that the determination of council tax support schemes under the provisions of the Local Government Finance Act 2012 are a local matter for each London borough. Individual schemes need to be developed which have regard to specific local circumstances, both in respect of the potential impact of any scheme on working age claimants (particularly vulnerable groups) and, more generally, the financial impact on the council and local council tax payers – and therefore the final policies adopted may, for legitimate reasons, differ across the capital's 33 billing authorities.

This fact notwithstanding, the GLA also shares in the risks and potential shortfalls arising from the impact of council tax benefit localisation in proportion to its share of the council tax in each London billing authority. It is therefore important that we are engaged in the scheme development process and have an understanding of both the factors which have been taken into account by boroughs in framing their proposals, as well as the data and underlying assumptions used to determine any forecast shortfalls which will inform the final scheme design.

### **Framing Proposals**

As part of the introduction of council tax support in 2013-14, the Government set out its expectation that, in developing their scheme proposals, billing authorities should ensure that:

- Pensioners see no change in their current level of awards whether they are existing or new claimants;
- They consider extending support or protection to other vulnerable groups; and

- Local schemes should support work incentives and, in particular, avoid disincentives to move into work.

The GLA concurs with those general broad principles and encourages all billing authorities in London to have regard to them in framing their schemes.

### **Proposed Options for 2022-23 Scheme**

The Council proposes to make four changes to its LCTS scheme for working age people, which are intended to simplify arrangements for the scheme, as follows:

- Option A: Simplifying the claims process by enabling residents to claim council tax support automatically when they start receiving Universal Credit.
- Option B: Increasing the maximum backdating period of LCTS awards from six to twelve months.
- Option C: Simplifying the written rules for the scheme by publishing a shorter version in plain English.
- Option D: Reducing the number of changes made to claimants' award entitlements by setting a higher threshold for changes in income which would lead to a change in LCTS awards. Only changes of income in excess of £70 per month would lead to a reassessment of LCTS award. It is estimated that under this proposal there would be no change for 88% of residents in receipt of LCTS, an average gain of £36 per year for 6% and an average loss of £32 for 6%.

The consultation does not propose any changes to pensioners' entitlements to LCTS; pensioners will continue to be protected and their CTS award will remain broadly the same as it would have been under the former CTB scheme.

### **GLA Response to Proposals**

The GLA welcomes the Council's proposals to simplify its LCTS scheme and the Council's commitment to ensure that the existing level of support for working age CTS claimants will not be made less generous. Indeed, the proposal to extend backdating (Option B) will provide greater support for some residents than the current scheme.

The approach to treat notifications from DWP that a Universal Credit claimant wishes to claim LCTS as an application (Option A) is in line with changes made by other London boroughs. Similarly, the implementation of a 'de minimis' level for changes in income which lead to changes in entitlement (Option D) follows other boroughs' approaches. This should reduce the burden on the Council to recalculate entitlements multiple times a year and improve clarity over the council tax bill for claimants, providing greater certainty for households to budget and plan their finances. Although this will lead to reductions in income for some residents, the consultation confirms that on average these changes will be less than £3 per month.

Finally, the GLA welcomes the proposals to simplify the written rules of the scheme (Option C). Whilst we recognise that the detailed rules on council tax support schemes are inevitably complex, the GLA would encourage all boroughs to make every effort to set out information on their schemes as clearly as possible.

Information that may help potential claimants could include an online calculator, to identify whether potential claimants are likely to be entitled to support, as well as 'Frequently Asked Questions' and a summary document outlining concise details of the scheme. In addition, for existing claimants, we would encourage boroughs to consider how the process for reporting changes in circumstances can be made as straightforward as possible.

In summary, the GLA is supportive of the proposed changes to the scheme, and is therefore content for the Council to determine the options it wishes to take forward, taking into account responses to the current consultation from residents and others.

### **Financial Implications of the Proposed 2022-23 Scheme**

It would be helpful for the GLA's planning purposes if the Council could provide the GLA with a forecast total cost for the proposed scheme in 2022-23, based on the forecast 2021-22 caseload—ideally apportioning all elements between the GLA and the council, having regard to 2021-22 council tax shares. This would also allow the GLA to calculate its share of the cost of the scheme proposed by the Council.

### **Council Tax Protocol**

In recent years the issue of council tax collection practices has become more high profile and evidence suggests that more households have fallen with council tax payments in the wake of the pandemic. The GLA, of course, recognises the importance of ensuring council tax arrears are collected wherever possible. However, in some instances poor collection practices can worsen debt problems for vulnerable residents.

Citizens Advice, in partnership with the Local Government Association, has developed a council tax protocol<sup>1</sup>, which outlines a number of practical steps for early intervention to support people struggling with payments. In summary, the Protocol asks that councils:

- work with enforcement and advice agencies to help people pay their council tax bills while accessing debt advice;
- ensure all communication with residents about council tax is clear;
- use the Standard Financial Statement when calculating repayment plans;
- offer flexible payment arrangements to residents;
- do not use enforcement agents where a resident receives council tax support;
- publish their policy on residents in vulnerable circumstances

In London, eight boroughs have now signed up to the protocol and the GLA would encourage all boroughs to consider adopting the protocol.

The Ministry of Housing Communities and Local Government (MHCLG) also published best practice<sup>2</sup> guidance for council tax collection by local authorities, in August 2021. The guidance emphasises clear communication, joined up working with debt advice services and appropriate choices of enforcement methods to increase collection while ensuring fair treatment of residents. The GLA would urge councils to review the recommendations in the guidance and consider adopting the processes where necessary.

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<sup>1</sup><https://www.citizensadvice.org.uk/Global/CitizensAdvice/campaigns/Council%20Tax/Citizens%20Advice%20Council%20Tax%20Protocol%202017.pdf>

<sup>2</sup> <https://www.gov.uk/government/publications/council-tax-collection-best-practice-guidance-for-local-authorities/council-tax-collection-best-practice-guidance-for-local-authorities>

### **Setting the Council Tax Base for 2022-23 and Assumptions in Relation to Collection Rates**

The council will be required to set a council tax base for 2022-23 taking into account the potential impact of the discounts the Council may introduce in respect of council tax support and any potential changes the Council may implement regarding the changes to the treatment of second and empty homes.

The Council will need to make a judgement as to the forecast collection rates from those claimants and council taxpayers affected by any changes to council tax support, taking into account the experience over the last eight years of the council tax support arrangements.

The GLA would encourage the Council to provide it with an indicative council tax base forecast as soon as options are presented to members for approval, in order that it can assess the potential implications for the Mayor's budget for police, fire and other services for 2022-23. This should ideally be accompanied by supporting calculations disclosing any assumptions around collection rates and discounts granted having regard to the final council tax support scheme design.

### **Collection Fund and Precept Payments**

By 23 January 2022 the council is required to notify the GLA of its forecast collection fund surplus or deficit for 2021-22, which will reflect the cumulative impact of the localisation of council tax support since it was introduced in 2013-14. The GLA would encourage the council to provide it with this information as soon as it is available.

I would like to thank you again for consulting the GLA on your proposed council tax support options for 2022-23.

Yours sincerely



**Mark Johnson**  
GLA Group Finance