

Report for: Full Council 04 March 2024

Title: Review of Council Tax Reduction Scheme Administration for 2024/25

Report authorised by : Jon Warlow, Director of Finance – Chief Financial Officer and Section 151 Officer

Lead Officer: David Graaff, Head of Service Delivery

Ward(s) affected: All wards

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

1. Describe the issue under consideration

1.1 This report summarises the process and content of proposed potential changes to the administration and policy of the Haringey Council Tax Reduction Scheme to be introduced in 2024/25. The report sets out a series of options to amend the current scheme, with a preferred option recommended. It also sets out the results of the consultation process undertaken.

2. Cabinet Member Introduction: Cllr Chandwani Cabinet Member for Resident Services & Tackling Inequality

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 Our Council Tax Reduction Scheme enables us to assist many families and households in most need in the borough. Providing fair access to this kind of support is a key tenet of our Council. By continuing this scheme this year, the council is able to give some of the borough's most disadvantaged citizens vital financial support.

2.3 This paper seeks support for the scheme, once again, as well as taking into account technical changes already made to the pension-age scheme.

2.4 The changes to capital disregards will promote fair access and enable residents in receipt of these payments to continue to receive support with their Council Tax, allowing the payments to be used for their intended purpose. The

legislative changes will help to simplify the scheme, allowing for a more efficient service delivery, and will ensure that the scheme accurately reflects the correct legislation.

- 2.5 The Council is obliged to go to public consultation, which has been carried out, and full council to revise.

3. Recommendations

- 3.1 The Council notes that a public consultation has been carried out (see Appendix 2) and its findings incorporated into the Equality Impact Assessment (Appendix 3)

- 3.2 The Council Agrees to adopt the amended Council Tax Reduction Scheme 2024/25 (Appendix 4) from 01 April 2024 and delegates authority to the Director of Finance, the Director of Environment and Resident Experience and the Assistant Director Resident Experience to take all appropriate steps to implement and administer the Scheme. In addition to the changes prescribed by law, the new CTRS would include the following proposed changes:

- 3.2.1 To introduce income and capital disregards for payments made under the following schemes:

- Windrush payments
- Historical Child Abuse payments
- Grenfell Tower support payments
- Child Disability payments
- Payments made by the Child Migrant Trust
- Compensation payments for DWP errors
- We Love Manchester emergency funds
- Payments made due to an error of law
- Scottish Infected Blood Support Scheme
- An approved blood scheme
- London Emergencies Trust
- Thalidomide payments
- Payments made under Section 49 of the Childrens and Families Act 2014.

- 3.2.2 To update the scheme to include the following changes in Scottish and Welsh legislation and match the pension-age scheme:

- Payments of Adult Disability Payments will be disregarded as income and residents in receive of this income will be treated as disabled.
- Child Disability Payments will be included as a qualifying condition for receiving the enhanced disability premium.
- Scottish social security payments will be disregarded as capital.

- The definition of childcare will be updated to include people employed by a domiciliary support service and charges referred to in the Fostering Panels (Establishment and Functions) (Wales) Regulations 2018.
- Care and support payments made under the Social Services and Well-being (Wales) Act 2014 and the Children (Scotland) Act 1995 will be disregarded as income.
- Include references to Scottish taxpayers and Scottish basic rate of income tax when calculating earnings.
- Include a new category of part-time firefighter in earned income disregard qualifying conditions, for part-time firefighters employed by the Scottish Fire and Rescue Service.
- Expand the definition of disability to include changes made in the Social Security and Well-being (Wales) Act 2014.
- Amend references to The Social Work (Scotland) Act 1968 to reference the Social Care (Self-directed Support) (Scotland) Act 2013.

3.2.3 To amend the scheme to make the following administrative changes, thereby matching the pension-age scheme:

- Include Statutory Parental Bereavement Pay as income.
- Update references to the personal allowance and personal reliefs from the Income Tax Act 2007.
- Include carers in receipt of the carer element of Universal Credit for the purposes of awarding the Severe Disability Premium.
- Amend references to the family premium to state 'a family including at least one child or young person'.
- Amend terminology to include references to service group users, national insurance contributions and exempt work.
- Include a new category of part-time firefighter in earned income disregard qualifying conditions, for part-time firefighters defined in the Fire and Rescue Services Act 2004.
- Disregard payments made under the Care Act 2014.
- Expand the definition of disability to include severely sight-impaired residents included in registers kept under the Care Act 2014.
- Include references to paternity leave and shared parental leave.

4. Reasons for decision

4.1 The Council Tax Reduction Scheme is a way the Council can redistribute the financial burden on Council Tax payers and provide additional support to those in need.

- 4.2 It is important that the CTRS is simple and easy to claim to maximise uptake and reduce the burden on our residents. It is important that the scheme is easy to access, can help residents to minimise debt, assist household budgeting, and increase the ability to pay council tax.
- 4.3 The proposed amendments to the rules for working age claimants would have the following benefits:
- 4.3.1 Promotes fairness and consistency. The proposed changes will align the scheme with the pension age scheme and the housing benefit scheme so that residents are treated fairly and consistently regardless of their age.
- 4.3.2 Improving the accuracy of claims processing. Having multiple schemes with minor differences leads to additional administrative complexity and reduced levels of accuracy. The alignment will improve the accuracy of administrative decision-making.
- 4.4 These changes predominantly relate to ways to simplify the administration of the scheme and maximise uptake. The council is not seeking to reduce the generosity of the current scheme or to reduce the maximum entitlement awarded since 2019.
- 4.5 The affordability to the Council of the CTRS scheme continues to be an important consideration, balanced with the need to support as many residents as possible. The changes will simplify the administration of the working-age scheme by matching changes already introduced in the pension-age scheme.
- 4.6 The Council is obliged to consider whether to revise or replace its CTRS each year. However, it is not obliged to revise or replace it. If any revision or replacement is to be made, the Council must follow the consultation process set out in the legislation and the decision must be made by Full Council.
- 4.7 A decision to consult on the changes detailed above was agreed by the Lead Member for Resident Services & Tackling Inequality on 07 November 2023.
- 4.8 A draft CTRS was published, and a public consultation has been carried out.
- 4.9 The Council has consulted formally with the Greater London Authority (GLA) and the result of the consultation is that the GLA supports the proposed changes. The letter from the GLA is included at Appendix 1.

5. Alternative options considered

5.1 No change to the existing CTRS

This is not recommended because amending the scheme will reduce the administrative burden on the Council and allow residents a consistent and fair experience regardless of age.

5.2 Partially adopt the proposed changes

Consideration was given to adopting some of the proposed changes, such as the capital disregards, whilst retaining the existing rules in the other areas. This is not recommended as it will retain complexity within the scheme by retaining differing rules for working-age and pension-age residents.

6. Background Information

- 6.4 Haringey Council has a Council Tax Reduction Scheme to provide support to residents who need help to pay their Council Tax.
- 6.5 As part of the government's welfare reforms, responsibility for setting Council Tax support was devolved to Local Authorities. Council Tax Benefit was abolished and replaced with locally managed Council Tax Reduction Schemes from 1 April 2013. Nationally, CTRS had 10% less government funding than the previous Council Tax Benefit. There was a mandate to protect pensioners from any changes.
- 6.6 The Council must consider whether to revise or replace its CTRS for each financial year but does not actually have to revise or replace it and can choose to make no changes.
- 6.7 If any revision or replacement is proposed, the Council must follow the consultation process set out in the legislation and changes must be made by 11 March, to take effect from 1 April. The final decision must be made by Full Council before 11th March 2024.
- 6.8 The CTRS scheme reduces the level of Council tax which the Council and the GLA collect from Haringey residents. The current cost of CTRS is circa £34m per annum. Of the £34m current cost, £11.2m relates to CTRS awards to pensioners, over which the Council has no discretion.

Preferred Option

- 6.9 The Council's preferred option is primarily a combination of:
 - 6.9.1 Introducing income and capital disregards for payments made under a variety of compensation and support payments.

- 6.9.2 Updating the scheme to include several changes in Scottish and Welsh legislation to match the pension-age scheme.
- 6.9.3 Amending the scheme to make several administrative changes to match the pension-age scheme.

Introducing income and capital disregards

- 6.10 It is possible for the council to designate what types of payments should be treated as income or capital for CTRS.
- 6.11 Under the current scheme, residents receiving a payment from one of the schemes proposed to be disregarded would have the full amount taken into account as capital. If their total capital exceeded £10,000 then they would not be entitled to any CTRS, regardless of the income they received.
- 6.12 This change will ensure that these payments are fully disregarded as capital, meaning that the affected residents will have their capital assessed based on other savings and investments they hold, meaning they will receive the same level of CTRS as they would if they hadn't received the payment.
- 6.13 It is not possible to quantify the number of residents this change will affect, but it is anticipated to be very small. Therefore, this change is not expected to have more than a negligible impact on the cost of the scheme.

Update the scheme to include changes to Scottish and Welsh legislation

- 6.14 Several changes have been made to the national pension-age CTRS scheme to update references to changes in Scottish and Welsh legislation. The changes have not previously been included in the local working-age CTRS scheme.
- 6.15 This means that working-age residents moving into the borough from Scotland or Wales who are affected by these changes could be treated differently than residents with similar circumstances who are covered by English legislation. For example, currently, a resident receiving Adult Disability Payment would have this included in the income calculation whereas a resident receiving Personal Independence Payments would have the payments disregarded.
- 6.16 Amending the scheme to include these changes will mean that residents moving into the borough from Wales or Scotland will receive the same level of support as existing residents with similar circumstances.
- 6.17 The changes are expected to increase entitlement for those affected. However, It is not possible to quantify the number of residents who will be affected; however, as it will only affect low-income households moving into the borough from Wales or Scotland who need to have a narrow range of

circumstances, it is not expected to impact on more than a handful of residents. Therefore, the cost implications of introducing these changes will not be more than negligible.

Make administrative changes to match the pension-age scheme

- 6.18 Several changes have been made to the national pension-age scheme to make various administrative changes to reference legislative changes and new benefits, which have not been matched in the local working-age scheme.
- 6.19 Making these changes will ensure that the working-age scheme references current legislation and that the scheme matches the pension-age scheme in these areas.
- 6.20 It is not expected that updating the scheme to include these changes will have an impact on the cost of administering the scheme.

Estimated Total Financial Implications

- 6.21 The changes suggested in this report are not expected to increase the cost of CTRS by more than £10,000. It is considered that this level of increase can be accommodated within the Council's current MTFs assumptions.

Consultation process

- 6.22 The consultation included a formal consultation with the Greater London Authority (GLA) and a full public consultation.
- 6.23 The full public consultation was undertaken in the eight weeks between 06 December 2023 to 31 January 2024. It targeted both existing recipients of CTRS and the wider group of Council Tax payers.
- 6.24 The consultation process comprised of publicity through the Council's website and social media channels, with resident's being asked to complete an online questionnaire. Three questions were offered to respondents to indicate whether or not they were in favour of the proposals, along with an opportunity to comment and make alternative proposals,
- 6.25 The consultation exercise generated 50 responses.
- 6.26 The results of the consultation, together with the questions asked, are provided in the attached report at Appendix 2, and are summarised in the table below.

Question	For	Against	Don't know
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1. Do you support this scheme change to introduce Capital Disregards?	58%	22%	20%
2. Do you support this scheme change to match the working-age scheme with the pension-age scheme by including changes to Scottish and Welsh legislation?	63%	19%	18%
3. Do you support this scheme to make several changes to match the working-age scheme with Housing Benefit and the pension-age scheme?	76%	9%	15%

7. Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes'?

7.1 This recommendation links to the themes 'Resident experience', specifically outcome 1 'Positive Resident Experience' and 'Adults, Health and Welfare', specifically 'Advice and support' sections of the Corporate Delivery Plan.

7.2 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.

7.3 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.

8. Carbon and Climate Change

8.1 Not relevant to this report

9. Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

Finance

Council Tax is the only form of core funding over which the Council has direct control (albeit subject to referenda limits imposed by the government). CTRS has the effect of reducing the level of Council Tax collected by the Council and the GLA. The current scheme is costing £34m per annum and, although the Council's medium term financial outlook is challenging, the financial implications of the scheme has been built into the 2024/25 Budget workings. The proposed changes to the scheme will affect a very small number of people and consequently are not considered material.

Procurement

Strategic Procurement have been consulted in the preparation of this report. Strategic Procurement note the recommendations in section 3 of this report and that no procurement related decision is required. Strategic Procurement have no objections to the recommendation of the report.

Legal

The Assistant Director for Legal & Governance (Monitoring Officer) has been consulted on this report and makes the following comments.

As set out in section 13A (2) of the Local Government Finance Act 1992 ("the 1992 Act"), the Council as billing authority must make a localised Council Tax Reduction Scheme in accordance with Schedule 1A to the Act. 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.

This report recommends that Full Council adopts a revised CTRS which contains mandatory changes as prescribed by [The Council Tax Reduction Schemes \(Prescribed Requirements\) \(England\) \(Amendment\) Regulations 2024 \(legislation.gov.uk\)](#) and which also contains optional changes as outlined in this report.

Schedule 1A to the 1992 Act allows the Government to make regulations about the prescribed requirements for schemes. As required by law, the proposed scheme complies with these regulations. Schedule 1A also makes further provision about council tax reduction schemes including prescribing the consultation process that must be followed. 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. The Council has complied with those requirements and details of the consultations are appended to the report.

The Council must ensure that it has due regard to its Public Sector Equality Duty (PSED) under the Equality Act 2010 in considering whether to revise or replace its scheme. An Equalities Impact Assessment has been carried out, details of which are appended to this report.

The Assistant Director for Legal and Governance confirms that there are no legal reasons preventing the Council from adopting the recommendations of this report.

Equality

The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

The Council Tax Reduction Scheme (CTRS) provides support to low-income households to reduce their Council Tax liability. The scheme is currently means tested and provides support to approximately 27,000 households within the borough.

Each year the Council can amend its Council Tax Reduction Scheme (CTRS) for working-age households. Pension-age households have their entitlement assessed under the national pension-age scheme, which the Council is not able to alter.

The pension-age scheme is updated by Central Government on an annual basis and the Council is proposing to update the working-age scheme with the following changes to match the pension-age scheme to make three key changes to introduce capital disregards on compensation and support payments, reflect changes in Scottish and Welsh legislation and make administrative changes to match the pension-age and working-age schemes.

These changes are likely to impact very few households in Haringey but reduces the overall administrative burden. The Council is not looking to reduce the generosity of the scheme, and this analysis has not identified any negative impacts

which need to be considered. Furthermore, some of the changes which have been proposed, such as the expansion of the definition of disability, and some of the support payments disregards, are likely to have positive impact on some groups. Regarding next steps, following agreement at Full Council, the new scheme will be implemented with effect from 01 April 2024. There will be a 6-month review of this assessment by 30 September 2024 to ensure that there are no unintended consequences which need to be addressed.

A full EQIA has been produced and is published alongside this report.

10. Use of Appendices

Appendix 1 – GLA letter

Appendix 2 – Consultation response analysis

Appendix 3 – Equality impact assessment

Appendix 4 – Haringey Council 2024-25 CTRS scheme

11. Background papers

Cabinet report – Council Tax Reduction Scheme amendments 2024/25 – 07 November 2023

<https://www.minutes.haringey.gov.uk/mgAi.aspx?ID=77709>