

London Borough of Enfield

Council

Meeting Date – 28th January 2021

Subject: Council tax support scheme 2021/22
Cabinet Member: Cllr Mary Maguire
Executive Director: Fay Hammond

Key Decision: 5209

Purpose of Report

1. To agree the council tax support scheme for the financial year 2021/22

Proposal(s)

2. That Council agrees the Local Council Tax Support Scheme for 2021/22 as summarised in Appendix A to provide financial support for households on low incomes in paying their Council Tax. The 2021/22 scheme is based on the 2020/21 scheme, updated for legislative amendments, income uprating and administrative changes
3. That Council agrees to delegate responsibility to make any minor and consequential changes, including the correction of accidental errors, necessary to the detailed council tax support provision as a result of any changes in the regulations upon which the scheme is based to the Executive Director of Resources following consultation with the Cabinet Member for Finance and Procurement.
4. For the 2021/22 scheme:
 - the minimum contribution for working age households not in a protected group will be maintained at 24.5%.
 - The maximum earned income for Universal Credit claimants to receive council tax support will be £1,100 net per month
 - Administrative changes set out in paragraph 15 and 16 be incorporated into the scheme to improve service delivery

Reason for Proposal(s)

5. The Council must adopt the same or new scheme by 11 March of the preceding financial year to which the scheme will apply. Council is asked to delegate minor and consequential changes due to the lateness of regulations for Government and to use the opportunity to allow funded changes from Government to benefit council tax support claimants.

Relevance to the Council's Corporate Plan

6. The council tax support scheme supports the cross-cutting themes of a modern council and a fairer Enfield.

Background

7. In 2012 the Government announced that as part of a series of welfare reforms, the national Council Tax Benefit scheme was to be abolished and replaced with local schemes. At the time, funding for the replacement local schemes was reduced by 10% and Enfield faced a £5m shortfall in funding if it continued to follow the previous national policy.
8. Every year the Council is obliged to consider whether to revise or replace its local Council Tax Support Scheme. As a result of the consultation and Equalities Impact Assessment for the 2014/15 scheme, the Council increased the range of protected groups further to include foster carers registered with the Council, people in receipt of Carers Allowance and people in receipt of higher rate disability benefits (Higher Rate Disability Living Allowance, Higher Rate Personal Independence Payments and the support component of Employment Support Allowance).

Review of the operation of the council tax support scheme in 2020/21

9. The Council Tax Support has provided vital support to low income households in Enfield during the pandemic. During 20/21 the working age council tax support caseload has increased by just under 1,400, increasing the overall cost of the scheme by over £2.3m. In addition to the overall council funding of the scheme of some £35.5m (shared with the GLA), Government provided additional hardship funding of £6.2m to be applied directly to council taxpayers accounts who are in receipt of council tax support. To date the council has awarded £5.9m of this funding in the form of a hardship payment of up to £250 for eligible council taxpayers. The remaining funds will continue to be applied to new claims until the end of the financial year or when the total funding is reached.
10. In addition to the Government funded hardship scheme, the Council has maintained a discretionary Council Tax Hardship Scheme. Households facing exceptional financial hardship can apply to the scheme and receive help with their Council Tax. Payment from the Council Tax Support Hardship Scheme this year will exceed £100,000.
11. Due to the award of the £6.2m hardship grant to over 25,000 council taxpayers, collection performance for 2020/21 from taxpayers in receipt of council tax support is higher than in the previous year. This is because the amount payable has been substantially reduced in comparison. However, collection from council taxpayers not in receipt of council tax support has been severely impacted as reflected in the Council Tax Base report also reported at this meeting.
12. Due to the award of hardship, collection performance for 20/21 from taxpayers in receipt of council tax support is above the previous year as the

amount payable has been substantially reduced in comparison. Collection from council taxpayers not in receipt of council tax support has been severely reduced due to the pandemic.

13. The council is due to consider a Fair Debt and Income Strategy at March Cabinet. Incorporated in the strategy are a range of measures that continue to modernise council's debt collection and income processes, working closely to understand the needs and situations of customers, streamlining processes and ensuring that the council strikes the right balance of maximising income while also proactively supporting customers in need. For vulnerable and low-income households, the council will use tailored collection approaches to avoid court and bailiff enforcement and additional costs.

Proposed amendments to the scheme for 2021/22

14. Protected groups remain the same as the 2020/21 including the additional protected category for care leavers aged under 25 years old.
15. The minimum contribution for working age households not in a protected group will remain at 24.5% for 2021/22.
16. Premium and personal allowances shown in the council tax support scheme will be uprated in accordance with the social security/housing benefit rates that will apply from April 2021 and aligned with Department of Work and Pension categories to ensure consistency except where specifically changed by the council (e.g. high rate non dependant deduction). In addition, backdating of claims can be for up to 12 months from the date of claim where good cause can be demonstrated, and council tax support will be allowed to be paid on two homes in cases of domestic violence.
17. The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021 will be incorporated in the 2021/22 local council tax support scheme.
18. Note that, although not part of the scheme, the transitional arrangements for the council taxpayers impacted by the 2020/21 changes will continue, halving the transitional support received last year. This impacts on 122 residents.

Main considerations for the council

19. Council tax support is an essential part of the council's help for low income households impacted by Covid-19 either through unemployment, reduction in income and the furlough scheme. The scheme is unchanged from 2021/22. There are an increasing number of residents moving from housing benefit to universal credit, as changes in circumstances is a trigger for this transfer. This will impact on the overall cost of council tax support.
20. Further, the caseload is expected to rise again in 2021/22 as the furlough scheme ends and the economic recession continues. Government has

provided specific funding for 2021/22 to help councils meet the increased costs of the scheme. Provision has been made within the council taxbase report for the expected additional costs of the scheme and reflected in the medium-term financial plan. The recommendation to Council is therefore to maintain the existing scheme for 2021/22.

21. Council tax support is an essential part of the council's help for low income households impacted by COVID either through unemployment or the furlough scheme. The caseload is expected to rise again in 21/22 as the furlough scheme ends and the economic recession continues with additional costs set to exceed £4m on top of the current year increase. Government has provided specific funding for 2021/22 to help councils meet the increased costs of the scheme but this funding cannot be applied directly to council taxpayer accounts as in 20/21. Provision has been made within the council taxbase report for the expected additional costs of the scheme. The recommendation to Council is therefore to maintain the existing scheme for 21/22.

Safeguarding Implications

22. Council tax support helps households with young people or vulnerable adults to maintain council tax payment and avoid council tax arrears.

Public Health Implications

23. Council tax support has a positive impact on the general public's physical and mental health and wellbeing by supporting low income households and helping avoid debt.

Equalities Impact of the Proposal

24. As part of the modelling previously undertaken for the council tax support proposal in 2020/21 an equalities impact assessment was undertaken. The modelling of the average weekly change, range, no. of claims and households affected by the proposals indicated a broad range of affected households and no one household group impacted more than another. The recommendations contained in this report retain financial support for protected working age vulnerable groups.

Environmental and Climate Change Considerations

25. There are no specific climate change implications contained within this recommendation.

Financial Implications

26. The financial implications of this proposal to maintain the existing scheme are reflected in the medium-term financial plan.
27. The cost of the transitional arrangements is estimated to be £40k and will be funded from the existing Council Tax Hardship reserve.

Legal Implications

28. Section 13A of the Local Government Finance Act 1992 (“the 1992 Act”) requires each billing authority in England to make a scheme specifying the reductions which are to apply to amounts of council tax payable by persons, or classes of person, whom the billing authority considers are in financial need. The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (“the 2012 Regulations”) prescribe matters which must be included in such a scheme in addition to those matters which must be included in such a scheme by virtue of paragraph 2 of Schedule 1A to the 1992 Act.
29. As the proposed Council Tax Support Scheme for 2021/2022 will not be a revision or replacement of the current scheme there is no obligation to follow the statutory requirement to consult under the 13A Local Government Finance Act 1992, which is the Act under which the Council Tax Support Schemes are formed. If there is a replacement or revised scheme, proposed, then the statutory duty to consult is mandatory.
30. As stated in paragraph 16, above, The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021 (‘the 2021 Regulations’ will be incorporated in the 2021/22 local council tax support scheme.
31. Amendments to the 2012 by the 2021 Regulations mean that certain payments relating to the Grenfell Tower Fire and payments made under the Windrush Compensation Scheme must be disregarded when calculating an applicant’s income and capital.

Workforce Implications

32. Not applicable.

Property Implications

33. Not applicable

Other Implications

34. Not applicable

Options Considered

35. None

Conclusions

36. Maintaining the current level of financial support to low income and vulnerable households is imperative to avoid increasing arrears for residents with low income.

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Date of report

Appendices

Appendix A – Council Tax Support Scheme Summary 2020-21

Background Papers

N/A