

London Borough of Enfield

Council

Meeting Date – 26th January 2022

Subject: Council Tax Support Scheme 2022/23

Cabinet Member: Cllr Mary Maguire

Executive Director: Fay Hammond

Key Decision: 5348

Purpose of Report

1. To agree the Council Tax Support Scheme for the financial year 2022/23

Proposal(s)

2. That Council agrees the Local Council Tax Support Scheme for 2022/23 as summarised in Appendix A to provide financial support for households on low incomes in paying their Council Tax. The 2022/23 scheme is based on the 2021/22 scheme, updated for legislative amendments, income uprating and administrative changes.
3. Other than the minor changes above, the 2022/23 scheme is the same as the 2021/22 scheme, i.e:
 - 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 maintained at £1,100 net per month

Reason for Proposal(s)

4. The Council must adopt the same or new scheme by 11 March of the preceding financial year to which the scheme will apply.

Relevance to the Council's Corporate Plan

5. The Council Tax Support Scheme supports the cross-cutting themes of a modern council and a fairer Enfield.

Background

6. 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.

7. 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 supported 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 2021/22

8. The Council Tax Support Scheme provided vital support to low income households in Enfield during the pandemic. During 20/21 the working age Council Tax Support (CTS) caseload increased by 2,000 from 27,500 to 29,500 representing an extra cost of some £2m. This brought the overall cost of the scheme to £35.5m (shared with the GLA). Government provided additional hardship funding of £6.2m which was applied directly to council taxpayers accounts in receipt of Council Tax Support. The council awarded this funding in the form of a hardship payment of up to £250 for eligible council taxpayers.
9. In addition, the Council maintains a discretionary Council Tax Hardship Scheme. Households facing exceptional financial hardship can apply to the scheme and receive help with their Council Tax. Payments from the Council Tax Support Hardship Scheme in 20/21 exceeded £100,000.
10. 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 was higher than in the previous year as the amount payable by CTS claimants was substantially reduced in comparison. However, collection from council taxpayers generally was severely impacted by COVID and normal enforcement procedures were suspended for over a year. The impact of COVID on council tax collection continues to be reflected in the Council Tax Base report also reported at this meeting.
11. The value of council tax arrears for taxpayers in receipt of CTS remains relatively low compared to the overall council tax arrears. At the 31st March 2021, council tax arrears were £32.8m, of which £6.7m related to taxpayers receiving CTS, just over 20% of the total arrears. However, the numbers of CTS claimants in arrears was 8,200 out of a total 22,600 taxpayers, representing 36% of the total number of accounts. For 2020/21, the average council tax arrears for CTS claimants was £252 compared to £731 for non-council tax support payers. Collecting Council Tax for those in receipt of CTS is a challenge, which the Councils new ethical debt collection policy (in point 12) is designed to address. The table below shows amount of Council Tax raised for those on CTS and the number of accounts and arrears attached to those accounts.

Local Council Tax Support - Council tax arrears as at 31st March 2021				
Financial Year	Pre 2017	2018/19	2019/20	2020/21
Council tax raised		£11,062,357	£11,578,513	£12,781,840
Arrears as at 31st March 2021	£1,797,822	£1,084,865	£1,778,879	£2,070,495
Number of accounts	4,192	2,776	5,007	8,207

12. The council agreed an ethical debt strategy at March 2020 Cabinet ('A Progressive Approach to Managing Debt and Income in Enfield') which incorporates a range of measures that:

- continue to modernise the council's debt collection and income processes
- work closely to understand the needs and situations of customers
- streamline processes and ensures that the council strikes the right balance of maximising income while also proactively supporting customers in need
- tailors' collection approaches for vulnerable and low-income households, seeking to avoid court and bailiff enforcement and additional costs.

13. To recover CTS arrears the council issues a range of communications to the taxpayer via SMS text, email and hard copy reminder and final notices. If payment is not received or an arrangement entered into the council will refer the arrears to an external debt agency. The debt agency will attempt to arrange settlement of the debt via telephone and other electronic means.

14. At all stages of enforcement a range of financial and debt advice is available to the council taxpayer. This includes:

- promoting entitlement to appropriate benefits or reliefs
- easy application to council benefits, reductions and reliefs
- referrals of vulnerable and low-income customers in debt to the Welfare Advice and Debt Team for support and casework to help assess all their welfare needs, maximise benefits and manage residents' debts to enable them to stabilise and improve their financial situation.

15. The council also administers Council Tax Support Hardship which helps those receiving CTS to pay part of the Council Tax charge not covered by the amount of CTS, which can provide direct financial assistance to council taxpayers.

Financial Year	Council Tax Support Hardship Spend
2018/19	£227,801.10
2019/20	£287,230.29
2020/21	£103,864.82
2021/22 @ 31/10/21	£188,034.21
2021/22 End of year predictions	£325,000.00

Proposed amendments to the scheme for 2022/23

16. Protected groups remain the same as the 2021/22 including the additional protected category for care leavers aged under 25 years old.
17. The minimum contribution for working age households not in a protected group will remain at 24.5% for 2021/22.
18. Our scheme is designed to align with the vast majority of Department for Work and Pension changes to ensure a consistency on overall benefit packages to our customers. However, there are some exceptions written into our scheme that allow for more help for certain customer groups e.g. backdating of claims can be for up to 12 months from the date of claim where good cause can be demonstrated.
19. The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2022 will be incorporated in the 2022/23 local Council Tax Support Scheme.

Main considerations for the council

20. CTS is an essential part of the council's help for low income households impacted by Covid-19 either through unemployment or reduction in income. The scheme is unchanged from 2021/22. However, 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, and is likely to significantly increase, the overall cost of CTS.
21. Government provided specific funding for 2021/22 to help councils meet the increased costs of the scheme. Provision has been made within the council tax base report for the expected additional costs of the scheme and reflected in the medium-term financial plan. The recommendation to Council is to maintain the existing scheme for 2022/23.

Safeguarding Implications

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

Public Health Implications

23. CTS 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 households affected by the proposals indicated a broad range of affected households and no single household group were 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.

Legal Implications

27. 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.
28. As the proposed Council Tax Support Scheme for 2022/2023 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.
29. As stated in paragraph 19, above, The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2022 ('the 2022 Regulations') will be incorporated in the 2022/23 local Council Tax Support Scheme.

Workforce Implications

30. Not applicable.

Property Implications

31. Not applicable

Other Implications

32. Not applicable

Options Considered

33. None

Conclusions

34. Maintaining the current level of financial support to low income and vulnerable households through an unchanged Council Tax Support Scheme.

Report Author(s): Bridgette Cowley/Sally Sanders
Heads of Service
Bridgette.cowley@enfield.gov.uk
Sally.sanders@enfield.gov.uk

Date of report

Appendices

Appendix A – Council Tax Support Scheme Summary 2022-23

Background Papers

N/A