

<b>Title of Report</b>	Cabinet Response to the Scrutiny Panel Task and Finish Group review of the Council Tax Reduction Scheme
<b>Key Decision No</b>	Non Key Decision
<b>For Consideration By</b>	Cabinet
<b>Meeting Date</b>	24 July 2023
<b>Cabinet Member</b>	Cllr Rob Chapman, Cabinet member for Finance, Insourcing and Customer Service
<b>Classification</b>	Open
<b>Ward(s) Affected</b>	All
<b>Key Decision &amp; Reason</b>	No
<b>Implementation Date if Not Called In</b>	31 July 2023
<b>Group Director</b>	Ian Williams, Group Director Finance and Resources

## 1. **Cabinet Member's introduction**

- 1.1. Since April 2013 Hackney Council put in place a local Council Tax Reduction Scheme (CTRS) to provide financial assistance to those Council Taxpayers on a low income who have difficulty with paying their Council Tax. This scheme replaced Council Tax Benefit which was a national scheme administered by the Department for Work and Pensions (DWP).
- 1.2. However, while funding for the local scheme was initially provided by way of a grant by the then Department for Communities and Local Government (DCLG), the level of funding was considerably below the actual and projected costs of providing a scheme that replicated the national scheme.
- 1.3. After considerable deliberation and following a full consultation, the Council agreed at that time that the fairest way to deal with the Government's reduction was by spreading it across the claims of Hackney's working-age claimants. It should be noted that the Council were legally proscribed from adjusting Council Tax Support for pension age applicants within the provision of the new scheme.
- 1.4. The Scrutiny Panel established the Council Tax Reduction Scheme (CTRS) Task and Finish Group to investigate the impact of CTRS on households in Hackney and the options open to the Council to achieve a zero minimum

contribution CTRS model which ensures the lowest income households have nothing to pay. The report from the Task and Finish Task Group is attached.

- 1.5. The report has highlighted widespread concern about the burden of contributions to Council Tax on some of our most financially vulnerable households. This concern has been amplified by the current cost of living crisis.
- 1.6. The report also recognises that changes in the wider welfare benefit system, particularly the introduction of Universal Credit, has meant that administration of a local scheme is less straightforward. We are less able to rely on shared datasets and information held by the Department for Work and Pensions. Previously the calculations for Council Tax support were linked to housing benefit and the Council could obtain all the information they needed to make the assessment. With Universal Credit not linked to the traditional housing benefit system and many people in work on Universal Credit the Council receives less information.
- 1.7. I welcome the work of the Task and Finish Group, and their review recommendations. Working with Council Officers and other partners, the Task and Finish Group has made a number of helpful recommendations as to the design, consultation and operation for the updated scheme and how the changes to the scheme are communicated to residents. The Council's response to these recommendations is attached at Appendix 1.
- 1.8. The Council's current scheme requires all Council Tax Reduction Scheme claimants who are of working age to pay at least 15% of their weekly Council Tax charge. Recognising the increasing economic pressures on Hackney residents and the effect of government cuts to council funding passing an increasing burden onto Council Tax payers, the Mayor and the administration's election manifesto for 2022-26 commits that every time we are forced to increase Council Tax, we will also give low-income households a bigger discount on their Council Tax bill, despite receiving no support from the Government for this. We committed to provide low-income households with a 90% discount on their Council Tax bill by 2026 and a full 100% discount by 2030.
- 1.9. Proposals now being taken forward will see the first stage of this commitment (a 90% discount) implemented for April 2024. The intention is to put these proposals out for consultation in August 2023, prior to the amended scheme being put in place for April 2024.
- 1.10. It is the Council's intention to continue to work to develop other changes to the scheme that will simplify the scheme, improve access and make the scheme more straightforward and easier to understand for residents. For example, we would like to allow the Council to treat those awarded Universal Credit as automatically applying for Council Tax Support without the necessity of making a separate application. We are also seeking to both

simplify how we treat household earnings and nondependants living within the household.

- 1.11. The Council will continue its work to model options for making further reductions in the maximum contribution and the other proposed changes to identify the costs and potential impacts on residents.
- 1.12. I thank the Scrutiny Task and Finish Group, and all the Council officers involved, for all their work in preparing the report and the response to it.

## **2. Group Director's introduction**

- 2.1. The Local Government Finance Act 2012 required local authorities in England to design and implement their own localised Council Tax Support Schemes from April 2013. These local schemes replaced Council Tax Benefit, a national social security benefit administered for the DWP by local councils.
- 2.2. Local authorities were nominally given the freedom to design their own schemes, however there were a number of conditions placed on councils including the requirement to ensure that the level of Council Tax Support for pension age applicants was not to be reduced as a result of the introduction of the new scheme.
- 2.3. When introduced in 2013/14, our scheme required that all current Council Tax Benefit claimants of working age paid at least 15% of their weekly Council Tax charge to offset, at least in part, the shortfall in funding provided by Central Government.
- 2.4. The Council has expressed the ambition to move to a fully funded scheme by 2030 to provide additional financial support to our poorest residents, but funding cuts means the options available at this time are limited. The Council therefore needs to strike a balance between the need to provide extra support to residents who we think need it, while maintaining a scheme that is financially sustainable for the Council's wider budget and limits the impact on our ability to deliver essential front line services that our residents depend on.
- 2.5. The Council is seeking to reduce the maximum contribution to 10% for 2024/25 and to move to a fully funded scheme by 2030. Officers have begun the process of modelling the projected costs of these changes.
- 2.6. Officers are in the process of modelling changes to the scheme that are intended to make the scheme more straightforward and reduce the administrative burden on the Council through future development of the scheme. This could include easements to the application process and simplifying the rules related to both earnings disregards (i.e. the amount of

earned income taken into account) and non-dependant deductions (i.e. the assumed contribution of other adults living in the household).

- 2.7. The Council has a statutory requirement to consult on a new scheme. It is our intention to launch a consultation on our proposals to increase the amount of support provided to those struggling to pay their Council Tax in August 2023.

### 3. **Recommendations**

- 3.1. **That Cabinet is asked to approve the Executive response, found in Appendix 1, to the Scrutiny Panel Task and Finish Group Review of the Council Tax Reduction Scheme.**
- 3.2. **That Cabinet notes that the Council will be shortly undertaking a consultation exercise with Hackney Residents on the proposal to reduce the maximum contribution to 10% for 2024/2025.**

### 4. **Reason(s) for decision**

- 4.1. The Council has recognised the continued impact of the cost of living crisis and welfare reform on some of our poorest communities. Some households with the least financial resources have been hardest hit by government cuts, changes to benefits, and increases in everyday living costs such as food, rent, and utilities. As a result some of our poorest residents are facing financial hardship and have found it difficult to pay contributions towards their Council Tax.
- 4.2. Whilst seeking to provide additional financial support to low income households the scope for amending the scheme is constrained by the need to manage ongoing cuts in Central Government funding.
- 4.3. The Council's task and finish group have recognised this pressure on the Council and the intention to decrease the minimum contributions from 15% to 10% balances both the increasing financial pressures that our low income households face, against the ongoing cuts in government funding. The change will affect working age households only as the Council is legally prevented from making any changes to the scheme for pension age households.

### 5. **Details of alternative options considered and rejected**

- 5.1. Not applicable

## 6. **Background**

### Policy Context

- 6.1. The Task Group was formed following a commitment by the Mayor and Cabinet to review the rate of contribution for working age adults eligible for Council Tax support for their Council Tax bill. The Scrutiny Panel established the Council Tax Reduction Scheme (CTRS) Task and Finish Group to investigate the impact of CTRS on households in Hackney and the options open to the Council to achieve a zero minimum contribution CTRS model which ensures the lowest income households have nothing to pay.
- 6.2. The Task group looked at the design and impact of localised Council Tax support schemes in Hackney and elsewhere and considered proposals by Hackney to reduce the contributions paid by households eligible for Council tax reduction support to 10% by 2024 and to a zero minimum contribution by 2030
- 6.3. Hackney's CTRS scheme was designed with the local population with the most vulnerable residents in mind. But it was also evident that they could not meet the needs of all residents and that there would be winners or losers and even with no minimum contribution some claimants will be worse off than others.
- 6.4. The CTRS scheme is a means tested benefit: any award of financial support is calculated by comparing the needs of the household with the actual income received. Where there is a shortfall between the income and the established needs, additional support is provided; a discount is made in respect of the household Council Tax charge. To establish the needs of a household a number of factors related to living costs are identified to establish how much money the household reasonably requires to live on and whether they have the means to pay their Council Tax liability. Within the CTRS scheme, these parameters are normally referred to as applicable amounts.
- 6.5. When the government handed responsibility for administering CTRS to local government, it did so with a significant funding shortfall, on top of a huge reduction in overall funding for councils. And since 2013, the effective level of funding the Council has received to support those entitled to support has reduced significantly. The CTRS is not funded on actual expenditure, instead the Council receives a fixed grant as part of the Revenue Support Grant (RSG).

### Equality impact assessment

- 6.6. There are around 26,400 households in Hackney receiving some level of support through the current CTRS, this fluctuates throughout the year and we have experienced a reduction in caseload over recent months. Equalities data on CTRS recipients is extremely limited; we are able to derive the age, and, to a certain extent, disability of those getting assistance from the

application process, but no record is made of marital/civil partnership status, sexual orientation, religion, gender reassignment or pregnancy. Some data is available on household gender but this is fragmented. There is an option for applicants to record their ethnicity, but this detail is completed by relatively few people so the data recorded does not provide statistically significant details.

- 6.7. The Council currently utilises data gathered through the support application, as well as ethnicity data gathered through other sources such as the national census and the Council's own shared evidence base (<https://hackney.gov.uk/statistics-evidence-plans-and-strategies>), to ensure that global majority households are not excluded from accessing the information, advice and support their needs.
- 6.8. This data is also used to model any potential impact on residents from changes made to the current CTRS scheme and where appropriate mitigate these impacts.

#### Sustainability and climate change

- 6.9. There is no impact on the physical and social environment as a consequence of the implementation of the recommendations of the Task and Finish Group.

#### Consultations

- 6.10. The Council is required by legislation to consult with the GLA (as a precepting authority) on any proposed changes to the Council Tax Reduction Scheme. We will be contacting the GLA for their input once the proposed changes to the scheme have been finalised.
- 6.11. The Council is also required to consult with residents. The public consultation is intended to run from 14 August to 24 September 2023. The consultation will be featured on the Council's consultation and engagement platform for the duration of the consultation period.

#### Risk assessment

- 6.12. Not applicable.

### **7. Comments of the Group Director of Finance and Corporate Resources.**

- 7.1. Group Director of Finance and Corporate Resource's comments are included throughout the report.

### **8. VAT implications on land and property transactions**

- 8.1. Not applicable.

## 9. **Comments of the Director of Legal, Democratic and Electoral Services**

- 9.1. Article 7.2 of the Constitution states that the Scrutiny Panel and Commissions may make recommendations arising from [their] work to the Cabinet, Full Council and external partner/stakeholder organisations. In addition, "Responding to Overview and Scrutiny Reports" is reserved to the Mayor and Cabinet under the Mayor's Scheme of Delegation. Therefore Cabinet is authorised to agree the recommendation in paragraph 3.1 of this Report regarding the response to the Scrutiny Panel Task and Finish Group Review.
- 9.2. Under the Finance and Corporate Resources Scheme of Delegation (FR68) the administration of the law relating to the calculation of Council Tax Reduction Scheme (CTRS) (pursuant to the Local Government Finance Act 2012, Sections 9 to 16) is delegated to each of (i) Group Director, Finance and Corporate Resources, (ii) Director, Customer Services (iii) Head of Benefits and Housing Needs. Cabinet is being asked to note in recommendation 3.2 that a consultation exercise with Hackney Residents on the Council Tax Reduction proposals will take place shortly.

## **Appendices**

Appendix 1 - Executive response to the Scrutiny Panel Task and Finish Group review of the Council Tax Reduction Scheme.

## **Background documents**

Report from the Council Tax Reduction Scheme Scrutiny Task and Finish Group

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## Appendix 1 - Executive response to the Scrutiny Panel Task and Finish Group review into the Council Tax Reduction Scheme

### 1 Communication and Consultation

#### Recommendation 1a

The Task Group would recommend the consultation documentation is accompanied by worked examples of calculations for Council Tax support as with previous consultations.

#### Response

**The Council has put in place a consultation and engagement plan that is focused on giving Hackney residents extensive information on the proposed changes to the scheme. It is intended that the consultation documentation will include real life examples of how the Council Tax Reduction scheme operates and explains how the changes will impact on the amount of support payable based on household circumstances.**

**As the Council Tax Support scheme will remain means-tested, with the amount of any award based on the Council Tax banding and the size and income of the individual household, it will not be practical to reflect all the potential outcomes of an application. We will however, include within the consultation a number of household scenarios that reflect the circumstances of the majority of our residents, as well as examples of those households that are more likely to be impacted by the proposed changes to the scheme.**

#### Recommendation 1b

The Task Group recommends that the consultation engagement plan not only includes targeted engagement with the residents that will be most impacted and includes engaging with the advice services sector too as with previous consultations.

#### Response

**The consultation plan sets out how we intend to engage with residents. This includes:**

- **Direct communication by post with households currently in receipt of a Council Tax reduction,**
- **Wider communication with residents through Council platforms such as the Love Hackney Magazine, Hackney Matters, The Council's website and other social media platforms.**



- **Sharing details of the consultation with third sector and advice agencies so that they can respond and comment both as an organisation and disseminate the details with the residents they engage.**

**We will actively engage with the Council's advice sector forums to ensure that information on the proposed changes to the scheme and how they can respond is shared.**

### **Recommendation 1c**

The Task Group recommends the Council explore how they can make Hackney's scheme easier to understand.

### **Response**

**We recognise that the Council Tax Reduction Scheme is complex. This complexity is a consequence of ensuring that those households most in need get the financial support available. As a means tested scheme there are a number of factors that are part of the assessment of the household needs and their ability to respond, which in turn impact the calculation of the support provided.**

**While we would like to simplify the scheme this needs to be balanced against the potential that the cost of the scheme becomes unaffordable or that those with the highest needs are not identified within the scheme. As the report acknowledges, Hackney' scheme has kept elements that other boroughs have excluded. Hackney's scheme has been designed with regard to the needs of larger families. If elements of other boroughs' CTRS schemes were applied it could have a disproportionate impact on community groups like the Orthodox Jewish population in Hackney.**

**We are looking to see how we can make the guidance on the scheme and related documentation easier to understand; simplifying the language used and changing the terminology. The policy documentation must include elements and statutes that are required by law, and we have limited scope to amend these elements. There is the potential that simplifying the language can lead to legal challenges where a change in language moves away from that previously tested in case law.**

**We are currently looking into how other local authorities promote understanding and clarity of their local Council Tax reduction schemes, focusing on those that have schemes similar to our own. Where we identify examples of good practice these will be incorporated into how we communicate and publicise our scheme going forward, including and how it works in terms of explaining the processes involved and why they are required.**

#### **Recommendation 1d**

The Task group would also recommend the Council use this consultation to promote the support available for the cost of living crisis.

#### **Response**

**As part of the consultation documents and information, we will use the consultation process and documentation to publicise the Council's Money Hub service, as well as signposting to other services and agencies who can provide independent advice and support on dealing with the cost of living crisis.**

**We will include within the consultation information of how to access the Council's guide on help during the cost of living crisis and [the detailed information currently on the Council's webpages](#).**

#### **Recommendation 1e**

The Task Group would encourage the Council to communicate to residents the current position in relation to the Council Tax system, collection and applications.

#### **Response**

**Information on Council Tax, Council Tax Support and the collection of Council Tax is available on the Council's website. We are currently examining and reviewing these web pages to improve how they are set out and link to one another, to make sure residents are being supported in obtaining a better understanding of what Council Tax is, how to pay the Council Tax charge and how residents can access additional financial support if they have difficulty paying.**

**The Council also meets regularly with advice providers to discuss any concerns or questions regarding Council Tax Reduction and the wider Council Tax Scheme, including collection issues.**

**As previously stated, a scheme that seeks to deliver the financial support based on the needs of the household will be complex. Our focus is ensuring that residents are aware of the support available and how to apply. This includes a high level explanation of who is eligible to make an application, as well as information on how income and savings affect how much money residents could receive. When an application is made, we then provide more detailed advice to support residents through the process, with regard to submitting the details to evidence the application.**

## 2 Engagement with advice services

### Recommendation 2

The Task Group recommends an evaluation is carried out to assess the impact of the advice services funding in this area to ensure the information is reaching the residents most in need.

### Response

**The Policy and Strategic Delivery Team will continue to work with advice partners in the network to ensure the information is reaching the residents most in need.**

**There is no funding or capacity currently to carry out a formal evaluation at this stage, however since 2019 the change in the ways of working with grant funded partners in the advice system and subsequent shift in relationships has given the Council a much more granular understanding of the experience of residents using these services. This has enabled a more collaborative and explorative approach to improving advice services for residents.**

**Rather than focusing staff resources on evaluation that measures/monitors transactional outputs and outcomes the Council is working with partners on an ongoing basis focusing on some key aspects of their work:**

- **The needs and experience of the person needing advice**
- **The frontline worker perspective**
- **The institutional/management thinking that shapes the system everyone is working in and how we can transform this to put the resident at the centre**
- **The wider systems and complex forces around advice**
- **How demand is viewed and managed**

## 3 Equalities

### Recommendation 3a

The Task Group recommends the provision of ethnicity data captured by the benefits team for the CTRS is designed into the updated scheme although we note that this cannot be a mandatory requirement.

## **Response**

The Council currently uses ethnicity data gathered through the support application, as well as ethnicity data gathered through other sources such as the national census and the Council's own shared evidence base (<https://hackney.gov.uk/statistics-evidence-plans-and-strategies>), to ensure that global majority households are not excluded from accessing the information, advice and support they need.

An issue we have had with data gathering of this nature is that residents do not always provide this information, and again we are looking at how we might encourage residents to provide this information; such as finding other ways of structuring the ethnicity questionnaire and more accessible terminology.

To inform this work we will be engaging with advice sector partners and community groups on how this can be achieved, including using their source data where we are able to do so to supplement any gaps in the information gathered by the Council.

## **Recommendation 3b**

The Task Group would like to encourage the Council to use council wide data on ethnicity to help supplement the gaps in information.

## **Response**

The Council already makes use of ethnicity data from a number of sources when shaping our services and communications, including those related to the Council Tax Support scheme. We know that Hackney is a rich, vibrant mix of different communities, and it is vital that they are all able to access the support and advice they may need.

The Council collects and collates a range of information on our communities (<https://hackney.gov.uk/knowning-our-communities>) which we use to try to ensure that all the communities in Hackney are able to access the information and support available. We actively encourage individuals and community groups to highlight any areas where they believe there is a lack of accessible information, and we work with them to address these gaps.

## **Recommendation 3c**

The Task Group also would like to see the consultation report accompanied by a published Equality Impact assessment as with previous consultations.

**Response**

It is our intention for the consultation report to include a detailed profile of respondents as with previous years.

The Cabinet and Full Council reports setting out the proposed changes to the scheme and the outcomes of the consultation will also have a full Equalities Impact Assessment attached.

**Recommendation 3d**

The Task Group recommends the Council revisit the pilot scheme with the voluntary sector to support advice to explore if this can be mainstreamed.

**Response**

Since the launch of the Hackney Council's Money Hub Team, access to additional support, including information on the Council Tax Support scheme and how to apply, as well as the additional Discretionary Council Tax Hardship fund, has been a part of this service. This allows for a more holistic approach and negates the need for residents to make separate approaches to council departments and partner organisations.

We will continue working closely with the advice services to ensure they are aware of the full range of support and criteria available to sign post claimants better.

Through promoting this as a single point of contact that can facilitate access to all the support options and funding streams available, we aim to significantly improve the take up and use of the Hackney Discretionary Council Tax Hardship Scheme.

The previous pilot scheme was set up in advance of the Breathing Space legislation coming into place and has been effectively superseded by referrals to the Money Hub. Not only do the Money Hub ensure residents have applied to the Council Tax Support scheme, it also ensures the assessment is correct and that the resident is receiving the full discount they are eligible for, as well as checking for other disregards such as those for single people, full time students, non-dependants, those with carers and/or Severe Mental Illness (SMI).

We do not have any specific arrangements in place with the CAB but are always keen to work with third sector providers who our residents have engaged with to resolve their debt position. We would of course expect that provider to be looking to establish the best outcome for the LA as well as the resident and as such if the relationship established with the CAB is on that basis we would look where they have been engaged by residents to

**work with them to establish the appropriate outcome in lines with both parties' interests.**

#### **4 Support to Residents - Money Hub and Advice**

##### **Recommendation 4**

The Task Group recommends CTRS claimants should be signposted to support available and we would encourage that this is reviewed regularly.

##### **Response**

**A core aim of the Council is that anyone who approaches with a query or seeking help is supported to access all the advice and information that may be appropriate to them, including those applying for Council Tax Support.**

**The service prides itself on being holistic and trauma-informed, where we actively seek to maximise income and life chances for residents and this will be reviewed regularly.**

**The Money Hub team has put these principles into practice, training a wider range of officers to spot where residents might be underclaiming on Council Tax support, and incorporating support to apply to the scheme into other standard processes.**

**In its first 9 months of operations, the Money Hub team has secured a total of £151,000 of Council Tax Support to over 200 households. We believe that by using this uptake figure as the team's primary KPI, we are helping to drive a culture whereby staff see themselves on the side of residents, helping them to access all they are owed.**

**This is just one strand of the team's overall income maximisation efforts - which have increased residents' benefits incomes by over £750,000 in just nine months of operations.**

**The team has achieved this not only by proactively checking for CTS eligibility amongst customers who apply for support, but also using data to identify those who we believe are eligible but have not applied.**

**This includes a campaign to help those who were paying the high level of non-dependant deductions where we had never seen evidence of earnings; in July and August 2023, the team will also make contact with those on Universal Credit with no earned income in the household who have not applied for CTS. It is estimated that this will secure a further c. £200k of CTS for our most financially vulnerable residents.**

Finally the Money Hub team is also working closely with communities and advice partners to ensure our communications are easier to understand for all of our residents. This includes rewriting our letters to improve accessibility and for some complex topics, add explainer videos. These are hosted on YouTube, meaning clients can access Google Translate services where necessary. VCS partner DeafPlus is also providing BSL translation for these videos.

## 5 Care Leavers

### Recommendation 5

The Task Group recommends that care leavers opting to leave borough are supported to understand the implications on their Council Tax bill.

### Response

**The Council is engaging with other London boroughs on the potential for putting in place a uniform pan-London offer to care leavers that includes Council Tax exemption.**

**All care leavers accessing support have a Pathway Plan, through which practitioners explore with them how they manage their finances and any bills they may be responsible for, including Council Tax. For care leavers that live outside of Hackney, the practitioner will help them explore any Council Tax exemptions they may be eligible for where they live.**

**The support available to care leavers is set out in the Councils leaving care offer: <https://hackney.gov.uk/leaving-care-local-offer>.**