

<b>LONDON BOROUGH OF CAMDEN</b>	<b>WARDS:</b> All
<b>REPORT TITLE</b> Council Tax Support 2024/25 (CS/2023/19)	
<b>REPORT OF</b> Cabinet Member for Finance and Cost of Living	
<b>FOR SUBMISSION TO</b>  Resources and Corporate Performance Scrutiny Committee Cabinet Council	<b>DATE</b>  19 <sup>th</sup> December 2023 20 <sup>th</sup> December 2023 29 <sup>th</sup> January 2024
<b>STRATEGIC CONTEXT</b>  We Make Camden is our joint vision for the borough, developed in partnership with our community. With the current cost of living crisis causing increased hardship, the Council Tax Support scheme provides significant support for residents on low incomes by reducing the cost of Council Tax and is a major part of the Council's pledge to make Council Tax fairer and 'to ensure that no child, no resident and no family in Camden go hungry or cold'. It represents a significant investment of over £31m to reduce the financial burden on residents living on benefits or low earnings.  The Council Tax Support Scheme is based on the London Living Wage and as such remains an innovative scheme contributing to the Council's goal to reduce inequality and ensure fair wages. It addresses poverty, enables families and disabled people to live in Camden and supports those entering employment.	
<b>SUMMARY OF REPORT</b>  This report sets out Camden's proposals to provide a Council Tax Reduction Scheme (CTS) for the year 2024/25.  Camden's current scheme is one of the most generous CTS schemes in the country with income bands based on the London Living Wage, with over 16,000 households (including over 5,000 pensioners) in Camden currently receiving 100% support and do not pay any Council Tax.  The coronavirus pandemic saw the number of claimants increase substantially and the subsequent Cost of Living crisis means that the Council is having to invest more to support our residents and communities.  Given the severe economic climate and financial hardship within the borough, it is proposed that the current scheme remains in place for 2024/25, with minor	

updates in line with legislative changes and prescribed requirements. The updates will have no negative impacts and retaining the current scheme will provide certainty for residents. Income bands will also be uplifted in line with the new levels for London Living Wage.

The report is coming to the Cabinet because The Local Government Finance Act 2012 amends the Local Government Finance Act 1992 which sets out the requirement for the Council to agree a CTS scheme on an annual basis.

### **Local Government Act 1972 – Access to Information**

No documents that require listing were used in the preparation of this report.

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### **RECOMMENDATIONS**

The Resources and Corporate Performance Scrutiny Committee is asked to consider the report and make any recommendations to Cabinet.

Having due regard to the obligations set out in section 149 of the Equality Act 2010 and the Equalities Impact Assessment at Appendix A:

**The Cabinet** is asked to recommend to Full Council:

- (i) That the current Council Tax Reduction Scheme, updated with minor wording amendments to reflect legislative changes and prescribed requirements made by central government (as explained in paragraph 2.4) and as set out in Appendix B continues from 1 April 2024, and that a review be carried out before summer 2024 in order for a decision in January 2025 to consider options for the Council Tax Reduction scheme for 2025/26; and
- (ii) That authority be delegated to the Director of Finance to make changes to the approved scheme during 2024/25 to reflect any requirements set by Government to either the prescribed regulations for pensioners or the local working age scheme to ensure the scheme remains legally consistent and up to date as the legislation changes.

**The Council** is asked to agree:

- (i) The current Council Tax Reduction Scheme, updated with minor wording amendments to reflect legislative changes and prescribed requirements made by central government (as explained in paragraph 2.4) and set out in Appendix B, continues from 1 April 2024, and that a review be carried out by summer 2024 in order for a decision in January 2025 to consider options for the Council Tax Reduction scheme for 2025/26; and

(ii) That authority be delegated to the Director of Finance to make changes to the approved scheme during 2024/25 to reflect any requirements set by Government to either the prescribed regulations for pensioners or the local working age scheme to ensure the scheme remains legally consistent and up to date as the legislation changes.

Signed: "Agreed, Jon Rowney Executive Director Corporate Services"

Date: 07 December 2023

## 1. CONTEXT AND BACKGROUND

- 1.1 Our CTS Scheme continues to play a role in delivering our pledge through We Make Camden 'to ensure that no child, no resident and no family in Camden go hungry or cold'. Despite a decade worth of cuts to local government funding by central government, Camden has continued to ensure Council Tax is fair and that residents are supported through the ongoing cost of living crisis. As such, the Council Tax Support scheme represents a significant investment of over £31m in providing financial support to residents on low incomes and sits alongside various other support and prevention services and initiatives provided by the Council. The investment in our CTS scheme of c£31m a year in 2024/25 compares with a London average of £21.6m
- 1.2 However, despite our efforts and significant investment, we know that the level of financial hardship in the borough is increasing. Through our We Make Camden Citizens Group, we know:
- 67% of residents are worried about their financial situation, this includes one third who are very worried.
  - Just over half said their financial situation was worse than 3 months ago, only 6% said it was better
  - 34% of residents said they were struggling to pay their gas bills and 44% were struggling with electricity bills
  - 44% of residents said they were now struggling to pay for their food shop and 32% said they were struggling to pay council tax.
  - 71% of residents said they were now cutting back on food shopping and essentials and 83% were spending less on non-essential items.
- 1.3 Our CTS scheme sits alongside our wider efforts to support our residents and communities during the cost of living crisis, including our £2m Cost of Living Crisis Fund, £1.3m on our Family Crisis Fund and £1m to support the local voluntary and community sector amongst a range of wider initiatives. The Council is also exploring options to extend the discretionary Council Tax exemption scheme to include a new category for shared lives carers to support adults with a learning disability and/or Autism to live in family homes, integrate into family life and work on personal goals while building their confidence and abilities.
- 1.4 Every year the Council must decide whether to keep the existing CTS Scheme or revise it. The CTS Scheme awards a Council Tax discount for residents receiving benefits or on a low income.
- 1.5 The decision to adopt a scheme must be taken by Full Council, and any revision to the scheme or any replacement scheme must be made no later than 11 March 2024 or the existing scheme must continue to apply for the following financial year.
- 1.6 This report does not discuss the scheme for people of pension credit age as this is prescribed by law and cannot be changed. Therefore, the reduction scheme consists of different criteria for pensioner and working age households.

- 1.7 Camden's banded CTS scheme for working age households based on earnings related to the London Living Wage, has been in place since 1 April 2020. It remains one of the most generous and innovative CTS schemes in the country ensuring that 16,046 households (including pensioners) in Camden receive 100% support and are not required to pay any Council Tax as at 1 October 2023. This is alongside other commitments such as providing an exemption to Council Tax for foster carers and young people leaving care.
- 1.8 Current caseloads remain 1,012 higher than March 2020 (just prior to the current scheme going live). We do not anticipate caseloads reducing to pre pandemic levels anytime soon due to the ongoing impacts of the cost of living crisis. As the table below demonstrates, whilst current caseloads at 690 less than 1 April 2021 (the midst of the pandemic), the drop in caseload over the last year has been minimal. :-

	Working Age		Pensioners		Total
	Full Award	Partial Award	Full Award	Partial Award	
1 <sup>st</sup> Mar 2020	10,655	3,691	5,054	2,001	21,401
1 <sup>st</sup> Apr 2020	10,899	3,911	5,029	2,014	21,853
1 <sup>st</sup> Oct 2020	12,568	3,330	4,993	1,999	22,890
1 <sup>st</sup> Apr 2021	12,128	4,130	4,917	1,928	23,103
1 <sup>st</sup> Oct 2021	11,226	5,015	5,126	1,716	23,083
1 <sup>st</sup> Apr 2022	11,179	4,600	5,142	1,728	22,649
1 <sup>st</sup> Oct 2022	10,865	4,731	5,134	1,738	22,468
1 <sup>st</sup> Apr 2023	10,807	4,763	5,097	1,740	22,407
1 <sup>st</sup> Oct 2023	10,849	4,668	5,197	1,699	22,413

- 1.8 Camden's CTS scheme remains as important than ever in assisting the Council's aims at reducing hardship and poverty within the borough alongside various other schemes to help our most vulnerable residents, such as Discretionary Housing Payments, Household Support Fund and the Cost of Living Crisis Fund.
- 1.9 Income from Council Tax plays a significant role in the Council's budgetary requirements to provide a range of critical services including adults and children's social care, waste and recycling services, libraries etc. Our collection rates continue to be impacted by the ongoing national crisis' as households' incomes are stretched due to inflation, high energy costs, etc. Camden has a legal duty to bill Council Tax and enforce non-payment under the Local Government Finance Act but continues to strive to act with compassion to support residents facing debt and hardship and to proactively identify those in need. The table below sets out the impact these external factors have had on collection rates since 2018/19 (pre covid):

Financial year	In Year Collection rate (%)	Balance outstanding for in year charges only	Arrears outstanding for previous years	Total balance outstanding
2022/23	94%	£10.67m	£20.46m	£31.13m
2021/22	94.15%	£9.2m	£13.15m	£22.35m

2020/21	91%	£12.9m	£10.9m	£23.8m
2019/20	95.35%	£5.85m	£8.08m	£13.93m
2018/19	96.38%	£4.11m	£8.43m	£12.54m

*Note: the outstanding arrears for previous year will carry forward to the next year so the £22.35m total outstanding at the end of 2021/22 was reduced to £1.89m by the end of 2022/23. It must also be noted the balances outstanding are not like for like as the amount of Council Tax payable increased during each relevant financial year as part of the annual budget setting.*

- 1.10 Whilst the Council has a duty to follow the statutory debt recovery process, we do add additional steps such as utilising text messages to remind residents of overdue payments to prevent debts escalating where possible and prevent residents incurring avoidable additional costs. If ignored, the debt could escalate to a court summons. This is a necessary step to enable the Council to seek an attachment of earnings order etc. As a last resort Council Tax debt can be referred to enforcement agents. However, the Council continues to strive that no-one in receipt of Council Tax Support will be referred to external enforcement agents and the service seeks to contact anyone whose debt is escalating through the stages to try and avoid enforcement action where possible. Where residents do make contact, the Council seeks to agree affordable repayment plans, ensure discounts and Council Tax Support are awarded correctly and can consider hardship under the Section 13a process.
- 1.11 As at 1 October 2023, 13,697 accounts with a balance owed to the Council for the 2023/24 financial year are at reminder stage or later with a combined outstanding balance of £14.92m (down slightly on £15.01m at the same time in October 2022 spread across 14,146 accounts).
- 1.12 The Council is currently embarking on a journey to move away from a reactive approach to residents needing support around financial welfare, which may also affect their health and mental wellbeing, to a preventative approach that will aid our residents to become financially secure in the long term. This will range from looking at cross Council debts owed by individuals (single view of debt) to facilitate a joined-up approach to income and debt across the Council to trying to improve uptake around benefits (including Council Tax Support, Universal Credit / Housing Benefit, pension credits, etc.) to ensure households can maximise their incomes as a number of our residents aren't aware of what they may be entitled to claim locally or nationally. To achieve this, standardising communication, building relationships with struggling residents early, aligning policies around debt across services and either providing direct advice and support around debt or signposting them to key third sector organisations in the borough are key to our ambitions.
- 1.13 In continuing to provide support to households in employment, the Council Tax Support scheme provides financial support as residents move into employment and supports the work being carried out by the Good Work Camden.

## **2. PROPOSAL AND REASONS**

- 2.1 Given the ongoing uncertainty over unemployment levels and the impact the cost-of-living crisis is having on household income, it is proposed that no change is made to the Council Tax Reduction Scheme for working age

households other than those that we are required to make due to prescribed regulations from central government. Any negative changes to the scheme, such as reducing the award amounts amid the current crisis would be counterproductive to Camden's aims at preventing hardship and poverty for our residents.

- 2.2 Working age council tax payers with no or very low-income will continue to receive Council Tax Reduction of 100% of their Council Tax charge. New London Living Wage levels have recently been announced and the income bands for 2024/25 will be uplifted in line with the policy to reflect the new hourly rate of £13.15.
- 2.3 The Council's scheme works on the basis of income bands and ensures fairness between those on Universal Credit and those on legacy benefits alongside supporting those working but on low incomes. This ensures the scheme is simple to understand and award, reducing complexity for both residents and assessors. Claims are assessed on the basis of gross household income, with additional support for families with children and those with disabilities. The uprated bands are set out below and show that those earning up to £105.19 a week will receive 100% and even those earning up to £591.75 a week will continue to receive some support with the cost of Council Tax if they have children or receive disability or carers benefits.

Earnings Band		Circumstances		
		No Children	Responsible for at least one child	Disabled or Caring Responsibility
1	Not working or earning less than LLW x 8 hours (£105.19)	100%	100%	100%
2	Earning between LLW x 8 hours and LLW x 16 hours (£105.20 to £210.39)	55%	65%	85%
3	Earning between LLW x 16 hours and LLW x 36 hours (£210.40 to £473.39)	35%	45%	55%
4	Earning between LLW x 36 hours and 10% above LLW x 36 hours (£473.40 to £520.73)	0%	30%	45%
5	Earning between 10% above LLW x 36 hours and 25% above LLW x 36 hours (£520.74 to £591.75)	0%	15%	30%

- 2.4 There are certain requirements of the scheme that are prescribed by regulations and over which the Council does not have any discretion. The Council Tax Reduction Schemes (Prescribed Requirements) (England)

(Amendment) Regulations 2023 came into force on 10th February 2023 and apply in relation to council tax reduction schemes made by billing authorities for financial years beginning on or after 1st April 2023. They amend the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 to require that from 1 April 2023 all local council tax support schemes (including those for persons of working age as well as those of pension age) must provide that payments made in connection with the "Homes for Ukraine" scheme are not to be taken into account when determining eligibility for a reduction and the amount of a reduction. This inserts an interpretation of the Homes for Ukraine scheme in paragraph 2, and a new sub-paragraph (4) in paragraph 22 (Income and Capital – general provisions). This means the remaining sub-paragraphs in this paragraph need to be renumbered. In addition, an amendment has been made to rectify some drafting errors in the previous version of our scheme – namely, in paragraph 37 (sub-paragraph 3) it previously referenced paragraph 5 but should have been paragraph 36 and in paragraph 36 some paragraphs were previously omitted that should have been carried across from prescribed regulations. Whilst the wording of the scheme itself is clear that these particular prescribed provisions apply ensuring they are included makes the scheme clear for anyone reading it. These provisions are prescribed and these corrections have no bearing on the operation of the scheme.

- 2.5 It is proposed that a review to be carried out by summer 2024 to consider if the CTS scheme for 2025/26 needs to be redesigned in order to have time for any subsequent consultation regarding any potential changes proposed. This will be subject to the ongoing cost of living crisis and whether the impact on household incomes has started to reduce. It will review the impact of the current scheme on residents, the financial impact (for residents and the Council), options around simplifying the scheme for both the residents and the administration of the scheme along with any prescribed changes required to the working age scheme (the scheme for pensioners is set in law and cannot be amended). This will feed into a decision of Council in 2024/25 to determine the scheme for 2025/26 financial year.

### **3. OPTIONS APPRAISAL**

- 3.1 The Council could:
- a) Retain the current scheme with minor amendments
  - b) Adopt a completely different scheme
- 3.2 It is proposed that Camden retain the current scheme in place for 2023/24, with minor amendments made to ensure legislative changes and prescribed requirements by Central Government are incorporated as set out in paragraph 2.4 above. The scheme currently operates efficiently, and the Benefits team have been able to deal with the increased caseloads from the back-to-back Covid and cost-of-living crises. The Equalities Impact Assessment shows that the scheme has a positive impact on protected groups. The Council also has its separate local discretionary section 13a policy that gives us the ability to reduce or clear Council Tax arrears on the grounds of financial hardship for those only entitled to partial CTS or even no CTS under the scheme, enabling



us to ensure there is no potential for discrimination. All appropriate opportunities to advance equality and foster good relations have been taken.

- 3.3 Our current scheme was introduced in 2020/21 to make the process fairer, simpler and focused on supporting those least able to pay. A hardship fund was also set up to assist any residents who had their support reduced as a result of the new scheme. In addition, the scheme emphasises:
- Supporting the Council's commitment to fair pay which is why the income bands are linked to the London Living Wage to account for regular increases and having flexibility through the bands to ensure that reductions in the level of CTS are reduced vs traditional fixed schemes which could see those on irregular work patterns, etc. punished
  - Provide additional support for people with children and/or disabilities which includes offsetting childcare costs against income and excluding child and disability benefits from income calculations to maximise Council Tax Support awards
  - Support households who have young adults living with them up to the age of 25 which is key with housing shortages and the cost-of-living crisis whilst also ensuring young people can afford to live in Camden
  - Allowing backdating of claims to the start of Universal Credit claims to support residents moving onto Universal Credit
  - Non-dependants under the age of 25, full-time students, receiving certain benefits or earning less than 8 hours at LLW are exempt from any deductions. All other non-dependents will be subject to a 30% deduction.
- 3.4 Maintaining the current scheme with minor amendments simply to reflect prescribed requirements provides certainty and clarity for residents and advice partners as Camden and the nation continues to tackle the ongoing cost of living crisis. In addition, it would be difficult to substantially alter or replace the current scheme, as there would be insufficient time to design and evaluate alterations to the current scheme or design a different scheme for implementation by April 2024 and any changes would need to be consulted on.

#### **4. WHAT ARE THE KEY IMPACTS / RISKS? HOW WILL THEY BE ADDRESSED?**

- 4.1. The award of CTS relieves some financial pressures on the poorest residents. The Council ensures the web page and online forms make claiming CTS as simple as possible with support available from the Camden Advice Partnership. The Council also uses every opportunity to promote the scheme to residents and increase take up.
- 4.2. The cost of the CTS Scheme has remained high due to increasing claims and a greater proportion of claimants entitled to 100% due to reduction in earnings. Despite a slight drop in numbers during the 2023/24 financial year, we still have 1,012 more claimants than March 2020, of which 337 are full CTS 100% recipients.
- 4.3. In addition, the cost of the scheme will naturally increase in line with increases in Council Tax liability which has risen by the maximum permitted before

referendum consistently for a number of years. The cost of the CTS scheme is factored into the annual Council Tax setting process and annual budget setting process too.

- 4.4. Whilst as at early October 2023 it looks like inflation levels may finally start to be falling, there is little sign of the cost of living crisis ending and so, the number of case may continue to rise with the associated cost.

## **5. CONSULTATION/ENGAGEMENT**

- 5.1. As the only updates that are being made to the scheme reflect national legislative changes suggested by Central Government and one drafting rectification (and involving provisions over which we have no discretion), no consultation is required.
- 5.2. The Equalities Impact Assessment (EIA) shows most changes to the scheme have positive implications for our eligible residents. Increasing the London Living Wage thresholds for 2024/25 in determining eligibility for a Council Tax Reduction and the amount of the reduction to ensure consistency between pension age and working age residents, there are no adverse effects. For example, increasing the London Living Wage amount to match the figures announced in October 2023 means that a higher income amount is permitted (£105.20 versus £95.60 previously) before eligible claimant's stop being able to receive 100% reductions. Without this uprating of the London Living Wage amount, working age claimants in Camden would be worse off in terms of possible relief compared to other authorities' residents who also adopt the uprating of the London Living Wage amount annually to set the maximum amount considered before tapering relief available under the scheme.

## **6. LEGAL IMPLICATIONS**

- 6.1 There is a statutory obligation on the Council to have a scheme. For each financial year, the Council must consider whether to revise or replace its scheme and any revision or replacement must be made by 11 March in the preceding financial year to that which it is to take effect. The statutory requirement to consult applies to the Council when revising or replacing the scheme. There is however no statutory obligation to consult when the Council is not either revising or replacing the scheme, but merely maintaining the scheme that has already been decided upon.
- 6.2 The Department for Communities and Local Government (DCLG) guidance "Localising Support for Council Tax: Vulnerable people- key local authority duties (February 2014)" outlines the duties local authorities need to consider in relation to vulnerable groups in designing their schemes (other than those of state credit pension age who receive statutory protection). The duties have changed since the guidance was written and the summary below takes account of these amendments:

a) the public sector Equality Duty (The Equality Act 2010). The need for the local authorities to consciously consider this duty as an integral part of the decision-making process and ensure it has sufficient information to do so is

reiterated as is the need to take into account disabled people's disabilities when making decisions about policies or services and the impact of their schemes on disabled people. This is a continuing duty.

b) the duty to mitigate effects of child poverty (The Child Poverty Act 2010). The relevant provisions were repealed by the Welfare Reform and Work Act 2016 in May 2016 and the Act renamed the Life Chances Act 2010 and replaced with a new duty on the Secretary of State to report levels of educational attainment and worklessness. However, it is noted the guidance also referred to the fact that authorities may wish to use their scheme to help encourage separated parents to make child maintenance arrangements and maximising the money reaching children for example by fully disregarding child maintenance when assessing eligibility.

c) The duty to prevent homelessness (The Housing Act 1996). Authorities will want to consider how information about their scheme is made available to homeless households once they are secured accommodation and when taking into the equality duty, have regard to vulnerable individuals for whom it secures accommodation, or who are at risk of becoming homeless- for example, young people or individuals suffering from mental illness.

6.3 The public sector equality duty is a continuing duty and Cabinet Members must take into account in coming to any decision the Councils equality duties. In summary these legal obligations require the Council, when exercising its functions, to have 'due regard' to the need to 1. Eliminate discrimination, harassment, victimisation, and other conduct prohibited under the Act; 2 to advance equality of opportunity between people who share a relevant protected characteristic and those who do not; 3. Foster good relations between people who share a relevant protected characteristic and those who do not (which involves tackling prejudice and promoting understanding). Under the Duty the relevant protected characteristics are Age, Disability, Gender reassignment, Pregnancy and maternity, Race, Religion or belief, Sex, Sexual orientation. In respect of the first aim only i.e. reducing discrimination, etc. the protected characteristic of marriage and civil partnership is also relevant. In this case, for this decision there is no fundamental change to the Working Age scheme being proposed so there are no impacts to consider.

## **7. RESOURCE IMPLICATIONS**

- 7.1. In 2023/24 the scheme was estimated to reduce Council Tax liability by £28.9m.
- 7.2. As stated in the report it is difficult to accurately estimate the number of people who will qualify for the Council Tax Support Scheme in the future but the cost of the scheme in 2024/25 is estimated to be c£31m. The full cost of CTS in 2024/25 will depend on the number of claims made by local residents and the level of Council Tax levied. As shown in paragraph 2.3 of the report eligibility of the scheme is driven by the London Living Wage (LLW). The LLW will increase by nearly 10% from April 2024, this may have the effect of

making more households in the borough eligible for the CTS scheme if actual wage rises do not match the increase in LLW.

- 7.3. There is a risk that the cost of the scheme will be higher than the current estimates due to national economic uncertainty.

The cost of the scheme is estimated each year and the estimates used to set the Council's budget. Over the past four years the estimated cost of the scheme has increased. This is partly due to the increases in Council Tax and also the change in the number of people who are eligible for full or partial support via the scheme. The estimated cost of the scheme has increased by c£7m since 2018/19.

- 7.4. As stated in paragraph 1.9 there is a significant level of debt from non-payment of Council Tax this year totalling £31.13m at the end of 2022/23. Where appropriate the Council will continue to attempt to recover Council Tax debts owed but holds a bad debt provision to manage the risk of non-payment. The non-payment of Council tax that is due reduces the level of resources available to the Council to fund services.

## **8. ENVIRONMENTAL IMPLICATIONS**

- 8.1 There are no environmental implications related to the proposed Council Tax Support scheme for 2024/25.

## **9. TIMETABLE FOR IMPLEMENTATION**

- 9.1 Subject to the approval of the scheme by Cabinet on 20 December 2023 and subsequent approval by Full Council on 24 January 2024, the Council Tax Support scheme for 2024/25 will go live on the 1<sup>st</sup> April 2024.

## **10. APPENDICES**

- A – CTS Claimants By Ward
- B – Council Tax Reduction Scheme 2024/25

**REPORT ENDS**