


LONDON BOROUGH OF WALTHAM FOREST

Meeting / Date	Cabinet 7 July 2022	
Report Title	£75.00 Council Tax Credit for Council Tax Support recipients with less than 100% support	
Cabinet Portfolio	Councillor Vicky Ashworth, Portfolio Lead Member for Jobs, Social Inclusion and Equalities	
Report Author/ Contact details	Nalda Russell-Stowe, Corporate Director, Revenues and Benefits Directorate: Finance and Governance Telephone: 020 8496 8480 Email: nalda.russell-stowe@walthamforest.gov.uk	
Wards affected	All	
Public Access	OPEN	
Appendices	Appendix 1: Equality screening document	

1. SUMMARY

- 1.1 In response to the Cost-of-Living Crisis, the Leader and the Portfolio Lead Member for Jobs, Social Inclusion and Equalities are proposing a £1million grant initiative designed to offer a one-off Council Tax reduction worth up to £75.00 to recipients of Council Tax Support (CTS) that are receiving less than 100% support with their Council Tax bill.
- 1.2 The scheme would reduce and, in some cases, nullify the residual Council Tax balance eligible recipients of the scheme are required to pay in the 2022-23 financial year only.
- 1.3 This offer forms one element of the Council's Cost-of-Living response package and offers targeted support to ensure that households in the greatest need get the essential support required.
- 1.4 This report seeks approval from Cabinet to implement the proposed scheme.

2. RECOMMENDATIONS

- 2.1 Cabinet is recommended to:

- 2.1.1 Approve the proposal to credit the Council Tax accounts of eligible households in receipt of CTS by up to £75.00 as outlined in 3 below during the 2022-23 financial year.
- 2.1.2 Delegate authority to the Strategic Director of Finance and Governance, following consultation with the Portfolio Lead Member for Jobs, Social Inclusion and Equalities, to vary the sum awarded should demand either increase or decrease significantly, leading to a projected under or overspend of the funding pot.

3. PROPOSALS

- 3.1 The cost-of-living crisis is one of the biggest issues affecting households. The Office for National Statistics (ONS) have reported that around 9 in 10 (87%) adults reported an increase in their cost of living in March 2022, by comparison to February 22. An increase of 25% compared to November 2021. The most common reasons reported by adults for increased cost of living were an increase in:
 - the price of food shopping (88%)
 - gas or electricity bills (83%)
 - the price of my fuel (77%)
- 3.2 The ONS have also reported that the Consumer Prices Index (CPI) were 9.0% higher in April 2022 than April 2021 and the highest on record. Inflation has also been reported to be at 9% and rising in May 2022. This means that all households have less disposable income to meet the spiralling costs and is pushing already vulnerable low-income households into greater financial, food and fuel poverty.
- 3.3 The Council has acted swiftly to respond to the crisis by increasing the level of support offered to residents in the greatest need. Another example of this response is the £2million earmarked for supporting families in Housing Need to sustain tenancies and prevent homelessness. This initiative would see support increased by a further £1million and offers further support with Council Tax bills, in addition to the Council's existing Council Tax Support scheme that supports working-aged residents on low-income.
- 3.4 This report proposes to repurpose £1million income achieved from recovery of overpaid Housing Benefit in the 2021-22 financial year, into providing additional support to financially vulnerable Council Tax payers receiving less than 100% Council Tax Support in the 2022-23 financial year.
- 3.5 The proposed scheme credits up to £75.00 to the Council Tax accounts of residents that are in receipt of or eligible to receive Council Tax Support on 1 April 2022 but are not entitled to 100% support so have a residual balance to pay.
- 3.6 Eligible households (both working age and pension age) with up to £75.00 balance due for the year would have their balance reduced to Zero so have nothing to pay for the year.

- 3.7 Eligible residents with a residual balance of more than £75.00 would have their balance reduced by £75.00 leaving them with a smaller balance to pay.
- 3.8 This scheme would provide additional support above the Council Tax Energy Bill Rebate scheme and Household Support Fund introduced by Government and the further £15billion package of extra support announced by the Chancellor on 26 May 2022.
- 3.9 There were 15,759 households receiving Council Tax Support at the end of April.

	Pension Age	working Age	Total
Number	5,748	10,011	15,759

The scheme would offer immediate additional support to 11,747 households as 4,012 pensioner households already receive 100% support so have nothing to pay.

- 3.10 This would cost around £881,000. The remaining money would be used to provide the additional support to residents that become eligible for support retrospectively from 1 April 2022 during the year.
- 3.11 The £1million funding for the scheme has been identified from income collection of overpaid Housing Benefit in the 2021-22 financial year, which would otherwise have gone into reserves.
- 3.12 Those residents who still have a remaining balance to pay following the additional support that experience hardship paying the amount due would be able to apply for extra help under the Council's Council Tax Hardship scheme which makes £750,000 available annually to Council Tax payers facing financial hardship.
- 3.13 Housing Benefit overpayments generally occurs when residents receiving Housing Benefit fail to report a change in their circumstances that reduces their entitlement to benefit, or due to an error by officers processing benefit claims. Overpayments can also arise from deliberate misrepresentation by residents to obtain fraudulent entitlements. Overpayments, resulting from officer errors are not recoverable from residents unless, it is clear that the resident would have been aware that they were being overpaid and have failed to bring it to our attention. For example, a resident is paying £50.00 per week rent and the officer incorrectly insert £500 into the calculation. It would be clear to the resident that the amount they are receiving exceeds their rental liability so must be an error.
- 3.14 As Housing Benefit is paid by the council on behalf of the Department for Work and Pensions, the council is reimbursed pound for pound for correctly paid benefit. We are however, penalised where the value of officer-led (official) errors exceeds a threshold of 0.48% of eligible expenditure and only receive a small contribution towards the cost of overpayments arising from resident errors. The council must therefore recover the overpaid sums from residents to bridge this financial gap.

- 3.15 The outlined scheme repurposes money recovered from residents who fail to report changes that result in them being financially better off into supporting other residents that are struggling to make ends meet.

4. OPTIONS & ALTERNATIVES CONSIDERED

- 4.1 An option considered was to match the £150.00 Council Tax energy bill Rebate scheme introduced by Government. However, that would cost a minimum of £1.7million and exceed the available funding so is not recommended.
- 4.2 Another option considered was awarding £100.00 per household, but that too would cost over £1million and so exceed the available funding. That option is therefore not recommended.
- 4.3 An alternative option is to offer a higher level of support by amending the eligibility criteria for the scheme to offer support to either working age or pension age recipients only. However, that option is not recommended as the cost-of-living crisis impacts households of all ages and from an equality's perspective so would lead to greater disadvantage in the group not supported.

5. SUSTAINABLE COMMUNITY STRATEGY PRIORITIES (AND OTHER NATIONAL OR LOCAL POLICIES OR STRATEGIES)

- 5.1 This report impacts on the economic sustainability of many individuals and families in the borough. The proposed scheme is designed to provide additional support to everyone meeting the criteria with a residual balance to pay and so is targeted to working age and pension age households on low incomes.

6. CONSULTATION

- 6.1 This scheme is proposed under the Council's discretionary powers and there is no requirement to consult on the scheme.

7. IMPLICATIONS

7.1 Finance, Value for Money and Risk

- 7.1.1 The £1million earmarked funding arises from the overachievement of Housing Benefit overpayment recovery which would otherwise be placed in reserves.
- 7.1.2 There is no risk associated with repurposing this money as it is the Council's income.

7.2 Legal

- 7.2.1 Section 13A (1) (c) of the Local Government Finance Act 1992 (as inserted by Section 76 of the Local Government Act 2003) provides the power to local authorities to further reduce the amount of council tax

payable in relation to individual cases or class(es) of cases as it deems appropriate.

- 7.2.2 The Equality Act 2010 requires public authorities to have due regard to the need to eliminate discrimination and advance equality of opportunity. The Council must further consider its wider Public Sector Equality Duty (PSED) under s.149 of the Equality Act 2010 when making its decision.

7.3 Equalities and Diversity

- 7.3.1 An equality screening template has been completed (Appendix 1) and has identified no negative impact on any equality group, so a full equality analysis is not required. It should be noted that as this proposal offers support for some of the poorest residents in the borough it will have a positive impact on their financial stability.

7.4 Sustainability (including climate change, health, crime and disorder)

- 7.4.1 There are no implications on sustainability, climate change & environment.

7.5 Council Infrastructure

- 7.5.1 The proposals will be met within the existing Council infrastructure and resources.

BACKGROUND INFORMATION (as defined by Local Government (Access to Information) Act 1985)

None