


London Borough of Hammersmith & Fulham CABINET 14 JANUARY 2019		 hammersmith & fulham
COUNCIL TAX SUPPORT SCHEME 2019/20		
Report of the Cabinet Member for Finance and Commercial Services – Councillor Max Schmid		
Open Report		
Classification: For decision		
Key Decision: Yes		
Consultation:		
Public (CitizenSpace & Council's website)		
Wards Affected:		
All		
Accountable Director: Karen Sullivan – Assistant Director, Resident Services		
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1. EXECUTIVE SUMMARY

- 1.1. Since 2013, the council has been required to set its own scheme on how it wants to help those on low income pay their council tax.
- 1.2. Despite a cut in funding, the council has always wanted to ensure that residents are no worse off than they would have been had the original council tax benefit regulations stayed in place. This is contrary to many authorities who have decided to levy a charge against their poorest residents.
- 1.3. The funding was originally based on what the Council paid in council tax benefit less 10%. However, now, the funding forms part of the Revenue Support Grant allocation received at the Local Government Finance Settlement (LGFS).

- 1.4. This report recommends that we continue to operate the scheme as much as possible as though the previous regulations were in place.
- 1.5. Since our scheme was first introduced, Universal Credit has been introduced and there have been changes to the housing benefit scheme which have meant that in previous years, the council have agreed minor changes.
- 1.6. This year, we propose the following changes:

Adding a threshold of £5 pw to the notifications received from the Department of Works and Pensions that advise the Council of changes to Universal Credit. This means, if the DWP advise the Council that a claimant's Universal Credit has changed by less than £5.00pw, the Council will not take action (See appendix 1).

Where a council tax support claim has stopped due to level of Universal Credit and associated income, that claim would remain valid from the date that Council Tax Support has stopped for a six-month period. This mirrors Universal Credit regulations.

Where a claimant is entitled to Housing Benefit and notifies us of a wish to claim Council Tax Support, we will assess Council Tax Support without the need for a claim form. This will be assessed from the date of request, either by email, telephone or letter.

- 1.7. Agreement for the new scheme must be approved by full council before 31st January 2019.

2. RECOMMENDATIONS

- 2.1. That the Council agrees the changes to the Council Tax Scheme for 2019/20 as set out in this report.

3. REASONS FOR DECISION

- 3.1. We are proposing changes on how to assess notifications from the Department of Works and Pensions (DWP) to make the scheme more efficient. As more claimants move on to Universal Credit, this is becoming harder for the Council to assess in a timely manner and would need to dedicate more resources to this.
- 3.2. By ignoring the small changes in council tax support, the Council will be able to cope better with the amount of this work received. It will also provide more stability for council tax support claims affected by this as entitlement will not be changing on a weekly basis.

3.2 PROPOSAL AND ISSUES

Introduction and Background

- 3.3. The Local Government Finance Act 2012 abolished council tax benefit and gave local authorities new powers to assist residents on low incomes with help paying their council tax.
- 3.4. The Act does impose some conditions on local authorities in that pensioners must be protected (so that no pensioner is worse off) and people in work must be supported, but this aside, the authority can develop a scheme as it sees fit.
- 3.5. The funding for the scheme was originally based on what the authority used to spend in council tax benefit less 10%. However, the funding for council tax support is now included in the Revenue Support Grant which has, and will, continue to be subject to further cuts. It is up to the authority to decide how to deal with this potential loss of income.
- 3.6. The schemes must last at least a year. It is proposed that this scheme runs for one year for the period April 2019 to March 2020.

Universal Credit

- 3.7. Since Council Tax Support was introduced, it has been the council's intention to maintain a scheme that reflects the previous council tax benefit scheme as much as possible so that no one in the authority is worse off. However, it has also been the intention to reflect the benefit regulations that are prescribed for those that are of pension age and those on housing benefits. This means incorporating any changes in those schemes into the Council's CTS scheme.
- 3.8. When the scheme was first defined, Universal Credit was not in existence. The way that residents on Universal Credit are assessed was agreed in the 2016/17 scheme. There are no proposed any changes to this assessment.

Cost of the scheme

- 3.9. In general, our caseload is dropping, meaning Council Tax Support scheme is costing us less. However, the grant support from central government is also falling.
- 3.10. See financial implications for cost of scheme.

4. OPTIONS AND ANALYSIS OF OPTIONS

- 4.1. Across London, the main option for authorities who wish to raise additional revenue through the council tax support scheme is to charge everyone a proportion of council tax – including those on passported benefits such as income support.
- 4.2. On average, where authorities outside of Hammersmith and Fulham have chosen this option, those on maximum benefit pay about 20% of their council tax liability.
- 4.3. The Council would be seeking repayment from the poorest in society, many of whom have already seen reductions in their income through other welfare reform changes.

- 4.4. The Council has decided to forgo any additional revenue that would be generated in all residents having to pay some council tax by instead having a fairer system based on old benefit rates and income tapers.

5. CONSULTATION

- 5.1. The Council has a duty to consult with affected parties regarding the scheme. The consultation has been minimal because we have not substantially changed the scheme. (This approach has been previously endorsed by GLA).
- 5.2. This year, we consulted with residents from the 30th August 2018 to 31st October 2018.
- 5.3. Like all other years, the consultation was through CitizenSpace. The consultation, via its URL, was also moved on to the council tax support home page on the Council's website.
- 5.4. The Council has received only 1 response this year, as was the case last year (see Appendix 2).

6. EQUALITY IMPLICATIONS

- 6.1. An EIA has been attached at Appendix 3.
- 6.2. There will be no groups that will be adversely affected by the proposals made.
- 6.3. Implications completed by Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

7. LEGAL IMPLICATIONS

- 7.1. The Council is required, each financial year, to consider whether to revise its Scheme or to replace it with another. The Council must make this decision no later than 31 January in the financial year preceding when the Scheme is to take effect.
- 7.2. The Council has a statutory duty to set the Council Tax each year and this report is part of this process. The Council can only vary or set Council Tax discounts or higher amounts as legally empowered to do so. The relevant regulations and legislation are the Local Government Finance Act 1992, the Local Authorities (Calculation of Council Tax Base) Regulations 2012, and the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003. The Council Tax base has been calculated in accordance with the relevant Acts and regulations.

Implications completed by: Rhian Davies, Assistant Director of Legal and Democratic Services, tel. 020 8753 2790.

8. FINANCIAL IMPLICATIONS

- 8.1. The council tax support scheme operates by offering a discount to residents who need help paying their council tax. The cost of the scheme is shared between Hammersmith and Fulham and the Greater London Authority based on their respective council tax charges. The Hammersmith and Fulham share of the scheme cost was £8.1m in 2018/19 and is estimated to be £7.9m in 2019/20. This reduction reflects a lower expected caseload. The cost of the scheme is treated as a council tax discount and is reflected in the council tax base calculation.
- 8.2. Funding for the council tax support scheme was originally provided through Revenue Support Grant (RSG) from the Government. Government grant funding has reduced from £160m in 2010/11 to £90m by the end of 2018/19, a reduction of £70m (54% real terms and 43% cash). In addition, a further £8.6m reduction is expected by 2019/20.
- 8.3. Implications completed by: Will Stevens, Finance Business Partner, tel: 020 8753 6654.
- 8.4. Implications verified by Emily Hill, Assistant Director, Corporate Finance, tel. 020 8753 3145.

9. IMPLICATIONS FOR LOCAL BUSINESS

- 9.1 The scheme is not anticipated to have any negative impact on local businesses.
- 9.2 Implications verified/completed by Alben Karameros, Economic Development Team, tel. 020 7938 8583.

10. COMMERCIAL IMPLICATIONS

- 10.1 Details of any impact of the proposals in the report for procurement and contract management/revenue.
- 10.2 Implications verified/completed by Simon Davis, Assistant Director Commercial Management, tel. 0208 753 7181, tel. 07920 503651.

11 IT IMPLICATIONS

- 11.1 There are no IT Implications resulting from the proposal in this report.
- 11.2 Implications verified/completed by Karen Barry, Strategic Relationship Manager, tel. 020 8753 3481.

12 RISK MANAGEMENT

Local Authorities have received significant cuts to Budgets imposed on them by national Government, in addition the Government's Universal Credit

Scheme has posed challenges to the poorest and most vulnerable in society. Council tax benefit (CTB) was a UK-wide benefit that provided support for council tax to low-income families. This was abolished in April 2013 and local authorities in England were charged with designing their own council tax support (CTS) schemes in its place. Although these must maintain support for pensioners at its previous level, local authorities have wide discretion to design their own schemes for working-age families. The Council's scheme contributes positively to our Residents, meeting their needs and expectations, also contributing to our Council Values most specifically being a compassionate Council so the most vulnerable among us are looked after.

- 12.1 Implications verified/completed Michael Sloniowski, Risk Manager, tel. 020 8753 2587, mobile 07768 252703

13. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None

LIST OF APPENDICES

Appendix 1: Example of comparing UC calculation with/without £5 threshold

Appendix 2: Council Tax Support Consultation 2019-20: Interim report

Appendix 3: Equality Impact Analysis (EIA) of Local Council Tax Support Scheme 2019/20