

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 04/01/2021

Subject: Council Tax Support Scheme 2021/2022

Report of: Councillor Max Schmid - Cabinet Member for Finance and Commercial Services

Report author: Kirsty Brooksmith - Head of Benefits

Responsible Director: Nicola Ellis – Assistant Director, Resident Services

Summary

Since 2013, every council has been required to set its own Council Tax Support Scheme, setting out how it wants to help those on low income pay their council tax. The administration is determined to ensure that residents are no worse off than they would have been had the original council tax benefit regulations stayed in place, ensuring that lower income families are supported by the council. This report is therefore not proposing to make any changes to the Council Tax Support Scheme for 2021/22 other than the application of the annual uprating.

The annual uprating will apply to the allowances, applicable amounts, and income for both pensioners and working age DWP benefits, as per the Housing Benefit uprating circular issued to Local Authorities in November 2020. This circular advises the new rates from April 2021. All Local Authorities have a duty to apply uprating to their Housing Benefit Scheme and we propose to continue to reflect this uprating within our Council Tax Support Scheme to mirror the original intention of the default scheme. This will ensure transparency ease of administration and clarity for our residents.

Recommendations

It is recommended that Cabinet agrees the following recommendations to be approved by full Council:

1. That the Council Tax Support Scheme in operation in 2020/2021 shall continue in 2021/2022.
 2. That the Council shall apply the annual uprating of allowances, applicable amounts and income set out in the DWP Housing Benefit circular to the Council Tax Support scheme for 2021/2022.
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Wards Affected: ALL

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	We'll support our low-income residents by ensuring our scheme gives them the maximum benefit of up to 100%, contributing to keeping their living costs, including their council tax, affordable.
Creating a compassionate council	We are continuing our local Council Tax support scheme to the most vulnerable amongst us, so we know they are looked after financially.
Doing things with local residents, not to them	We'll continue to listen to and work with our residents by offering financial support to them when nationally local authorities are reducing financial help and support.
Being ruthlessly financially efficient	We want to be our residents to know we are working to protect and maintain policies that protect our most vulnerable.

Financial Impact

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 £8.3m in 2019/20. Due to an increase in the number of awards, arising as a consequence of the Covid-19 pandemic, there is predicted growth in the cost of this scheme in both 2020/21 and 2021/22. Latest modelling suggests that the cost of the scheme will be £12.9m in 2021/22, based on current council tax levels, of which the Hammersmith and Fulham share will be £9.1m. This increase is allowed for within the 2021/22 council tax base report.

Funding for the council tax support scheme was originally provided through Revenue Support Grant (RSG) from the Government. Government grant funding has reduced by £68m (54% in real terms) from 2010/11 to 2020/21. Funding for 2021/22 and future years is uncertain. It should be noted that the cost of funding this scheme and for future years is now fully borne by the Council.

Legal Implications

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.

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.

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Background Papers Used in Preparing This Report

LBHF Council Tax Reduction Scheme 2020/21 - Published at:
https://www.lbhf.gov.uk/sites/default/files/section_attachments/hf_council_tax_reduction_scheme_2020.pdf

DETAILED ANALYSIS

Proposals and Analysis of Options

No further options regarding proposing changes to introduce a minimum contribution that would have resulted in working age families having to contribute to their Council Tax have been considered this year. This is in light of the pandemic and the financial difficulties residents are facing at this current time.

Reasons for Decision

We are proposing no changes to the scheme this year. This scheme is particularly important this year in light of the financial challenges residents are facing due to the economic impacts of Covid, including the rise in unemployment, the introduction of furlough schemes and continued increases in overall living costs.

We also note the ongoing impact of the early migration of our residents to Universal Credit (UC), as a result of changes to their household circumstances either through loss of work completely or loss of actual earnings whilst furloughed has negatively impacted the existing challenges residents face. This has resulted in much more reliance on the use of foodbanks, and a rise in arrears and complexities around income collection for both council rents and Council Tax.

Currently there are 14,179 households receiving Council Tax Support in Hammersmith and Fulham, of these 4,886 are pensioner age therefore would be unaffected by any changes and 9,293 are working age. Therefore, any changes we made would detrimentally impact the largest proportion of our caseload.

The council has concluded that if changes were made to the scheme to introduce a minimum contribution towards council tax for working age customers on low incomes, we would be seeking repayment from the poorest in our society, many of whom have already been severely financially impacted this year.

Equality Implications

There are no anticipated negative implications for groups with protected characteristics, under the Equality Act 2010, by the approval of these proposals.

Implications verified by: Fawad Bhatti
tel. 07500 103617.

Risk Management Implications

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 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 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. It also contributes to our council values most specifically being a compassionate council, so the most vulnerable among us are looked after.

Implications verified/completed by Michael Sloniowski Risk Manager tel 020 8753 2587

Consultation

There is no requirement to consult this year as we are not proposing any changes to our scheme.