

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Cabinet

**Date:** 10/01/2022

**Subject:** Council Tax Support Scheme 2022/23

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

**Report author:** Kirsty Brooksmith, Head of benefits

**Responsible Director:** Sharon Lea – Strategic Director of Environment

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### 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 constitutes a £9m investment by the Council to support the borough's lowest income families for 2022/23.

Hammersmith and Fulham are one of only 34 Councils out of 326 across England to take this approach. Most other councils have introduced a “minimum payment”, which requires everyone to pay at least some Council Tax regardless of their income. The average minimum payment has risen on average from 0% to 19% in recent times.

The Child Poverty Action Group and Z2K (Still Too Poor to Pay: Council Tax Support in London 2018-19 (2020)), have reported that the impact of making changes to local Council Tax Support Schemes on household budgets have pushed 11% of the people effected into debt. This is why this council continues to protect families on low incomes and maintain an unchanged Council Tax Support Scheme, despite cuts in grant from central government over the last decade.

This report therefore proposes to maintain the Council Tax Support Scheme for 2022/23.

The report proposes to apply the annual uprating, which will apply to the allowances, applicable amounts, and income for both pensioners and working age Department of Work and pensions (DWP) benefits, as per the Housing Benefit uprating circular issued to local authorities in late November 2021. This circular advises the new rates from April 2022. 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.

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## RECOMMENDATIONS

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

1. That the Council Tax Support Scheme in operation in 2021/2022 (included at Appendix 1) shall continue in 2022/2023.
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 2022/2023.

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**Wards Affected:** All

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<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
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. We will continue to monitor the impacts of economic and welfare changes to our residents, ensuring we understand their needs. This will allow us to continue to target our help to support them where they say it is needed the most.
Being ruthlessly financially efficient	We want 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 & Fulham Council and the Greater London Authority based on their respective council tax charges. The scheme cost is estimated at £12.9m in 2022/23, based on current council tax levels, of which the Hammersmith and Fulham share

will be £9.09m. This estimate is allowed for within the 2022/23 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 £64m (53% in real terms) from 2010/11 to 2021/22. Therefore, the cost of funding is fully borne by the Council and Greater London Authority.

## **Legal Implications**

Each financial year the Council must consider whether it wants to revise its Council Tax Support Scheme, leave as is or replace it. 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, as amended in 2012. 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**

None

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## **DETAILED ANALYSIS**

### **Proposals and Analysis of Options**

1. No further options regarding proposing changes to introduce a minimum contribution have been considered this year. Changes such as this would result in working age families having to contribute to their Council Tax. These options have not been considered in light of the pandemic and the financial difficulties residents are facing at this current time.

### **Reasons for Decision**

2. We are not proposing any 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 ongoing economic impacts of Covid, including the rise in unemployment, the ending of furlough schemes, the removal of £20 Universal Credit increase, and the significant inflationary increases in overall living costs, especially fuel and food costs.
3. Residents in receipt of Universal Credit are facing impacts to their income as a result of changes to their household circumstances, through loss of employment or reduction of earnings whilst they were furloughed. This has resulted in much more reliance on the use of foodbanks across Hammersmith & Fulham which have reported a continued rise in their use again this year. The consequence of our residents having a reduction in their disposable income does lead to a rise in arrears and complexities around income collection for both council rents and Council Tax.
4. Currently there are 14,229 households receiving Council Tax Support in Hammersmith & Fulham, of these 4,813 are pensioner age therefore would be unaffected by any changes to the Council Tax Support Scheme and 9,356 are working age. Therefore, any changes we made would detrimentally impact the largest proportion of our caseload.
5. 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**

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

### **Risk Implications**

7. Over the last decade, local authorities have received significant real terms cuts to budgets, 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 by: David Hughes, Director of Audit, Fraud, Risk and Insurance, tel 07817 507 695

### **Climate and Ecological Emergency Implications**

8. There are no anticipated climate or ecological implications as a result of the approval of this recommendation.

### **Consultation**

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

### **LIST OF APPENDICES**

Appendix 1 - Council Tax Support Scheme 2021/22