

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet

Date: 09/01/2023

Subject: Council Tax Support Scheme 2023/24

Report of: Cabinet Member for Finance and Reform, Councillor Rowan Ree

Report author: Kirsty Brooksmith, Head of benefits

Responsible Director: Sukvinder Kalsi – Director of Finance

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 not only are residents no worse off than they would have been had the original council tax benefit regulations stayed in place, but also to try and reverse some of the regressive elements of Council Tax, by ensuring that lower income families are supported by the council. This constitutes a £7.90m investment by the Council to support the borough's lowest income families for 2023/24.

Funding for the Council Tax Support Scheme was originally provided through Revenue Support Grant (RSG) from the Government. Government grant funding has reduced by £58m (55% in real terms) from 2010/11 to 2022/23. Therefore, the cost of funding is fully borne by the Council and Greater London Authority

Residents are facing the most challenging of times with the cost-of-living crisis, therefore the Council is committed to ensuring that we continue to support our residents with the maximum amount of support we can, through the Council Tax Support Scheme for 2023/24.

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.

Research carried out in 2021/22 by the New Policy Institute (NPI) reported that there were relatively few changes to CTR schemes. However eleven local authorities changed their minimum payment or band cap. Four schemes became harsher in some way, but five lowered their minimum payment. Three of these introduced an income banded scheme and removed the minimum payment for claimants in the first of these bands. Our Scheme for 2023/24 remains the most effective scheme for ensuring we provide the maximum support to our residents with 100% support to those on the lowest incomes.

Latest releases from the Department of Levelling up Housing and Community inform that as at 31 March 2022, the total amount of council tax still outstanding in England amounted to £5.0 billion. This is an increase of £540 million over the figure for 2020-21 and has largely been attributed to the impact of the covid pandemic and councils' delay in commencing recovery activity. Research by the Child Poverty Action Group and Z2K (Still Too Poor to Pay: Council Tax Support in London 2018-19 (2020)), reported that the impact of making changes to local Council Tax Support Schemes on household budgets pushed 11% of the people affected into debt. This is why this council has once again chosen not to introduce changes to their local schemes and remains committed to offering the most help to the lowest income families in our borough.

This report is therefore not proposing to make any changes to the Council Tax Support Scheme for 2023/24 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 Department of Work and pensions (DWP) benefits, as per the Housing Benefit uprating circular issued to local authorities in late November 2022. This circular advises the new rates from April 2023. 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

That Cabinet agrees the following recommendations to be approved by full Council:

1. That the Council Tax Support Scheme in operation in 2022/2023 (included at Appendix 1) shall continue in 2023/2024.
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 2023/2024.

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. We will continue to monitor the impacts of economic and welfare changes on 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 £11.91m in 2023/24, based on current council tax levels, of which the Hammersmith and Fulham share will be £7.90m. This estimate is allowed for within the 2023/24 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 £58m (55% in real terms) from 2010/11 to 2022/23. Therefore, the cost of funding is fully borne by the Council and Greater London Authority.

Name: Andre Mark, Head of strategic planning and monitoring, Email: andre.mark@lbhf.gov.uk

Verified by Sukvinder Kalsi, Director of Finance, 24/11/2022

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.

Name: Jade Monroe, Chief Solicitor, Email: jade.monroe@lbhf.gov.uk, 22/11/2022

Background Papers Used in Preparing This Report

None

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 cost-of-living crisis and the financial difficulties residents are facing at this current time.

Reasons for Decision

2. The Council 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 the cost-of-living crisis, including the rising fuel and food prices, and the significant inflationary increases in overall living costs.
3. The Council continues to see evidence of reliance on the use of foodbanks across Hammersmith & Fulham which we are continuing to monitor and support through the work we are doing through our cost-of-living board. Efforts are concentrated on ensuring food banks and residents continue to receive funding through any government grants received in 2022/23 to help mitigate the impact of reducing household disposable income. The consequence of changing the scheme would have exposed the lowest income families to a reduction in their income which would have led to a rise in arrears and complexities around income collection for both council rents and Council Tax.
4. Currently there are 13,242 households receiving Council Tax Support in Hammersmith & Fulham, of these 4,834 are pensioner age therefore would be unaffected by any changes to the Council Tax Support Scheme and 8,408 are of working age. Therefore, any changes made would detrimentally impact the largest proportion of officers' 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, it 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, 22/11/2022

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 2022/23