

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet

Date: 13/01/2025

Subject: Council Tax Support Scheme 2025/26

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

Report author: Kirsty Brooksmith, Assistant Director Benefits

Responsible Director: Sukvinder Kalsi – Executive Director for Finance & Corporate 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 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 £9.1m investment by the Council to support the borough's lowest income families for 2025/26

Pre-2013, funding for the Council Tax Support Scheme was originally provided directly from the Government to cover the full cost of the scheme. Since then, funding has been absorbed and aggregated within other central government grants given to local authorities. The funding that the Council receives each year towards the cost of the scheme expenditure is contained within the Revenue Support Grant. Grant funding from Central Government has reduced by £36m (54% in real terms) from 2010/11 to 2024/25.

We know many of our residents are still feeling the squeeze from the increased cost of energy, petrol, and food prices, as such, we have invested more than £11m to provide much-needed cost-of-living support to our residents which includes dedicated support for older and vulnerable residents in need in H&F.

As well as being the only council in the country to provide free home care to older and Disabled residents, residents in need who lost their Winter Fuel Allowance can apply for up to £900 with our Crisis Prevention Fund.

We are working with partners to ensure all eligible residents apply for Pension Credit and subsequently will then receive their Winter Fuel Allowance too, and we're working on additional support for residents with the government's extension of the Household Support Fund.

To ensure that we do not add any further burden to our residents, and to continue our commitment to being a compassionate council we have once again chosen for 2025/26 not to introduce changes to our local scheme and we remain committed to

offering the most help to the lowest income families in our borough. We therefore remain committed to providing the maximum support to our residents with 100% support available to those on the lowest incomes.

During this financial year we carried out a full review of our Council Tax Support scheme, benchmarking ourselves against other local authorities, and modelled various options for new schemes. The aim was to ensure that our scheme is providing support to those that need it most, and that the scheme is simple for residents to access and for us to administer. Our modelling concluded that the other options considered did not provide material benefits in respect of reduced administration costs and were likely to negatively impact some of our residents currently in receipt of support and therefore we are recommending that we continue with our current scheme.

We compared schemes across neighbouring London authorities. 45% of those authorities had a banded income scheme and the remaining 55% had a scheme based on the previous Council Tax Benefit scheme (default scheme) which was like ours. However the range of support offered varied. The lowest level of support available was only 15% of council tax liability, and only three councils offered 100% as we do, the majority offered a reduced amount of 90%. In most other London boroughs residents on lowest incomes are expected to contribute something towards their council liability.

We were one of only 34 Councils out of 326 across England that retained scheme providing up to 100% support to our residents, when local schemes were introduced in April 2013. We have continued to provide this and 2025/2026 will be the 13th year that we have consistently provided up to 100% support to our residents.

In addition, we have also, during 2024/25, continued our cost-of-living support and we have invested more than £11m to provide much-needed cost-of-living support to our residents which includes dedicated support for older residents in need.

This report is therefore not proposing to make any changes to the Council Tax Support Scheme for 2025/26 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 2024. This circular advises the new rates from April 2025. 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.

By not changing our scheme for 2025/26 it remains the most effective scheme for ensuring we provide the maximum support to 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 2024/2025 (included at Appendix 1) shall continue in 2025/2026.
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 2025/2026.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Corporate Plan and the H&F Values
Building shared prosperity	We will 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 and inclusive council	We are continuing to deliver our local Council Tax Support Scheme to the most vulnerable amongst us, so we know they are supported financially.
Doing things with local residents, not to them	We will 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 £13.9m in 2025/26, based on current Council Tax levels, of which the Hammersmith and Fulham share will be £9.1m. This estimate is allowed for within the 2025/26 Council Tax Base report and the Council's Medium-Term Financial Strategy.

Up until 2013, funding for the Council Tax Support Scheme (known as the Council Tax Benefit Scheme) was originally provided specifically through the Revenue Support Grant (RSG) from the Government. The Government abolished the national Council Tax Benefit scheme from 1 April 2013 and allowed local councils to develop their own local replacement schemes for working age residents. Government grant funding has reduced by £36m (54% in real terms) from 2010/11 to 2024/25.

Andre Mark, Head of Finance (Strategic Planning and Investment), 13 November 2024.
Verified by James Newman, Assistant Director of Finance, 13 November 2024.

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.

The appended Council Tax Reduction Scheme has been considered in accordance with The Council Tax Reduction Schemes (Prescribed/Requirements) (England) (Amendment) Regulations 2024. The Secretary of State makes these Regulations in exercise of the powers conferred by section 113(1) and (2) of, and paragraph 2 of Schedule 1A to, the Local Government Finance Act 1992(1).

Verified by Jade Monroe, Chief Solicitor, 11 November 2024.

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Proposals and Analysis of Options

1. In our review of our Council Tax Support Scheme, we compared schemes across neighbouring London authorities. 45% of those authorities had a banded income scheme and the remaining 55% had a scheme based on the previous Council Tax Benefit scheme (default scheme) which was like ours. The lowest level of support available was 15% of council tax liability, only three councils offered 100% as we do, and the majority offered 90%.
2. We modelled a variety of changes to our schemes, including changes to capital limits, changes to non-dependant charges and the introduction of banded income schemes. When considering the capital limits, we also looked at the treatment of capital as income and we also considered changing the deductions for non-dependants in the household.
3. The overarching objective of the modelling was to ensure that we continued to provide maximum support (100%) for those who needed the most support. However, there was also a focus on making the scheme simpler for residents and simpler for the Council to administer.
4. The options were considered by the Section 151 Officer and the Cabinet Member for Finance and Reform. In all the options modelled some residents would be negatively impacted.
5. None of the options modelled provided significant financial benefits in reducing administrative costs. One of the reasons for this was that we would need to maintain our scheme as is for residents of pension age as this is required by law. The operation of two different schemes applying one to working age and one to pensioners would likely increase complexity in administration.
6. Given the findings of our comprehensive review none of the options are recommended for adoption and it is recommended that we continue with our current scheme.

Equality Implications

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

Risk Management Implications

8. 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, 8 November 2024.

Climate and Ecological Emergency Implications

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

Consultation

10. 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 2024/25