

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Full Council

Date: 28/01/2026

Subject: Council Tax Support Scheme 2026/27

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

Report author: Kirsty Brooksmith, Assistant Director Benefits

Responsible Director: Sukvinder Kalsi – Executive Director for Finance & Corporate Services

SUMMARY

With residents across Hammersmith & Fulham continuing to struggle with the cost of living, we will continue to provide 100% support for the most vulnerable residents through the Council Tax Support Scheme. We are one of the few councils who have maintained this despite central government reducing the funding for this through the Revenue Support Grant.

This administration has gone beyond what was previously provided by exempting care leavers and foster carers from Council Tax entirely. This year, in recognition of the brave service of our nation's Armed Forces, and to mark 80 years since VE Day, we will provide an addition 25% discount for veterans living in the borough.

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 continues to be committed to ensuring that not only are residents no worse off than they would have been had the original Council Tax benefit regulations stayed in place but are also determined 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 £10.27m investment, based on the 2025/26 Council Tax charge, by the Council to support the borough's lowest income families for 2026/27.

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 2025/26.

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 £12m 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.

We continue to be the only council in the country to provide free home care to older and disabled residents. It's part of our work to build a stronger, safer, and kinder borough.

Since April 2025 we have issued financial support vouchers to more than 830 local pensioners not receiving pension credit and have supported a national campaign to ensure our local pensioners, who may have missed out on pension credit, to claim through advice and support provided by our cost-of-living team.

We have worked with more than a 100 voluntary and community organisations and partners, making sure our help, advice, support, and financial assistance reach as many residents as possible. In the last year we provided preventative support for residents including free meals for children taking part in our holiday activities like Summer in the City and Spooktacular and on hardship relief including support for pensioners, young people with care experience and residents struggling with debt and essential living costs.

In 2025/26, we have continued to provide Hardship Prevention Payments and Local Support Payments to ensure that residents facing financial crisis—particularly those struggling with energy or water arrears, have access to vital support when they need it most.

These payments are designed not only to assist those on low incomes, but also to support working families and individuals not in receipt of benefits who are experiencing financial hardship and have nowhere else to turn to. We've been able to maintain this crucial safety net by ensuring that the government's extension of the Household Support Fund is effectively targeted to those most in need across our borough.

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 2026/27 not to introduce changes to our local council tax support 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.

In April 2013 when local council tax schemes were introduced, we were one of only 34 Councils out of 326 across England that retained a scheme providing up to 100% support to our residents. We have continued to provide this and 2026/2027 will be the 14th year that we have consistently provided up to 100% support to our residents.

The latest research published on Council Tax Support schemes indicates that in 2025/6, 28 councils reduced their local council tax support schemes, and just over 40% of all schemes in place are now income-banded, which often means partial rather than full support.

We are committed to providing the best possible service to our residents facing financial hardship and in 2025 our Benefits Service was awarded a national performance award by the Institute of Revenues Rating and Valuation for the Most Improved Team.

This report is therefore not proposing to make any changes to the Council Tax Support Scheme for 2026/27 other than the application of the annual uprating, as part of our commitment to creating a compassionate and inclusive council.

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 2025. This circular advises the new rates from April 2026. 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.

Hammersmith & Fulham introduced an ethical debt approach to collecting Council Tax in 2018. Our council's ethical debt policy is designed to balance financial responsibility with compassion. By ensuring recovery practices are fair, respectful, and sensitive to individual circumstances, we create an inclusive environment where vulnerable residents are supported rather than excluded. Accessible options such as payment plans and hardship schemes help households manage debt sustainably, reducing the risk of long-term poverty cycles. Through early engagement and flexible repayment options, we help residents manage their commitments in a way that works for them, reducing stress and avoiding unnecessary enforcement action. By focusing on support rather than pressure, we promote financial stability and give households the confidence to stay on track. This approach not only protects residents from hardship but also strengthens our community by enabling people to participate fully in local life and contribute to shared prosperity. By not changing our scheme for 2026/27 it remains the most effective scheme for ensuring we provide the maximum support available to our residents.

RECOMMENDATIONS

That Full Council approve:

1. That the Council Tax Support Scheme in operation in 2025/2026 (included at Appendix 1) shall continue in 2026/2027.
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 2026/2027.

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 £14.67m in 2026/27, based on current Council Tax levels, of which the Hammersmith and Fulham share will be £10.27m. This estimate is allowed for within the 2026/27 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 2025/25.

Verified by James Newman, Assistant Director of Finance

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 2025. 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).

Grant Deg, Director for Legal Services

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, in 2024/25 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.

Supporting Our Veterans

7. This year, we have gone further in recognising the service and sacrifice of our Armed Forces community by proposing a new Council Tax discount, effective from April 2026. Under this initiative, veterans living in our borough who hold an HM Armed Forces Veteran Card will receive an additional 25% reduction on their Council Tax. This measure reflects our deep gratitude to those who have served our country and ensures that our brave service veterans receive meaningful financial support as part of our commitment to an inclusive and compassionate borough.

Equality Implications

8. 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

9. 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. Options have been considered but none provide any significant financial benefits by reducing administrative costs. 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 Moira Mackie, Head of Internal Audit, 4 November 2025

Climate and Ecological Emergency Implications

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

Consultation

11. 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 2025/26

Appendix 2 – <https://www.entitledto.co.uk/blog/2025/may/20/council-tax-reduction-schemes-in-england-202526>