


<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>FULL COUNCIL</b></p> <p><b>25 JANUARY 2016</b></p>	
<p><b>LONDON BOROUGH OF HAMMERSMITH AND FULHAM'S COUNCIL TAX SUPPORT SCHEME 2017/18</b></p>	
<p><b>Report of the Cabinet Member for Finance – Councillor Max Schmid</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification: For Decision</b> <b>Key Decision: Yes</b></p>	
<p><b>Wards Affected: all</b></p>	
<p><b>Accountable Director:</b> Belinda Black, Director of Resident and Business Satisfaction</p>	
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## 1. EXECUTIVE SUMMARY

- 1.1. In April 2013, council tax benefit (CTB) ended and local authorities had to introduce their own scheme to help their residents who need help paying their council tax.
- 1.2. The Council has always agreed a scheme that worked as though the old council tax benefit regulations were still in place (previously known as “the default scheme”) meaning no one in the borough was worse off.
- 1.3. Originally the funding was based on what we paid in council tax benefit less 10%. However, now, the funding forms part of the Revenue Support Grant allocation received at the Local Government Finance Settlement (LGFS).
- 1.4. This report continues to recommend that we continue to replicate the previous benefit regulations (council tax benefit regulations 2006) so that no one in the borough is worse off. Unlike other boroughs, LBHF is not charging residents on low incomes a proportion of their council tax.
- 1.5. However, as we intend replicating the previous council tax benefit scheme, it also recommends that we adopt a change introduced to the housing benefit scheme from 2015 as had council tax benefit still been in place, these would have been part of these regulations.

- 1.6. Agreement for the new scheme must be made by full council at the end of January 2017.

## **2. RECOMMENDATIONS**

- 2.1. That the Council continues with a scheme that reflects the old council tax benefit regulations as much as possible meaning no one in the borough is charged any council tax over and above what they would have been charged had the council tax benefit regulations continued.
- 2.2. It is recommended a continuation of the assessment of in work Universal Credit cases as agreed in our scheme last year.
- 2.3. To keep the scheme consistent with housing benefit rules it is recommend the reduction of the temporary absence rules for those travelling outside Great Britain to 4 weeks, in line with the housing benefit regulations. The same exemptions will be applied as the DWP (see appendix 1), but 26 weeks will be allowed where a resident is unable to return if they are looking after a sick relative, 52 weeks for military personnel as well as discretionary powers to maintain council tax support in other exceptional circumstances.

## **3. REASONS FOR DECISION**

- 3.1. The reasons for not substantially changing the scheme are the same as for previous year. We do not believe those on low incomes should suffer due to a cut made by central government.
- 3.2. Some councils who were previously requiring people to pay something are now adopting similar schemes to LBHF so that the poorest do not need to contribute.
- 3.3. There would also be an additional cost to the authority in trying to collect this amount of money, and collection rates in councils that have done this have been low. It is estimated that around 4 to 5 extra staff would be needed staff to deal with increased enquiries and appeals at the Valuation Tribunal.
- 3.4. We have made the change to the temporary absence rule to continue to mirror the benefit regulations. However, we are keeping the overriding ethos that those on maximum support should not have to pay any of their council tax.

## **4. PROPOSAL AND ISSUES**

### **Introduction and Background**

- 4.1. The Local Government Finance Act 2012 abolished council tax benefit and gave local authorities new powers to assist residents on low incomes with help paying their council tax.

- 4.2. The Act does impose some conditions on local authorities in that pensioners must be protected (so that no pensioner is worse off) and people in work must be supported, but this aside the authority can develop a scheme as it sees fit.
- 4.3. The funding for the scheme was originally based on what the authority used to spend in council tax benefit less 10%. However, the funding for council tax support is now included in the Revenue Support Grant which has and will continue to be subject to further cuts. It is up to the authority to decide how to deal with this potential loss of income.
- 4.4. The schemes must last at least a year. It is proposed that this scheme runs for one year for the period April 2017 to April 2018. This will allow the authority choice for 2018/19 if it wishes to change its scheme due to additional cost if the caseload goes up or if the council wishes to raise additional revenue.

### **Changes to Housing Benefit / Universal Credit**

- 4.5. Since Council Tax Support was introduced it has been the authority's intention to maintain a scheme that reflects the previous council tax benefit scheme as much as possible so that no one in the authority is worse off. However, it has also been our intention to reflect the benefit regulations that are prescribed for those that are pension age and those on housing benefits. So this means incorporating any changes in those schemes into our CTS scheme.
- 4.6. Last year the scheme confirmed how we will process in work claims for Universal Credit. We are not proposing any changes to this.
- 4.7. The following change to housing benefits should be reflected in the council tax support scheme from 2017/18:
  - Reducing the maximum period for which someone can be temporarily absent outside Great Britain (GB) and still qualify for Council Tax support. At present, there is no distinction between temporary absence within GB and outside it. There is a standard allowance of 13 weeks and a higher rate of 52 weeks in certain circumstances such as hospitalisation. The treatment of absence within GB will not change, but for absences outside GB the maximum period will change from 13 or 52 weeks to 4, 8 or 26 weeks, depending on the circumstances of the absence. Changes to the maximum period that a claimant can be temporarily absent, where the absence is outside GB, came into effect in housing benefit from 28 July 2016.
  - Where the claimant can show that this change has led to them suffering exceptional hardship over and above that of a normal benefit claimant, we will retain the ability to award CTS, based on the claimant's income for the period of the absence.
- 4.8. This change was included in the consultation we carried out with residents over the summer along with a proposal to remove the family premium which we have decided not to proceed with

## **Cost of the scheme**

- 4.9. For the first year, the council received as a grant, what they would have spent in council tax benefit less 10%. This was advantageous to the borough because the calculation was based on when both our caseload and our council tax level were higher. This has meant that in the first two years, the council's scheme ran as a surplus.
- 4.10. The funding is now incorporated into our grant income which is not paid separately to the council but forms part of the Revenue Support Grant (RSG) calculation. It is therefore no longer possible to identify how much money the council gets from central government to pay for council tax support awards.
- 4.11. In general, our caseload is dropping, meaning council tax support is costing us less. However, the grant support from central government is also falling.
- 4.12. See financial implications for cost of scheme.

## **5. OPTIONS AND ANALYSIS OF OPTIONS**

- 5.1. Across London, the main option for authorities who wish to raise additional revenue through the council tax support scheme is to charge everyone a proportion of council tax – including those on passported benefits such as income support
- 5.2. On average where authorities outside of Hammersmith and Fulham have chosen this option, those on maximum benefit still have to pay about 20% of the council tax liability.
- 5.3. We would be seeking repayment from the poorest in society many of whom have already seen reductions in their income through other welfare reform changes.
- 5.4. LBHF has decided to forgo any additional revenue that forcing everyone to pay some council tax would bring and have a fairer system based on old benefit rates and income tapers.

## **6. CONSULTATION**

- 6.1. As required by the Local Government Finance Act, officers consulted with the GLA as the precepting authority and with the public on the proposed scheme.
- 6.2. In previous years, the consultation has been minimal because we were not changing anything. The GLA have endorsed this.
- 6.3. Even though there is a slight change to the scheme that we are proposing we have not changed the consultation method for this year. We carried out an on-line consultation that ran for 2 months.
- 6.4. The responses this year were again limited as there is not much change to the scheme.

- 6.5. This year, we only had 1 response (we had 2 in previous years). The respondent agreed with our approach but felt we should not withdraw the family premium. The respondent did agree with the reduced temporary absence change though.
- 6.6. The response can be found in **Appendix 2**.

## **7. EQUALITY IMPLICATIONS**

- 7.1. Upon the introduction of Council Tax Support LBHF made the decision not to pass on the 10% reduction in funding to recipients of CTS and that decision remains in place, with the reasoning set out in Paragraph 5.
- 7.2. In introducing its CTS scheme LBHF made the decision to continue with a scheme that reflects as much as possible the old council tax benefit regulations so that nobody is charged council tax over and above what they would have been charged.
- 7.3. Additionally the decision was made last year to assess in work Universal Credit cases using UC applicable amounts.
- 7.4. This report recommends at Paragraph 2 that the Council continues with the approach under 7.1 to 7.3 above, which are more favourable for all recipients of CTS, including of course those with protected characteristics.
- 7.5. In accordance with the policy under 7.2 the Council has to consider whether amendments introduced by central government into the benefits regime should be incorporated into the LBHF CTS scheme. Two amendments were introduced by central government into the benefits regime in 2016/2017, i.e. the abolition of the Family Premium and the reduction of the Temporary Absence period, and both were the subject of the consultation referred to at Paragraph 6.
- 7.6. Taking into account the negative impact of the abolition of the Family Premium on families receiving partial CTS the decision was made not to remove the Family Premium.
- 7.7. In considering whether to adopt the government's changes to the Temporary Absence provisions in the current benefits regulations into the Council's CTS scheme the EIA notes that there may be a more adverse effect upon BME claimants who are more likely to leave the UK to visit family. Taking this into account it is proposed that the change is introduced to include an additional exemption for when a claimant is overseas to look after a sick relative and will be subject to a discretion that can be applied when the claimant can show additional and exceptional hardship – see Paragraph 4.7.
- 7.8. The revised CTS scheme will run for 2017/18 and any impacts as a result of the change to the Temporary Absence provision will be monitored and considered when the CTS scheme is reviewed for 2018/19.

- 7.9. The attached EIA (**appendix 3**) provides more detailed analysis of the anticipated equality impact of the CTS scheme for 2017/18.
- 7.10. Implications verified / completed by: (Paul Rosenberg, Head of Operations, H&F Direct 020 8753 1525)

## **8. LEGAL IMPLICATIONS**

- 8.1. The report sets out the requirements of the Local Government Finance Act 2012 to include a reminder that consultation for this scheme is a requirement and deals with the legal implications in the body of the report. Paragraph 6 details the statutory consultation which was undertaken, in compliance with the Act.
- 8.2. Implications verified/completed by: (Joyce Golder. Principal Solicitor, 020 7361 2181)

## **9. FINANCIAL IMPLICATIONS**

- 9.1. 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 £8.8m in 2015/16 and is estimated to be £8.45m in 2016/17. The reduction reflects a lower caseload.
- 9.2. Funding for the council tax support scheme was originally provided through Revenue Support Grant (RSG) from the Government. Government funding was cut by £8.1m (14.1%) in 2016/17 and cuts are expected to continue until 2020/21.
- 9.3. Implications verified/completed by: (Andrew Lord, Head of Strategic Planning and Monitoring, Ext 2531).

## **10. IMPLICATIONS FOR BUSINESS**

- 10.1. None

## **11. OTHER IMPLICATION PARAGRAPHS**

- 11.1. None

## **12. BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

None.

## **LIST OF APPENDICES:**

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| Appendix 1 | List of exemptions for restricting temporary absence outside of GB to 4 weeks |
| Appendix 2 | Consultation response   |
| Appendix 3 | Equalities Impact Assessment  |