


<p align="center"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p align="center"><b>CABINET</b></p> <p align="center"><b>15 JANUARY 2018</b></p>		
<p><b>LONDON BOROUGH OF HAMMERSMITH AND FULHAM'S COUNCIL TAX SUPPORT SCHEME 2018/19</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 review and comment</b>  <b>Key Decision: Yes</b></p>		
<p><b>Consultation:</b>  <i>Finance, legal and ICM</i></p>		
<p><b>Wards Affected:</b>  All</p>		
<p><b>Accountable Director: Belinda Black – Director of Resident and Business Satisfaction</b></p>		
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## 1. EXECUTIVE SUMMARY

- 1.1. Since 2013, the council has been required to set its own scheme on how it wants to help those on low income pay their council tax.
- 1.2. Despite a cut in funding, the council has always wanted to ensure that residents are no worse off than they would have been had the original council tax benefit regulations stayed in place. This is contrary to many authorities who have decided to levy a charge against their poorest residents.
- 1.3. The funding was originally 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 run the scheme as much as possible as though the previous regulations were in place

- 1.5. Since our scheme was first introduced, Universal Credit has been introduced and there have been changes to the housing benefit scheme which have meant that in previous years, the council have agreed minor changes.
- 1.6. This year, we do not need to make any changes so it is proposed that the scheme remains as was agreed last year with no further changes.
- 1.7. Agreement for the new scheme must be made by full council at the end of January 2018.

## **2. RECOMMENDATIONS**

- 2.1. That the council continues with its council tax support scheme with no changes from the current scheme.

## **3. REASONS FOR DECISION**

- 3.1. There have been no further changes to legacy benefits that need to be reflected in our scheme.
- 3.2. The reasons for keeping the scheme as though the previous benefit regulations were in place are the same as for the previous year. The authority believes that those on low incomes should not be disadvantaged due to a cut made by central government.
- 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 to the Valuation Tribunal.

## **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 2018 to March 2019.

## **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 of pension age and those on housing benefits. So this means incorporating any changes in those schemes into our CTS scheme.
- 4.6. When the scheme was first defined, Universal Credit was not in existence. The way that residents on Universal Credit are assessed was agreed in the 2016/17 scheme. We are not proposing any changes to this.

## **Cost of the scheme**

- 4.7. For the first year, the council received as a grant, what they would have spent in council tax benefit less 10%.
- 4.8. 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.
- 4.9. In general, our caseload is dropping, meaning Council Tax Support scheme is costing us less. However, the grant support from central government is also falling.
- 4.10. 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 their 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 forces 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. We have a duty to consult with affected parties regarding our scheme. Our consultation has always been minimal due to the fact that we have not substantially changed the scheme. (This approach has been previously endorsed by GLA).
- 6.2. This year, we consulted with residents from the start of September until 11<sup>th</sup> November.
- 6.3. Like all other years, the consultation was through CitizenSpace. As we received no responses in the first 4 weeks, we moved the URL on to the council tax support home page (something we have not done in previous years).
- 6.4. We have now had to close the consultation without receiving any responses. This is compared to 1 response last year.

## **7. EQUALITY IMPLICATIONS**

- 7.1. An EIA was carried out last year. As there are no changes this year, this EIA remains valid

## **8. LEGAL IMPLICATIONS**

- 8.1. The Council is required, each financial year, to consider whether to revise its Scheme or to replace it with another. The Council must make this decision no later than 31 January in the financial year preceding when the Scheme is to take effect.
- 8.2. The Council is also required to undertake consultation when reviewing their scheme and certain stakeholders are required to be informed and this has been dealt with in the body of the report.
- 8.3. The Council has the power to reduce council tax payable down to nil where they feel there is a need.
- 8.4. 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 £8.7m in 2016/17 and is estimated to be £8.2m in 2017/18. 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 £6.1m (20.7%) in 2017/18 and cuts are expected to continue until 2020/21.

9.3. Implications verified/completed by: (Danielle Wragg, Finance Business Partner Tel: 020 8753 4287).

## **10. IMPLICATIONS FOR BUSINESS**

10.1. No business implications

## **11. COMMERCIAL IMPLICATIONS**

11.1. No commercial implications

## **12. IT IMPLICATIONS**

12.1. No IT implications

## **13. OTHER IMPLICATION PARAGRAPHS**

1.1. None

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

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name and contact details of responsible officer</b>	<b>Department/ Location</b>
	None		

## **LIST OF APPENDICES**

*None*