

Report to the Leader of the Council

Subject: Relief for Council Taxpayers – Covid-19 Hardship Fund 2020/21

Date: 31 March 2020

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Wards Affected

All

Purpose

The purpose of this report is:

- 1) To seek approval for the Council's scheme of discretionary discounts to deliver relief to council taxpayers in the Borough of Gedling in accordance with the Council Tax, Covid-19 Hardship Fund 2020/21 guidance issued by the Government;
- 2) To establish by virement a Council Tax Discretionary Hardship Fund budget of £873,100 to be funded by Government Grant;
- 3) To delegate to the Director responsible for Revenues and Welfare Support Services the authority to determine applications for discretionary reduction in council tax under section 13A(1)(c) of the Local Government Finance Act 1992 in relation to the Council Tax, Covid-19 Hardship Fund discretionary discount scheme in the Borough of Gedling in line with the scheme outlined this report.

Key Decision

This is a key decision as it is likely to involve overall expenditure in excess of £500,000

Recommendations

To approve:

- (a) the Council's scheme of discretionary discounts to deliver relief to council tax payers in the Borough of Gedling as detailed in the report at paragraph 2.1 and devised in accordance with the Council Tax, Covid-19 Hardship Fund 2020/21 guidance issued by the Government;**
- (b) The establishment, by virement, of a Council Tax Discretionary Hardship Fund budget of £873,000 to be funded by Government Grant;**
- (c) The delegation to the Director responsible for Revenues and Welfare Support Services the authority to determine applications for discretionary reduction in council tax under section 13A(1)(c) of the Local Government Finance Act 1992 in relation to the Council Tax, Covid-19 Hardship Fund discretionary discount scheme in the Borough of Gedling in line with the scheme outlined in this report;**
- (d) That the scheme be reviewed on a monthly basis and an update on the progress be provided for consideration by the Leader and Deputy Leader of the Council.**

Background

- 1.1 As part of its response to Covid-19, the Government announced in the Budget on 11 March that it would provide local authorities in England with new hardship grant funding to support economically vulnerable people and households in their local area.
- 1.2 The Government's expectation is that the majority of the hardship grant funding will be used to provide council tax relief, alongside existing local council tax support schemes. The guidance issued to local authorities, attached at Appendix 1, outlines the underpinning principles for use of the fund and the expected eligibility criteria for delivery of the support package.
- 1.3 The Government recognises that Covid-19 is likely to cause fluctuations in household incomes and that, as a result, some individuals may struggle to meet council tax payments. Councils have already established their council tax reduction schemes for 2020/21 and Gedling's own scheme was approved by Council on 29 January 2020. The Government therefore expects that billing authorities will primarily use their grant allocation to reduce the council tax liability of individuals in their area using their discretionary powers

- 1.4 The Council has the discretion to reduce the council tax liability for individuals or prescribed groups as it thinks fit. This discretion is exercised in accordance with section 13A(1)(c) of the Local Government Finance Act 1992.
- 1.5 It is the Government's intention that any assistance provided from the council tax hardship fund will not affect the eligibility of recipients for other benefits.
- 1.6 The Government's strong expectation is that billing authorities will provide all recipients of working age council tax reduction support (CTRS) during the financial year 2020/21 with a further reduction in their annual bill of up to £150. Where a taxpayer's liability for 2020/21 after the application of CTRS is less than £150 then their liability would be reduced to nil. Where a taxpayer's liability for 2020/21 is nil, no reduction to the council tax bill will be available.
- 1.7 The Government recognises that existing support mechanisms vary locally, including CTRS schemes and hardship schemes, and that having allocated grant to reduce the council tax bill of working age CTRS recipients by £150, billing authorities should establish their own local approach to using any remaining grant to assist those in need. It is recommended that billing authorities review their local approach at intervals during the financial year, in order to ensure expenditure remains within the government grant allocation.
- 1.8 The granting of a reduction would meet the Council's priority in the Gedling Plan in relation to reducing poverty and inequality and providing support to the most vulnerable.

Proposal

- 2.1 The proposed scheme of discretionary discounts to deliver relief to council taxpayers in the Borough of Gedling developed in accordance with the principles outlined in the Council Tax, Covid-19 Hardship Fund 2020/21 guidance issued by the Government is as follows:

The Government's Minimum Expected Reduction:

- i. To provide all recipients of working age council tax reduction scheme (CTRS) support during the financial year 2020/21 with a further reduction in their annual council tax bill of up to £150. Where a taxpayer's liability for 2020/21 is, following the application of CTRS, less than £150, then their liability would be reduced to nil. Where a taxpayer's liability for 2020/21 is nil, no reduction to the council tax bill will be available.

Wider Local Support Scheme:

- ii. To provide those recipients of working age CTRS support whose annual liability exceeds £150 with a further reduction in their annual council tax bill of up to £150 i.e. bringing the maximum reduction in their council tax liability to £300 when taking (i) and (ii) together. Where a taxpayer's liability for 2020/21

is, following the application of CTRS, less than £300, then their liability would be reduced to nil.

- iii. Those recipients of working age CTRS support whose annual liability exceeds £300 who are experiencing financial difficulties as a result of Covid-19, will be considered on a case by case basis for additional hardship relief using the same process and criteria applied to decision making under the Council's existing Discretionary Housing and Hardship Fund Payments Policy.

The wider local support scheme will be subject of a monthly review to ensure that expenditure can be maintained within the government grant allocation.

2.2 It is proposed that the Leader approve the establishment, by virement, of a Council Tax Discretionary Hardship Fund budget of £873,000 to be funded by Government Grant

2.3 It is proposed that the Leader delegates to the Director responsible for Revenues and Welfare Support Services the authority to determine applications for discretionary reduction in council tax under section 13A(1)(c) of the Local Government Finance Act 1992 in relation to the Council Tax, Covid-19 Hardship Fund discretionary discount scheme in the Borough of Gedling in line with the scheme outlined in paragraph 2.1 above.

2.4 It is proposed that monthly reports are provided to the Leader and Deputy Leader to update them on the application of the scheme.

Alternative Options

3.1 There is a strong expectation from government that support is provided for council taxpayers with the proposal at 2.1 (i) to be implemented as a minimum. An alternative to the proposed wider local support scheme could be to adopt an alternative local support scheme outside of the council tax system. This may not benefit those experiencing immediate financial difficulties in paying their council tax liability which is the primary purpose of the grant funding.

3.2 An alternative to the proposal at paragraph 2.3 would be to report each application for local discretionary relief to the Portfolio Holder for Resources and Reputation for his determination. Currently this would mean that the Portfolio Holder would have to consider approximately 1000 cases. This would place an unnecessary burden on the Executive which is not considered necessary where there is criteria for eligibility and policies available for the determination of the reductions proposed at 2.1 above.

Financial Implications

4.1 The government has allocated grant funding to local authorities on the basis of their share of the national caseload of working age CTRS recipients. The grant allocation for Gedling is £873,093 and this will be used to fund the scheme detailed

at 2.1. The actual cost of the scheme will depend upon the number of eligible working age claimants that are in receipt of CTRS but whose liability has not been reduced to nil in accordance with the current approved CTRS scheme.

4.2 The cost of the Government's minimum expected reductions at 2.1 (i) will be accommodated within the grant funding allocation.

4.3 The Council currently has 1004 cases that are not on full CTRS that would be entitled to relief under the proposed scheme at 2.1 and the cost related to these cases can be accommodated within the grant funding allocation. However, the number of number of claims is increasing and therefore monitoring and review of the proposed Wider Local Support Scheme is recommended at regular intervals to ensure that expenditure can be maintained within the grant allocation.

Appendices

5.1 Appendix 1 – Council Tax, Covid-19 Hardship Fund 2020/21 – Local Authority Guidance

Background Papers

6.1 Discretionary Housing and Hardship Fund Payments Policy

Reasons for Recommendations

7.1 The Council is expected by Government to use its discretionary powers and provide council tax reliefs in line with the guidance it has published to be funded by the grant allocation provided.

7.2 The delegation is requested in order to ensure that no unnecessary burden is placed on the Executive but continued reporting to the Executive is facilitated through the recommendations.