

Report to the Leader of the Council

Subject: Relief for Council Taxpayers – Covid-19 Hardship Fund 2021/22

Date: 20 October 2021

Author: Director of Corporate Resources and S151 Officer

Wards Affected

All

Purpose

The purpose of this report is:

- 1) To seek approval for a 2021/22 scheme of discretionary discounts to deliver relief to council taxpayers in the Borough of Gedling devised with reference to 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 £112,000 to be funded by a contribution from the related Earmarked Government Grant Reserve;
- 3) To delegate to the Director responsible for Housing 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 be significant in terms of its effect on communities living or working in an area comprising two or more wards of the Borough.

Recommendations

To approve:

- (a) the Council's 2021/22 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 with reference to 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 £112,000 to be funded by a contribution from the Earmarked Government Grant Reserve;**
- (c) The delegation to the Director responsible for Housing 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.**

Background

- 1.1 During 2020/21, as part of its response to Covid-19, the Government provided 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 2020/21 support package.
- 1.3 The Government recognised that Covid-19 was likely to cause fluctuations in household incomes and that, as a result, some individuals may struggle to meet council tax payments. Councils had already established their council tax reduction schemes for 2020/21 and the Government therefore expected 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 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.
- 1.5 The Government's strong expectation was that billing authorities 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. The Government recognised 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.

- 1.6 The grant funding allocated to Gedling Borough Council in 2020/21 was £873,000. During the 2020/21 financial year the Leader authorised the Council's 2020/21 scheme of discretionary discounts to deliver relief to council tax payers which provided financial support in the form of a reduction in the annual council tax bill for all recipients of working age CTRS of up to £450. Where a taxpayer's liability for 2020/21 after the application of CTRS was less than £450 then their liability was reduced to nil. Where a taxpayer's liability for 2020/21 was nil, no reduction to the council tax bill was available.
- 1.7 The total value of council tax reliefs provided under the 2020/21 scheme was £761,000 leaving £112,000 available for a similar council tax relief scheme to be provided in 2021/22.
- 1.8 The granting of a reduction meets 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 2021/22 scheme of discretionary discounts to deliver relief to council taxpayers in the Borough of Gedling, devised with reference to the principles outlined in the Council Tax, Covid-19 Hardship Fund 2020/21 guidance issued by the Government is as follows:
 - i. To provide all recipients of working age council tax reduction scheme (CTRS) support during the financial year 2021/22 with a reduction in their annual council tax bill of up to £50. Where a taxpayer's liability for 2021/22 is, following the application of CTRS, less than £50, then their liability would be reduced to nil. Where a taxpayer's liability for 2021/22 is nil, no reduction to the council tax bill will be available.
 - ii. Those recipients of working age CTRS support whose annual liability exceeds £50 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 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 £112,000 to be funded by a contribution from the related Earmarked Government Grant Reserve.

2.3 It is proposed that the Leader delegates to the Director responsible for Housing 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.

Alternative Options

3.1 There is a strong expectation from government that support is provided for council taxpayers by a reduction in the council tax bill. An alternative to the proposed 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 1700 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 of £873,000 was received during 2020/21 and £761,000 was allocated to reduce council tax bills during 2020/21, leaving £112,000 available to provide council tax relief in 2021/22. The actual cost of the 2021/22 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 remaining grant funding allocation.

4.3 The Council currently has 1692 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 scheme is recommended at regular intervals to ensure that expenditure can be maintained within the grant allocation.

Legal Implications

5.1 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.

Equalities Implications

6.1 None arising directly from this report. The proposed council tax relief will be provided in line with the Council's approved CTRS scheme and existing Discretionary Housing and Hardship Fund Payments Policy which have equalities requirements embedded within them.

Carbon Reduction/ Environmental Sustainability Implications

7.1 None arising directly from this report.

Appendices

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

Background Papers

9.1 Discretionary Housing and Hardship Fund Payments Policy

Reasons for Recommendations

10.1 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.

10.2 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.

Statutory Officer approval

Drafted by the Chief Financial Officer:
Date: 20 October 2021

Approved by the Monitoring Officer
Date: 20 October 2021