

CABINET

COVID-19 - COUNCIL TAX HARDSHIP FUND 2020-21

Individual Cabinet Member Decision (Councillor Erica Lewis)

Report of Head of Shared Service

PURPOSE OF REPORT				
<p>As part of its response to COVID-19, the Government has provided local authorities in England with £500 million of new grant funding to support economically vulnerable people and households in their local area.</p> <p>Lancaster City Council has received £1.425m in hardship funding and the Government has provided guidance on how it should be spent. The expectation is that the hardship fund will be used to provide a further reduction in council tax bills of a minimum £150, for working age people in 2020-21, alongside the existing Localised Council Tax Support ("LCTS") scheme.</p> <p>This report sets out the options for using the fund and seeks Cabinet Member approval of targeted spending plans.</p>				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral from Cabinet Member
				X
Date Included in Decision Notice		28 May 2020		
This report is public				

Recommendations

- (1) That the Cabinet Member determines a spending plan for this Covid-19 Council Tax Hardship Fund (Option 1 or Option 2).
- (2) That, in the event that Option 1 or Option 2 is approved, the residual balance of funds is placed in a reserve for future consideration by Cabinet (Option 3).

1. Introduction

- 1.1 The Government recognises that COVID-19 is likely to cause fluctuations in household incomes and recognises that, as a result, some individuals may struggle to meet council tax payments.
- 1.2 The Council has already established its LCTS scheme for 2020-21 and as such, the Government expects that it will primarily use its grant allocation to reduce the

council tax liability of working age individuals in the area in receipt of LCTS by a minimum £150, using discretionary powers under s13A(1)(c) of the Local Government Finance Act 1992. If the bill payer is due to pay less than £150 (or other amount granted) the remaining balance will be reduced to zero.

- 1.3 Lancaster remains one of the few billing authorities to offer 100% support to working age residents and therefore expenditure in meeting this Government priority will be dramatically reduced, leaving greater spending power when considering options to use any remaining funding to deliver increased financial assistance (eg. £300 support to working age LCTS recipients), or through other local support mechanisms, having considered local circumstances.
- 1.4 These additional measures are considered at a time when the number of LCTS claimants is rising, as residents face new financial challenges as a result of the ongoing coronavirus pandemic. From April onwards the number of Council Tax Support Scheme claimants in Lancaster has increased by over 220 households – with the majority of all new claimants being working age households.
- 1.5 The Council has a limited Exceptional Hardship Payment Fund (EHP) of £40k, built into the LCTS scheme to protect those suffering exceptional hardship. This initiative is financially supported by a contribution from the major precepting authorities, although given that 100% support levels have been maintained, historically demand to this fund has been low.
- 1.6 Unfortunately, the software provider has struggled with developing a solution to meet government expectations in relation to additional funding. The software is built around a framework of reclaiming support, should the claimant relocate, or perhaps obtain employment. However, under this new government guidance it's made clear that any additional support granted, should not be reclaimed during the year and this principle is proving difficult to programme. Latest information suggests a working solution will be available by early June 2020.
- 1.7 There will be no need for households to apply for this additional support. It will be automatically posted to the council tax account, generating a new bill for each household. Additional support means that more households will have nothing to pay this financial year, whilst others will have their bill reduced by up to the level of support granted.
- 1.8 Responsibility for administering discretionary decisions rests with the Head of the Shared Services as per delegated powers. Under the Local Government Finance Act 1992, there is no right of appeal against the Council's use of discretionary powers. However, the Council will accept a customer's request for a re-determination of its decision to the Section 151 Officer for further consideration.

2. Proposal Details

- 2.1 Spending options are provided for Cabinet Member consideration.
- 2.2 Chosen options within the report will provide a framework when dealing with the distribution of funds, thus providing clarification and guidance to officers.

3. Details of Consultation

- 3.1 No formal consultation with the public has taken place on this issue, but it seems fair and equitable to have a framework in place for the distribution of funds.

4. Options and Options Analysis (including risk assessment)

In response to the Covid-19 pandemic the Government has allocated funds to local Councils to support residents financially. The allocation to Lancaster is £1.425m with the primary aim of helping working age residents in receipt of LCTS pay their Council Tax.

Option 1 – Pay £150 per household to working age LCTS recipients in line with Government Guidance.

The Governments expectation is that billing authorities will provide all recipients of working age LCTS during the financial year 2020-21, with a further reduction in their Council Tax bill of £150, using their discretionary powers outside of their formal LCTS scheme.

Initial estimates indicate that there are currently 6,664 working age claimants in receipt of LCTS of which 4,626 receive 100% support. This leaves 2,038 working age cases with a liability to pay, some of which owe less than £150. It would cost £279k to fund additional support of up to £150 to these cases, resulting in a further 310 households receiving 100% support.

Given a 10% increase in overall caseload (estimated 666 new cases) as a result of the Covid-19 pandemic, and assuming they don't qualify for 100% support, expenditure would increase by £100k, allowing each new claim the same additional support of £150.

Estimated Total Cost of Scheme = £379k

However, the Government recognises that existing support mechanisms vary locally, including LCTS schemes, discretionary council tax discount/hardship schemes and local welfare schemes. Having allocated grant to reduce the Council Tax bills of working age LCTS recipients by £150 (Option 1) it's left to billing authorities to establish their own local approach to using any remaining grant to assist those in need, as part of wider local support mechanisms.

In doing so, other options to consider include:

Option 2 – Contribute a higher level of support per household for those working age recipients whose bill exceeds £150 (eg. £300 per household).

The few Councils operating a 100% support scheme are likely to have the most available funds and are therefore considering raising support levels to those most in need. South Lakes DC as an example, are proposing to pay £300 per household to working age LCTS payers. If this level of support was considered for all working age LCTS households in Lancaster, initial costs to the Council would amount to £509k, including a further 665 households receiving 100% support.

Given a 10% increase in overall caseload (666 new cases) as a result of the Covid-19 pandemic, and assuming they don't qualify for 100% support, expenditure would increase by £200k, allowing each new LCTS household the same additional support of £300.

£300 contribution per household - Estimated Total Cost = £709k

Dependant on the option selected (Option 1 or Option 2 above) there will be a residual Hardship Fund underspend of either (approx. £1.046m having chosen to progress Option 1) or (approx. £716k having chosen to progress Option 2). In either case the residual funding creates the opportunity to consider other schemes offering additional support outside of the council tax system, including local welfare or other schemes.

Option 3 – Create a Discretionary Hardship Reserve Fund with the residual balance of funding.

This would allow Cabinet to further assess the economic impact of Covid-19 in coming months, given the possibility of a further surge in Council Tax Support claims and expected long-term impact on residents. At the same time it would allow the Council to develop the next phase of funding in consultation with partner organisations, and to consider the best mix of funding streams to support the council's vulnerable people work, given the current gap between new and growing need and government funding for that work.

Estimated Reserve = (£1.046m or £716k dependant on option choices)

5. Officer Preferred Option (and comments)

- 5.1 It is recommended that Cabinet Member approves Option 2 and Option 3, providing additional support to those working age households most in need, whilst creating a reserve for other spending plans throughout the financial year.
- 5.2 The pandemic has refocussed the Council's attention on the needs of the community and the way those needs, however simple, are serviced. It may eventually change the whole approach to customers in the future. It has also focussed attention on the co-ordinated approach to welfare and the schemes in place. In approving Option 3, the Council will be in a position to make informed decisions on a range of options throughout the financial year.

6. Conclusion

- 6.1 By applying preferred options the Council provides financial assistance in excess of government expectations and helps those most in need. At the same time Option 3 allows a time for reflection, both in terms of Covid-19 recovery and also where further investment may be best placed to achieve greatest benefit.

RELATIONSHIP TO POLICY FRAMEWORK

The report is in line with the Corporate Plan priority of meeting our responsibilities in Statutory Services and in relation to the Council's response to the current Covid-19 pandemic crisis.

CONCLUSION OF IMPACT ASSESSMENT
(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

The proposals for additional support apply equally across the authority, to all sections of the working age community. Pensioners are not part of this initiative as they benefit in other ways with the calculation for LCTS, having remained untouched by previous welfare initiatives.

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.

FINANCIAL IMPLICATIONS

Funding has been allocated to billing authorities on the basis of their share of the national caseload of working age LCTS recipients, using the most recently published data. The Council's allocation for this hardship fund stands at £1,424,987 and has been received, paid through a grant under Section 31 of the Local Government Act 2003.

SECTION 151 OFFICER'S COMMENTS

The S151 Officer has been consulted and comments are incorporated in the report.

LEGAL IMPLICATIONS

Government guidance suggests that Councils should expedite provision of support to individuals in their area, using existing policies and schemes to deliver assistance. It's also suggested that Council clearance processes should be kept as light touch as possible within the governance arrangements of each authority.

A blanket policy of refusal leaves the Council vulnerable to Government enforcement action and the risk of individual appeal to the Local Government Ombudsman, which could result in a charge of maladministration.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and comments are incorporated in the report.

BACKGROUND PAPERS

n/a

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Ref: HSS/NH/Revs