

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	01.03.2022
Title	Covid-19 Lancaster District Hardship Fund (Use of Residual Funds)		
Report of	Head of Shared Service		
Purpose of the Report			
<p>This report seeks Cabinet approval to spend residual funds (£347k) from the Council Tax Hardship Fund in line with the recommendations, setting up a new “Lancaster District Hardship Fund” to financially support residents who have found themselves vulnerable and in financial hardship during the pandemic.</p> <p>Details of the scheme can be found under Appendix A.</p>			
Key Decision (Y/N)			
	N	Date of Notice	
Exempt (Y/N)		N	

Report Summary

At the start of 2020/21 Lancaster City Council received £1.425m in hardship funding from Government with guidance on how it should be spent. As a result, for the financial year 2020/21 the Council provided a reduction in council tax bills of a maximum £300, aimed specifically for working age people, alongside the Localised Council Tax Support (“LCTS”) scheme.

Government made clear that Councils may wish to consider using any remaining grant allocation as part of wider local support mechanisms and as such the Leader of the Council took an executive decision in June 2020 that any residual funds be placed in a reserve for future consideration by Cabinet.

Recommendations of Councillor Whitehead (Cabinet Member for Finance and Resources)

- (1) That the residual balance of £347k from the Covid-19 Council Tax Hardship Reserve Fund be committed to assist residents in the district who have suffered hardship during the COVID-19 Pandemic and continue to struggle financially;
- (2) the Lancaster District Hardship Fund principles, as set out under **Appendix A** to the report be approved; and
- (3) spending to be in line with the Lancaster District Hardship Fund, with cost to be met from the Covid-19 Council Tax Hardship Reserve Fund, up to the value of £347k.

Relationship to Policy Framework

Scheme principles are in line with Council priorities, with the fund:

- helping to address health and income inequalities, food and fuel poverty, mental health and loneliness.

- focusing on early intervention (as it is proactive rather than reactive)
- assisting partnership working with residents and local organisations
- used innovatively to deal with the issues some of our residents are experiencing
- also providing good value for money through the buying power of the food poverty alliance

Conclusion of Impact Assessment(s), where applicable

Climate	Wellbeing & Social Value
Digital	Health & Safety
Equality	Community Safety

In setting up a “Lancaster District Hardship Fund” with residual funds, the Council will be in a position to make informed decisions and offer financial support to those vulnerable residents who have found themselves in a difficult position during the Covid-19 pandemic.

The proposals for additional support apply equally across the authority, to all sections of the community.

Details of Consultation

No formal consultation with the public has taken place, but informal discussions with partner organisations (e.g. CAB) and ongoing experience has helped shape the scheme.

Legal Implications

The Council Tax COVID-19 Hardship Fund 2020-21 – Local Authority Guidance issued by the Government in March 2020 states “Having allocated grant to reduce the council tax bill of working age LCTS recipients by a further £150, billing authorities should establish their own local approach to using any remaining grant to assist those in need.

In determining any broader approach to delivering support, authorities are best placed to reflect on the financial needs of their most vulnerable residents. In doing so, they may wish to consider using their remaining grant allocate as part of wider local support mechanisms”.

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.

The original payment scheme (£300 for working age CTS recipients during 2020/21) has naturally drawn to a close and spend to date amounts to of £1,028,000 which together with the £50k transfer to DHP funds, leaves a residual balance of £347k, to be diverted to the Lancaster District Hardship Fund.

This scheme will allow the Council to support vulnerable residents in various forms, at a time when they need it the most. There is no time limit on the spend and once the £347k funding has been utilised the scheme will close.

Other Resource or Risk Implications

There are no major resource implications for the Council arising from this report and the risk of any challenge in relation to the policy is considered small and manageable.

Section 151 Officer’s Comments

The S151 Officer has contributed to this report.

Monitoring Officer's Comments	
The Monitoring Officer has been consulted and has no further comments.	
Contact Officer	Adrian Robinson
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Links to Background Papers	
n/a	

1.0 Background

- 1.1 At an early stage the Government recognised that COVID-19 was likely to cause fluctuations in household income and recognised that, as a result, some individuals would struggle to meet their council tax payments.
- 1.2 Lancaster remains one of the few billing authorities to offer 100% support to working age residents and therefore expenditure in meeting this Government priority was reduced, leaving greater spending power for the Council to deliver increased financial assistance.
- 1.3 In excess of Government direction the Council used its grant allocation to reduce the council tax liability of working age individuals in the area who received LCTS during 2020/21 by a maximum £300, using discretionary powers under s13A(1)(c) of the Local Government Finance Act 1992. If the bill payer was due to pay less than £300 the remaining balance was reduced to zero.
- 1.4 Having met this Government priority, the Council used £50k to top up the Discretionary Housing Pot to assist families with large rent arrears, rather than them be evicted and placed in board and lodgings (hotel) with extortionate charges.
- 1.5 With remaining funds the Council now has an opportunity to deliver increased financial assistance to vulnerable residents as part of wider support mechanisms. This additional support is not restricted to those working age council tax payers receiving assistance through LCTS.
- 1.6 It is proposed that the Council introduces a "Lancaster District Hardship Fund" administered by the Customer Service's Team, to provide short term financial assistance for those suffering hardship and at the same time to address some of the reasons why people find themselves in financial hardship by way of preventative measures.
- 1.7 Whilst not an exhaustive list, funds will be used in the following ways:
 - to address council tax arrears, encouraging debtors to get back on track with payment towards current year liability
 - to provide assistance with debt resolution fees working in partnership with our local Citizens Advice.
 - to assist in the direct provision of food by providing financial support to those food banks and clubs that work closely with the Council
 - to provide essential Gas/Electricity/Utility assistance
 - to provide clothing allowance payments and other essential supplies as required
 - to provide essential household/white goods as required

- 1.8 As part of the scheme, funding can be passed onto others to support existing schemes that deliver the fund objectives. The Council will look to passport some funds to the Citizens Advice to recruit 2 full time debt workers for a 12-month period (estimated spend £80k) as well as passporting funds to the Food Poverty Alliance to support the food network in our area (estimated spend in excess of £100k). This will include extending the initiative of being able to offer 8-week free memberships.
- 1.9 Further details of the scheme are provided under **Appendix A** to this report.

2.0 Options and Options Analysis (including risk assessment)

- 2.1 In response to the Covid-19 pandemic the Government allocated funds to local Councils to support residents financially, initially with the primary aim of helping working age residents in receipt of LCTS pay their Council Tax. The Council has distributed funds in excess of Government expectations and is now free to support other projects with residual funds

2.2 Option 1 – Agree to the proposal as recommended

The scheme sets out a formal approach to distributing residual funds and follows a tried and tested path similar to arrangements put in place by Government in the form of its Household Support Fund this last financial year. The approach adopted seeks to maximise use of funds in an open and equitable way across a number of service areas, and therefore risks associated with any challenge are considered small and manageable.

2.3 Option 2 – Suggested amendments to scheme principles

Any amendments would need to have regard to Council priorities and government guidance, allowing extra time for re-consideration of an amended policy. The Household Support fund comes to an end on 31 March 2022 and it would be good to have a local scheme in place at the earliest opportunity to continue to offer support to those most in need.

2.4 Option 3 – Do nothing and return residual funds to the Government.

A blanket policy of returning funds to Government is not an option when residents in the district continue to struggle to pay their bills and finance household necessities.

3 OFFICER PREFERRED OPTION AND COMMENTS

- 3.1 The pandemic has refocussed the Council's attention on the needs of the community and the way those needs, however simple, are serviced. It is recommended that Option 1 be approved. The scheme enables a formal approach to decision making, with criteria in line with Council priorities, offering financial support to those most in need of help.

4 CONCLUSION

- 4.1 The proposals as set out are considered a good use of remaining funds, to achieve the greatest benefit for those suffering financial hardship.

LANCASTER CITY COUNCIL
LANCASTER DISTRICT HARDSHIP FUND

The scheme will be administered independently by the Customer Services Team and their newly set up team. Awards will be made on a discretionary basis. The intended focus of the scheme is both to provide short term financial assistance for those in hardship and also address some of the reasons why people find themselves in acute financial hardship and provide support to prevent this.

This list is not exhaustive but will be used in the following ways:

- address council tax arrears, encouraging debtors to get back on track with payment towards current year liability
- provide assistance with debt resolution fees working in partnership with our local Citizens Advice.
- assist in the direct provision of food by providing financial support to those food banks and clubs that work closely with the Council
- provide essential Gas/Electricity/Utility assistance
- provide clothing allowance payments and other essential supplies as required
- provide essential household/white goods as required

As part of the scheme, funding can be passed onto others to support existing schemes that deliver the fund objectives. Lancaster City Council will look to passport some funds to the Citizens Advice to recruit 2 full time debt workers for a 12-month period as well as passporting some funds to the Food Poverty Alliance to support the food network in our area. This will include extending the initiative of being able to offer 8-week free memberships.

SCHEME PRINCIPLES:

This scheme will be set up with the intention of addressing the underlying reasons why people are struggling financially, whether that be due to them not being on the correct benefits or having large overpayment recovery; to issues around other debts, addiction or needing general support to be able to budget effectively.

Citizens Advice will work with the resident to address these issues so that going forward they are in a better position to manage. Once they are engaging with the Citizens Advice they will refer the case back to the council for support around food, fuel, household appliances and other essentials.

The aim being that the Council will be able to support in the short term whilst the applicant is working with Citizens Advice to address the underlying issues, (within their control), to enable them to maintain a stable financial position.

How the scheme will work:

- Applicants can apply to the Lancaster District Hardship fund for additional support and awards will be determined on the individual merits of each case.

- Applications will be made online or over the phone. The Council will take the phone calls.
- The initial application will be dealt with by the Citizens Advice
- Once the applicant is engaging with the Citizens Advice, they will refer the case back to the council and we will support with food, fuel and other household essentials.
- The Customer Service Team may also visit the resident to confirm what support is needed.
- There will be no appeal rights against the Council's decision.
- The scheme will not be limited to those liable persons in receipt of Council Tax Support.
- Gas/Electricity/Utility assistance and clothing allowance payments would be made either via the Post Office pay out scheme or via bank transfer.
- Any support with food will be dealt with via the Food Poverty Alliance network.
- Any Council Tax awards to the liable person will be posted against council tax arrears, rather than be distributed as a cash alternative.
- Debt Relief Order payments and bankruptcy fees would be considered for customers who cannot afford this form of debt resolution.
- Clothing for babies and children to include school uniforms.
- Essential equipment/clothing needed for children to partake in activities that they would otherwise be excluded from due to cost. e.g. sports kits
- Essential furniture or household appliances will be provided through Curry's who will order, deliver and install new goods and specifically remove and dispose of old/faulty items. Any furniture or household appliances will become the property of the applicant.

Rent arrears / rent in advance and deposits for housing matters will only be considered if they fall outside the remit of the Discretionary Hardship Payment Scheme.

Records will be collated on a spreadsheet within Microsoft Teams – this will hold applicant details and also a cumulative total of spend. The scheme will end when the residual funds have been used.

Website information will be provided, and the scheme will be advertised. A new email address will be set up for application forms to be submitted.

Data will be collated periodically throughout the scheme to detail how many people have been supported.