

**South Lakeland District Council
Cabinet**

Wednesday, 20 May 2020

**Interim Council Tax Discretionary Relief Policy and
Temporary Council Tax: Covid-19 hardship fund 2020/21**

Portfolio:	Cllr Andrew Jarvis, Finance and Resources Portfolio Holder
Report from:	Helen Smith – Finance Lead Specialist (Section 151 Officer)
Report Author:	Helen Smith – Finance Lead Specialist (Section 151 Officer)
Wards:	All wards
Forward Plan:	Key Decision – Yes Exemption from Forward Plan requirements received. Budget and Policy Framework decision and emergency non executive decision will be required following Cabinet consideration.

1.0 Expected Outcome

- 1.1 That Cabinet approve the proposed Interim Council tax discretionary relief policy which looks to distribute the funding made available by the government but is not specific to Covid-19. That Cabinet endorses the Temporary Council tax: Covid-19 hardship fund 2020/21 attached to the report and which has been the subject of separate emergency decisions.
- 1.2 The Interim Council Tax Discretionary Relief Policy is a permanent Council Policy and will allow the granting of additional Council Tax support where hardship can be shown and supplements the Council's Council Tax Reduction Scheme approved in February 2020.

2.0 Recommendation

2.1 It is recommended that Cabinet:-

- (1) Recommend the Chief Executive approves the draft interim policy attached at Appendix 1 as an Emergency Non-Executive Decision;**
- (2) Authorise officers to commence consultation on the Interim Policy under the Councils' Budget and Policy framework for approval by Council on 30 June 2020;**
- (3) Authorises the Councils s151 officer in consultation with the Portfolio Holder for Finance and Resources to immediately process claims under the Interim Policy;**
- (4) That Cabinet requests the S151 officer explores the opportunity to consider a further welfare scheme in the event that there are monies available from the temporary Covid-19 funding available;**
- (5) That Cabinet endorse Appendix 2 to the report which was introduced as a temporary scheme with the Governments funding relating to the impact of Covid-19.**

3.0 Background and Proposals

- 3.1 As part of the measures of assistance in relation to Covid-19, the Government announced additional support to all those in receipt of council tax support. In order to speed up the changes to council tax bills, the government will provide s.31 grant to be distributed through Council's existing hardship funds. As in a number of other districts, South Lakeland District Council does not have an existing hardship policy so in order to apply the additional discount there is a need to agree a new policy.
- 3.2 South Lakeland District Council's share of the Council Tax hardship fund is £487,092 based on 2,255 working age caseloads at Q3 2019/20. The Government expects that the majority of this fund will be used to provide council tax relief alongside existing local council tax support schemes. In addition, it is expected that the Council may also want to use some of this funding to deliver increased financial assistance having considered local circumstances.
- 3.3 The Government's strong expectation is that billing authorities will provide all recipients of working age local council tax support ('LCTS') during the financial year 2020/21 with a further reduction in their annual council tax bill of at least £150, using their discretionary powers to reduce the liability of council tax payers outside of their formal LCTS scheme design. South Lakeland District Council's Emergency Non-Executive Decision 007 Council Tax Covid-19 Hardship Fund approved payments of up to £300 to recipients of the Council's Council Tax Reduction Scheme, as set out in Appendix 2. Software has now been received to enable the Council to award this funding and to issue revised bills with the reduction applied.
- 3.4 Having allocated grant to reduce the council tax bill of working age LCTS recipients, billing authorities are requested to establish their own local approach to using any remaining grant to assist those in need. Billing authorities are expected to want to revisit their broader approach at intervals during the financial year, in order to ensure expenditure for 2020/21 remains within their allocation. The Government states that, in determining any broader approach to delivering support, local 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 allocation as part of wider local support mechanisms. These may include, but are not restricted to:
- a) Council tax relief using existing discretionary discount/hardship policies (adapted where necessary in order to capture those most likely to be affected by Covid-19);
 - b) Additional support outside the council tax system through Local Welfare or similar schemes;
 - c) A higher level of council tax reduction for those working age LCTS recipients whose annual liability exceeds £150.

Local authorities are expected to use their discretionary powers under s13A(1)(c) section 47 of the Local Government Finance Act 1992.

- 3.5 South Lakeland District Council's existing discretionary council tax, the South Lakeland District Council Tax Reduction Scheme Exceptional Hardship Policy was approved in November 2015 and is now out of date. A replacement interim discretionary Council tax relief policy is attached at Appendix 1 to this report. This discretionary policy reflects those either approved or being considered elsewhere in Cumbria and gives delegation to officers to award support.
- 3.6 This policy supports, but is not part of, the Council's Council Tax Reduction Scheme which forms part of the Council's Budget and Policy framework and is subject to public consultation and consideration by Overview and Scrutiny. Due to the urgent need to give support as soon as possible it is not practical to carry out the usual

consultation period of “ideally be not less than 8 weeks but no longer than 12 weeks”. It is considered there are good reasons to implement the Interim policy and to carry out a consultation process for 4 weeks and to report all feedback to the next scheduled Cabinet meeting and Council meeting on the 30th June 2020. At this meeting the Council will be asked to approve the final policy. A report will be prepared for Council to consider on 30 June 2020 which will summarise all comments made by consultees and recommend approval of a final policy which reflect any comments received.

- 3.6 Having reviewed the current Council Tax Reduction Scheme (CTRS) caseload within South Lakeland there are 2,410 claims, of which 1,976 get the full 100% support. In total the current scheme reduces the Council tax payable by these 2,410 claimants by £2.745m from £3.013m to £0.267m for 2020/21. Modelling suggest that the approved payments of up to £300 per claim would cost £113k based on current claims and would therefore be affordable. However, it is unknown yet how many additional claims for CTRS will be received for 2020/21, all of whom will be eligible for the additional mandatory relief of up to £300. Therefore the amount of remaining funding to be allocated under the new discretionary policy will not be clear until March 2021. It is not practical to withhold consideration and award of relief under the discretionary policy until March 2021 but officers be mindful to awards made when considering applications.

4.0 Consultation

- 4.1 Corporate Management Team, Budget Holders and Portfolio Holders have been consulted in the preparation of this report.
- 4.2 All district Councils in Cumbria have considered the Government request and have reviewed their discretionary hardship schemes. Each Council has its own discretionary scheme for award of assistance towards council tax. The Chief Finance Officers of Cumbria County Council and Cumbria Police and Crime Commissioner have been included in discussions of the proposals and have not objected to the proposals as the full cost falls in the billing authority, not other preceptors.
- 4.3 As set out above, public consultation and review by Overview and Scrutiny Committee is not possible if the policy is to be awarded as soon as possible to alleviate hardship. It is proposed that the policy at Appendix 1 is approved as an interim policy while consultation is carried out with a final policy to be approved by Council at its next meeting on 30 June 2020.

5.0 Alternative Options

- 5.1 The scheme could be amended to increase, or reduce, discretion in making awards. This would vary the assistance to be awarded. The proposed scheme gives a balance between awarding additional relief and the cost of relief awarded.

6.0 Links to Council Priorities

- 6.1 This scheme contributes towards working across boundaries to deliver sustainable communities, creating balanced communities and reducing inequalities so no one is left behind.

7.0 Implications

Financial, Resources and Procurement

- 7.1.1 The reliefs will be granted under s13A(1)(c) of the Local Government Finance Act 1992. The amount of reduction to council tax liability awarded under this section will have to be funded by the billing authority General Fund, which will require a transfer

from the General Fund to the Collection Fund of such amounts to ensure it doesn't impact on the Collection Fund bottom line.

- 7.1.2 This decision is outside the Budget and Policy Framework that has been approved at Council on the 25/02/2020 but has no impact on the overall General Fund budget as the proposed expenditure should be covered by the £487,092 additional Government grant. The Government confirmed, in a letter from the Minister for Regional Growth and Local Government dated 20 April 2020 that the £500 million Council Tax Hardship Fund to support economically vulnerable people and households should be used to provide council tax relief to those in receipt of working-age local council tax support schemes, but also provides flexibility for councils to use some of the funding on their own discretionary support schemes, reflecting their local circumstances. Allocations were paid to billing authorities on 3 April. An Emergency Non-Executive Decision will be requested to approve a virement to establish a budget for the reliefs to be awarded, offset but the Government grant.

Human Resources

- 7.2.1 There are no additional Human Resources implications of the report.

Legal

- 7.3.1 The reliefs will be granted under s13A(1)(c) of the Local Government Finance Act 1992. The Council is seeking to introduce a permanent Council Tax Discretionary Relief Policy. It is advisable to carry out consultation on permanent Council policies. As outlined above the Council would normally do this over an 8 week period. This reflects good practice. However it is considered that the Council requires a policy to help those in most need as soon as is practicable and the Councils constitution provides that in ideal situations the period for consultation would be 8 weeks. The Council like many other Councils finds itself dealing with Covid-19 and residents who require help and support. It is proposed that following the approval by Cabinet that the Council will carry out a public consultation on the Council Tax Discretionary Relief Scheme for a period of 4 weeks and the outcome of the feedback from the public will be reported to the next Cabinet meeting in June 2020. The Cabinet will consider any comments made and make recommendations to adopt the policy as part of the Council's Budget and Policy Framework at its meeting on the 30th June 2020.
- 7.3.2 It is proposed that due to the pressing needs of residents that the Councils S151 officer is authorised to process applications and make payments pending the final approval by the Council in June 2020.
- 7.3.3 Appendix 2 of the Policy is a temporary Covid-19 Temporary Council tax: Covid-19 hardship fund 2020/21. This has been the subject of emergency Council decision making to ensure that the advice from the Government was implemented.
- 7.3.4 The Council is required to carry out meaningful consultation. The Council will ensure its best value duty and section 3(2) Local Government Act 1999 are adhered to. The Council will also ensure it pays due regard to its public sector equality duties.

Health, Social, Economic and Environmental

- 7.4 Have you completed a Health, Social, Economic and Environmental Impact Assessment? No
- 7.5 If you have not completed an Impact Assessment, please explain your reasons: the additional relief will apply to all CTRS recipients in the district. A full HSSA was prepared for the main review of the CTRS in February 2020 and can be found here: <https://democracy.southlakeland.gov.uk/ieListDocuments.aspx?CId=120&MId=4675&Ver=4>

Equality and Diversity

- 7.6 Have you completed an Equality Impact Analysis? The Council has used information within the CTRS scheme prepared in February 2020 for the purposes of this interim policy and this will be updated as the policy is finalised.
- 7.7 If you have not completed an Impact Assessment, please explain your reasons: A full EIA was prepared for the main review of the CTRS in February 2020 and can be found here:

Risk

Risk	Consequence	Controls required
Difficulty in accurately predicting the net reductions in awards over the financial year as the relief has to be awarded to all council tax payers awarded CTRS during 2020/21.	More relief may be awarded than the Government grant received	The discretionary relief policy restricts relief to be awarded under cash limited Government schemes to be curtailed when funding is exhausted. The amount of awarded relief will be monitored monthly.
The proposed policy is not correctly drafted in line with legislation.	The Council's Local Council Tax Reduction Scheme will not stand up to legal challenges and the scheme will fall into disrepute and legal costs would be incurred.	Seek appropriate advice to draft any changes effectively into the scheme.

Contact Officers

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Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Interim Council Tax Discretionary Relief Policy
2	Council tax: Covid-19 hardship fund 2020/21
3	Equality Impact Assessment

Background Documents Available

Name of Background document	Where it is available
Emergency Non-Executive Decision Council tax: Covid-19 hardship fund 2020/21	https://tinyurl.com/y8h8clbj
MHCLG: Council tax: Covid-19 hardship fund 2020 to 2021 - guidance	https://tinyurl.com/sf3ug2w

Name of Background document	Where it is available
SLDC Council Tax Reduction Scheme 2020/21	https://tinyurl.com/y74z8xwr

Tracking Information

Signed off by	Date sent
Legal Services	11/05/2020
Section 151 Officer	11/05/2020
Monitoring Officer	11/05/2020
CMT	06/05/2020

Circulated to	Date sent
Director	04/05/20
Human Resources Manager	N/A
Communications Team	N/A
Leader	N/A
Committee Chairman	N/A
Portfolio Holder	04/05/20
Ward Councillor(s)	N/A
Committee	N/A
Executive (Cabinet)	04/05/20
Council	30/06/20