

Public Document Pack

EMERGENCY DELEGATED NON EXECUTIVE DECISION

To the Chief Executive to take such action on behalf of the Council as appears to him/her necessary in circumstances that prevent obtaining the necessary authority from an appropriate committee following consultation with the Leader of the Council or the Chairman of the committee concerned. Where the Chief Executive is acting in an emergency and it involves spending outside any budgetary provision, then any expenditure must be reported to Full Council at the first available opportunity. (In accordance with Part 3 of the Councils Constitution 3. (B 1) (1.1) Scheme of Delegation to Officers specific delegation to the Chief Executive.)

South Lakeland District Council Emergency Non-Executive Decision Council tax: COVID-19 hardship fund 2020/21

Date: 29 April 2020	Reference: 007
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Reason for emergency

The Council is required to make this decision and implement it prior to the next scheduled Virtual Meeting of the Cabinet. There is an increasing pressure for the Council to support the most vulnerable at this difficult time.

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 policy under emergency delegations.

TYPE OF DECISION

Council Decision	
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Where the Chief Executive is acting in an emergency and it involves spending outside any budgetary provision, then any expenditure must be reported to Full Council at the first available opportunity. Committee Services will be keeping a record of these decisions.

Portfolio: Finance and Resources Portfolio Holder
Report from: Section 151 Officer
Report Author: Helen Smith – Finance Lead Specialist (Section 151 Officer)
Wards: All

1.0 Expected Outcome

- 1.1 The proposed policy looks to distribute the funding made available by the government and is specific to COVID 19. It will allow the grant of the additional discount of up to £150 announced by Government to be increased to up to £300 for those receiving council tax support. Where an individual has a bill of less than £300 it will effectively write-off the bill for

2020/21. The policy is only intended to distribute the specific funding received from the Government in line with the guidance.

2.0 Proposed Decision

2.1 It is recommended that the Chief Executive:-

- (1) approves the proposed Council tax: COVID-19 hardship fund 2020/21 as set out in Appendix 1; and**
- (2) delegates to the Finance Lead Specialist (Section 151 Officer) in consultation with the Finance and Resources Portfolio Holder to authorise any necessary updates to the fund to comply with any requirements that may be issued by Government or software providers.**

Review Date:	20 May 2020
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3.0 Background and Proposals

- 3.1 In the recent spring budget the Government announced the introduction of the Council Tax hardship fund to support economically vulnerable people and households in response to COVID-19. South Lakeland District Council's share of this fund is £487,092 based on 2,255 working age caseloads at Q3 2019/20.
- 3.2 The expectation is 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 £150, using their discretionary powers to reduce the liability of council tax payers outside of their formal LCTS scheme design. Where a taxpayer's liability for 2020/21 is, following the application of council tax support, 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. There should be no need for any recipient of LCTS to make a separate claim for a reduction under this scheme. The billing authority should assess who is eligible for support from the hardship fund and automatically rebill those council tax payers.
- 3.4 The Government is keen to ensure that support is provided as quickly as possible to individuals who are eligible. It therefore considers that there is a strong case for councils to provide the support up front to enable the maximum benefit to be delivered promptly. However, the Government recognises that in some cases authorities may consider that the most effective assistance could be profiled across the year.
- 3.5 Having allocated grant to reduce the council tax bill of working age LCTS recipients by a further £150, 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. 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 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.

- 3.6 South Lakeland's LCTS scheme for 2020/21, known locally as the Council Tax Reduction Scheme (CTRS) was approved by Council on 25 February 2020. This scheme offers support up to a maximum of 100%. As a result, the majority of cases within South Lakeland already receive full relief and will not receive further support under this scheme.
- 3.7 Having reviewed the current 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. If the Council were to apply the Government minimum of £150 per claim the cost, based on current claims, would be £61k. This cost will increase as additional claims are received during the financial year as the reduction is payable to all working age claimants over the financial year but is significantly below the £487,092 received. Modelling suggest that up to £300 per claim would cost £113k based on current claims and would therefore be affordable.
- 3.8 While this Government grant will assist with the costs of additional support to claimants, there is currently no Government support promised for the cost of the current SLDC scheme if there are a significant number of additional claims. The current cost of £2.745m of working-age claims is split between Cumbria County Council, Cumbria Police, SLDC and parishes based on their relative share of Council tax:

	Band D Council Taxes £	Share of Council Tax Reduction Scheme cost £
South Lakeland District Council	199.54	281,753
Average Parish Council	39.05	55,139
Cumbria County Council	1,440.56	2,034,089
Cumbria Police & Crime Commissioner	265.59	375,017
Total Average Council Tax	1,944.74	2,745,998

Government have asked all local authorities to estimate the costs of response to Covid-19: this potential cost will be included in the figures from SLDC.

- 3.8 The decision on grounds of emergency will enable the funding to be immediately effective in accordance with the expectations of Government and in ensuring that qualifying people and households are able to access the assistance they require at the earliest possible opportunity. A comprehensive council tax discretionary relief policy will be prepared for consideration by Cabinet on 20 May 2020.

4.0 Consultation

- 4.1 All district Councils in Cumbria have considered the Government request and consider an award of £300 is affordable. 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.

5.0 Alternative Options

- 5.1 The award could be reduced to £150, which is the Government minimum. This would reduce the amount of assistance to claimants within South Lakeland District and would leave more of the Government grant available to be awarded on a discretionary basis. Discretionary awards are likely to take longer to award once as scheme has been approved. Cabinet will consider a proposed discretionary scheme on 20 May 2020.

- 5.2 The award could be higher than £300. This would enable more assistance to be award immediately but would increase the probability that the amount award exceeds the Government grant received which would require additional budget and a reduction in spend elsewhere by the Council.

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 The reliefs will be granted under s13A(1)(c) section 47 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.
- 7.2 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.
- 7.3 A comprehensive council tax discretionary relief policy will be prepared for consideration by Cabinet on 20 May 2020.

Human Resources

- 7.4 There are no direct human resources implications of this report.

Legal

- 7.5 The reliefs will be granted under s13A(1)(c) section 47 of the Local Government Finance Act 1992.

Health, Social, Economic and Environmental

- 7.6 Have you completed an Health, Social, Economic and Environmental Impact Assessment?
No
- 7.7 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

- 7.8 Have you completed an Equality Impact Analysis? No
- 7.9 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 EIA 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>

Risk

Risk	Consequence	Controls required
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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 amount of relief awarded has been modelled based on caseload in early April 2020 and scenarios have been modelled for different levels of new claimants. The amount of relief will be monitored monthly.

Contact Officers

Helen Smith, Finance Lead Specialist, 01539 793147, h.smith@southlakeland.gov.uk

Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Council tax: COVID-19 hardship fund 2020/21

Background Documents Available

Name of Background document	Where it is available
MHCLG: Council tax: COVID-19 hardship fund 2020 to 2021 - guidance	https://www.gov.uk/government/publications/council-tax-covid-19-hardship-fund-2020-to-2021-guidance

Tracking Information

Signed off by	Date sent	Date Signed off
Section 151 Officer	23/4/2020	23/4/2020
Monitoring Officer	23/04/2020	23/04/2020
CMT Directors Director Strategy, Innovation and Resources Director of Customer and Locality Services	23/04/2020	24/04/2020

Approved by:	Signature and Date
Chief Executive	24/4/2020
In consultation with (Delete as appropriate)	
The Leader of the Council	23/4/2020
The Chairman of the Council	28/4/2020
The Finance and Resources Portfolio Holder	23/4/2020
The following interests were declared – disclosable pecuniary interest or other or none	-

South Lakeland District Council

Council tax: COVID-19 hardship fund 2020/21

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 £500m of new grant funding to support economically vulnerable people and households in their local area.

The expectation is that the majority of the hardship fund will be used to provide council tax relief, alongside existing local council tax support schemes.

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South Lakeland District Council has been allocated £487,092.

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. Councils are required to establish their local council tax support schemes for 2020/21 by 15 March 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 under s13A(1)(c) of the Local Government Finance Act 1992. Councils may also want to use some of the funding to deliver increased financial assistance through other local support mechanisms, having considered local circumstances.

South Lakeland District Council will maintain a record of grant expenditure under this scheme.

South Lakeland District Council 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 up to £300, using our discretionary powers to reduce the liability of council tax payers outside of their formal LCTS scheme design.

Where a taxpayer's liability for 2020/21 is, following the application of council tax support, less than £300, 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.

South Lakeland District Council do not require any recipient of LCTS to make a separate claim for a reduction under this scheme. We will identify who is eligible for support from the hardship fund and automatically rebill those council taxpayers.

Having allocated grant to reduce the council tax bill of working age LCTS recipients by a further £300, South Lakeland District Council will establish a local approach to using any remaining grant to assist those in need. These may include:

- 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); and
- 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 £300.