

**South Lakeland District Council**  
**Overview and Scrutiny Committee**  
**17 July 2020**  
**Council Tax Discretionary Relief Policy**

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<b>Portfolio:</b>	Cllr Andrew Jarvis, Finance and Resources Portfolio Holder
<b>Decision Maker:</b>	Cabinet
<b>Report Author:</b>	Helen Smith – Finance Lead Specialist (Section 151 Officer)
<b>Wards:</b>	All wards
<b>Forward Plan:</b>	Budget and Policy Framework Decision included in the Forward Plan as published on 26 May 2020

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**1.0 Expected Outcome**

- 1.1 Cabinet approved an Interim Council tax discretionary relief policy on 20 May 2020 to distribute the Council Tax hardship grant made available by the government but is not specific to Covid-19. Public consultation has been carried out on the proposed policy. This report considers the consultation response.
- 1.2 The 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 Proposed Decision**

**2.1 It is recommended that Overview and Scrutiny Committee:-**

- (1) Notes the actions to date to give additional support to Council Tax payers;**
- (2) Considers the proposed Council Tax Discretionary Relief Policy at Appendix 1; and**
- (3) Agree comments to be taken forward for consideration at the Cabinet meeting on 22 July 2020.**

**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. There have been delays in the receipt of software to enable the Council to award this funding and to issue revised bills with the reduction applied: an update on the current situation will be reported verbally to the Committee.
- 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 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". Cabinet on 20 May 2020 authorised the Finance Lead Specialist to issue hardship relief under the proposed policy on an interim basis where there was an urgent need. A consultation process for 4 weeks has been carried out and the results of the feedback will be reported to the next scheduled Cabinet meeting on 22<sup>nd</sup> July and Council meeting on the 28<sup>th</sup> July 2020. At this meeting the Council will be asked to approve the final policy.
- 3.7 One response to the consultation has been received on behalf of Age UK South Lakeland: they feel that consideration should be made as to a client's ability to resume paying their full Council Tax liability following the period of discount applied

for by the client and that an outline given by the applicant may be useful in terms of how they propose their situation would be financially different after that period of time, and evidence as to how they have budgeted for the full liability at that point in time. This comment is derived from concerns regarding clients becoming reliant on the reduction, and then struggling to re-budget for full liability. Whilst Age UK South Lakeland have not encountered any significant rise in clients experiencing difficulty paying their Council Tax during the Covid-19 crisis to date, the proposals to include other forms of crisis are welcomed. The discretion available via this scheme means that this should/will be fully inclusive for those sharing protected characteristics. Age UK South Lakeland would like to know more in regards to the proposed methods of making residents aware of this scheme, as older people are usually excluded from additions to websites/social media updates/emails. This would be a significant factor in ensuring that residents from protected characteristic groups are all given the same opportunities. These comments will be taken into account when applying the policy and in publicising the policy.

- 3.8 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.
- 3.9 The Government permits the use of some of the hardship to deliver support to mitigate the financial needs of their most vulnerable residents, including using any remaining grant allocation as part of wider local support mechanisms. It is proposed that Cabinet delegate the criteria and process for making any such payments to the Finance Lead Specialist after consultation with the Finance and Resouces Portfolio Holder and the Health, Wellbeing and Financial Resilience Portfolio Holder. This would supplement the COVID 19 grant scheme approved by Cabinet on 25 March 2020 with an allocated budget of £95,000 for those assisting with supporting the most vulnerable during this pandemic.

#### **4.0 Consultation**

- 4.1 Corporate Management Team, Budget Holders and Portfolio Holders have been consulted in the preparation of the proposed discretionary relief policy.
- 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 Public consultation has been carried out and this report forms a review by Overview and Scrutiny Committee. The final policy is to be considered for approval by Council at its next meeting on 28 July 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. Council on 30 June 2020 approved amendments to the 2020/21 Revenue Budget to establish a budget for the reliefs to be awarded, offset by 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 Council's 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. Following the approval by Cabinet on 20 May 2020 the Council carried 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 Overview and Scrutiny Committee and the Cabinet meeting in July 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 28<sup>th</sup> July 2020.
- 7.3.2 Due to the pressing needs of residents that the Council's S151 officer was authorised to process applications and make payments pending the final approval by the Council in July 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? Yes, attached as Appendix 3

### 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.	External advice has been sought on the proposed scheme.

### Contact Officers

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### Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Draft 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	<a href="https://tinyurl.com/y8h8clbj">https://tinyurl.com/y8h8clbj</a>
MHCLG: Council tax: Covid-19 hardship fund 2020 to 2021 - guidance	<a href="https://tinyurl.com/sf3uq2w">https://tinyurl.com/sf3uq2w</a>
SLDC Council Tax Reduction Scheme 2020/21	<a href="https://tinyurl.com/y74z8xwr">https://tinyurl.com/y74z8xwr</a>

## Tracking Information

Signed off by	Date sent	Date Signed off
Section 151 Officer	08/07/2020	Report from S151 Officer
Monitoring Officer	08/07/2020	09/07/20
CMT	08/07/2020	N/A

Circulated to	Date sent
Lead Specialist	N/A
Human Resources Lead Specialist	N/A
Communications Team	N/A
Leader	08/07/2020
Committee Chairman	N/A
Portfolio Holder	08/07/2020
Ward Councillor(s)	N/A
Committee	17/07/2020
Executive (Cabinet)	22/07/2020
Council	27/07/2020