



## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	23 NOVEMBER 2020	5
<b>COVID 19 COUNCIL TAX HARDSHIP FUND UPDATE</b>			

### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

### SUMMARY

One of the support measures from central government for residents as a result of the COVID 19 pandemic was the Council Tax COVID-19 Hardship Fund 2020/21. The government announced in the Budget on 11 March that it would provide local authorities in England with £500 million of new grant funding to support economically vulnerable people and households in their local area.

A delegated decision was made in respect to this fund on April 30<sup>th</sup> 2020 and an update was presented to the June meeting of the committee. This report provides an update on the current position for the discretionary award of £150 for any Working Age residents on the Council Tax Reduction Scheme (CTR).

### RECOMMENDATIONS

#### The Committee is recommended to:

1. Note the current position with regard to Working Age claims for Council Tax Reduction and the increase in the caseload since the start of the financial year; and
2. In the absence of further specific government funding for the scheme, to approve a fully funded revenue budget increase for 2020/21 to a maximum sum of £50,000 to permit the further award of grants of £150 for each Working Age Council Tax Reduction claim during 2020/21, to be met from the general central government Covid Support Grant, noting that Fylde Council allocations of the general grant to date are in the total sum of £1.151m.

### SUMMARY OF PREVIOUS DECISIONS

COVID 19 Council Tax Hardship Fund Report – 22nd June 2020

[Delegated Decision – April 30<sup>th</sup>](#)

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	✓

## REPORT

1. The Council Tax COVID-19 hardship fund 2020 to 2021 was announced in the Budget on 11 March to provide local authorities in England with £500m of new grant funding to support economically vulnerable people and households in their local area. The expectation was that most of the hardship fund will be used to provide council tax relief, alongside existing local council tax support schemes. This funding is distinct from the £5bn COVID-19 response fund to support public services. Councils had already established local council tax support schemes for 2020-21 and the government expected billing authorities to primarily use the grant allocation to reduce the council tax liability of individuals in the area, using discretionary powers under s13A(1)(c) of the Local Government Finance Act 1992.
2. Fylde received a grant allocation of £586,022 from the £500m scheme. An extract from the detailed guidance is shown below, explaining how the award should initially be used to support Council Taxpayers.

*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 taxpayers.*

*Whether or not a taxpayer has been affected by COVID-19, directly or indirectly, should not be taken into account in assessing eligibility for this reduction.*

3. Anyone eligible for the £150 mandatory relief at the time the grant was announced was notified that the award would be made and automatically credited to their account. If the balance on the account was less than £150 then the account would be adjusted to zero.
4. In addition to the expected £150 awards to claimants, in April this committee approved a discretionary scheme to support newly self-employed people, and subsequently in June resolved to pause the award of discretionary awards. Awards under the discretionary scheme total £4.5k.
5. There was the expectation that this grant was awarded to any Working Age claims during 2020/21. The allocation of funding was based on CTR caseload as at Q3 2019/20, when 2,713 claimants were in receipt of Council Tax Reduction. Working Age Council Tax Reduction caseload has seen a steady increase over the past few months although has been relatively static more recently:

	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20
<b>Working Age Caseload</b>	2,888	2,916	3,226	3,305	3,392	3,349	3,327

6. The cumulative total of awards of up to £150 made to date is now in excess of 3,900 meaning that together with the cost of the discretionary scheme the monies allocated from MCHLG have been exhausted towards the end October 2020. Whilst representation has been made to MCHLG to consider additional funding, no further support has been announced to date. With a number of months left in the financial year and an increase in Working Age Council Tax Reduction claims expected due to the ongoing impact of COVID-19 on the local economy, members are asked to consider whether additional grants of up to £150 should be made to any new claimants for the remainder of the financial year, along with those who have not received a grant since the funds were exhausted.

7. An assessment of the potential increase in claimants for the remainder of the year is difficult to quantify given current volatility due to the impacts of the pandemic. The government has recently announced the extension of the nationwide Coronavirus Job Retention Scheme (also known as the furlough scheme) which offers financial support to allow businesses to furlough staff in certain circumstances. It is thought that this may reduce the number of customers who might otherwise need to claim CTRS and hardship relief. The latest estimate based upon current known circumstances and caseload since the funding was exhausted is that perhaps 50 further claimants per month may qualify for CTRS for the 5 months from November 2020 to March 2021, giving a total of 250 for the remainder of the year. At £150 per award this would cost an additional £37,500. If members support the proposal to continue the scheme it is suggested that a contingency is added to account for any increase in caseload beyond that estimated and a budget allocation totalling **up to £50,000** be allocated for this purpose.
8. It should be recognised that as we move further through the financial year, as new accounts are created, there will be a reduced Council Tax liability for the remainder of the year. After Council Tax Reduction is then awarded this will reduce liability further so it is possible that amounts of less than £150 remain, meaning that any awards would be lower, reducing the cost to the Council.
9. In order to allow the Council Tax COVID-19 Hardship Fund to continue to operate for the remainder of the financial year and whilst representations for additional funding are continuing, the Committee is requested to approve the continuation of the scheme for 2020/21 with the necessary funding to a maximum sum of £50,000 being met from a portion of the general covid support grant, the total allocation of grant so far being in the sum of £1.151m for Fylde Council.

IMPLICATIONS	
Finance	Fylde Council was allocated £586k specific funding to operate the Covid 19 Council Tax Hardship Fund, as detailed in the report. Due to the volume of cases that become eligible under the scheme, that funding has been fully expended. The Committee are requested to approve the utilisation of a proportion of the general covid grant allocation to a maximum sum of £50,000 to allow the scheme to continue to operate for 2020/21 whilst representations to government for additional specific funding for the scheme are on-going.
Legal	None arising from this report
Community Safety	None arising from this report
Human Rights and Equalities	None arising from this report
Sustainability and Environmental Impact	None arising from this report
Health & Safety and Risk Management	None arising from this report

LEAD AUTHOR	CONTACT DETAILS	DATE
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BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Council Tax COVID-19 hardship fund 2020 to 2021	March 2020	<a href="https://www.gov.uk/government/publications/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</a>