

**Discretionary Council Tax Hardship Fund (Covid-19) Policy**

**1. Contacts**

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**2. Executive Summary**

This report is two-fold:

1. It seeks approval of a proposed Discretionary Council Tax Hardship Scheme. The proposed scheme alongside the existing Council Tax Reduction scheme aims to support Council Tax payers of the District who are financially vulnerable as a result of Covid-19.
2. The report also asks members to agree a second recommendation allowing a monthly review of the scheme and distribution of funding. This is because Covid-19 is a developing situation and the need and funding distribution requires ongoing monitoring throughout this financial year.

Members are asked to consider proposals to support residents experiencing financial hardship arising from Covid-19.

**3. Recommendation**

- 3.1 That Cabinet approve the proposed Discretionary Council Tax Hardship Fund Policy for 2020/2021.**
- 3.2 That Cabinet allow for monthly review of this policy with any changes being agreed by the Director of Housing & Communities following consultation with the Cabinet Member for Finance, Corporate Services, Revenues, Benefits & Customer Services.**

**4. Background**

As part of its response to Covid-19, the Government announced in the budget on the 11<sup>th</sup> March 2020 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. The Council's allocation of this funding was £699,209.

The Government's expectation is that the majority of this funding will be used to provide council tax relief, alongside existing council tax reduction schemes. Billing Authorities have been directed to provide all working age recipients of council tax reduction (CTR) with a further £150 for the 2020/21 financial year.

Having allocated the grant to reduce the council tax of working age CTR recipients billing authorities have the freedom to establish their own approach to using any remaining grant funding. This may include, but is not restricted to:

- Council tax relief using discretionary hardship policies, adapted where necessary in order to capture those most likely to be affected by Covid-19 and;
- Additional support outside the Council Tax system through welfare or similar schemes;
- A higher level of CTR for those working age council tax reduction recipients whose liability exceeds £150.00

The Council has allocated the funding of £150 to all working age recipients of CTR up to the 31<sup>st</sup> May 2020. The cost of this allocation to date is £151,232; Officers have drafted the Policy in appendix 2 of this report to determine how the residual funds are to be distributed. In drafting this Policy consideration has been given to how council tax payers of the District have been impacted by Covid-19 and how they may continue to be impacted for the remainder of the financial year.

## **5. Outcomes to be achieved**

- 5.1. That Cabinet approve the proposed Discretionary Council Tax Hardship Covid-19 Policy (DCTR) and that support is given to economically vulnerable people in the district.

## **6. Proposal**

- 6.1 Chichester has a CTR scheme that supports its residents on low incomes up to the full Council Tax liability. The initial support to working age CTR recipients used around 22% of the emergency grant funding. This leaves a significant proportion unspent that the Council has the freedom to use at its discretion.
- 6.2 The proposed policy in appendix 2 has been drafted to allow the council to broaden the support to other council tax payers that may be financially vulnerable as result of Covid-19. The policy defines three groups who have been identified as people whom may benefit from additional council tax support and defines the maximum award for each group. These groups are:
  - Group 1 – working age recipients of CTR who require more support than the £150 already applied. Support for this group is capped at £250. To clarify this group have already received £150 in the form of a Hardship Fund payment and if eligible will also receive an additional £100 credited to their Council Tax account.

- Group 2 – all CTR recipients who require additional support as a consequence of Covid-19. Support for this group is capped at £150. To clarify this group have not received a £150 Hardship Fund payment as they are not working age and if eligible will receive a maximum of £150 credited to their Council Tax account.
- Group 3 – Any council tax payer that is financially vulnerable as a consequence of Covid-19. Support for this group is capped at £150. To clarify this group have not received a £150 Hardship Fund payment as they are not in receipt of CTR. If eligible this group will receive a maximum of £150 credited to their Council Tax account.

- 6.3 The groups have been proposed with reference to estimated need, this was informed by sampling current CTR cases with arrears. Group 1 will have already received an automatic award of £150 and financial hardship did not need to be shown to receive this initial award. The proposed policy aims to extend support in this group to £250 however the additional £100 would only be paid where financial hardship is proven. Similarly the capped award for Group 2 was determined with reference to arrears, of the cases sampled there were two groups of customers, those with pre-existing arrears and those with more recent arrears. It is proposed that it was more appropriate to consider assisting people with arrears directly related to Covid-19 i.e. recent arrears. Capping the award at £150 seemed fair and reasonable given the level of automatic allocation in Group 1. This approach aids decision making as the Officer only needs to consider whether financial hardship has been shown, if it has then the maximum award amount is predetermined, this may also allow for a greater number of individuals to be supported. As in group 2 the capped award for group 3 was decided to be fair and reasonable and again aimed at maximising the support that could be provided to council tax payers with temporary disruptions to their income as a result of the pandemic.
- 6.4 The proposed policy is intended to work alongside the existing CTR reduction scheme including existing discretionary support. It is intended that CTR including discretion be considered first alongside any other discounts and reliefs already offered by the Council before making a discretionary award under the proposed scheme. This will ensure that grant funding distribution is maximised.
- 6.5 It is proposed that Officers proactively identify cases with potential eligibility offering support to those identified. The Council will also publicise scheme availability by encouraging those struggling financially to make contact to discuss potential options including CTR, discounts, instalment changes and this discretionary grant funding.
- 6.6 It is proposed that this policy be regularly reviewed. The intention of this is to ensure that the Council continues to offer support to those most in need. Unemployment is predicted to increase by 92% in 2020/21 remaining high until 2024 (source: Office of Budget Responsibility (OBS) May 2020, see background papers). The CTR caseload for working age claims has risen by 10% from January 2020 to May 2020. It is predicted that CTR caseload may increase in line with unemployment. It is anticipated this would be from July 2020 when the Government's PAYE furlough and the self-employed schemes introduced in response to Covid-19 begin to taper off. Regular review allows for adequate provision to be made for new working age recipients of CTR that require support and to redirect surplus grant funding to other welfare spending such as the additional cost of CTR or Discretionary Housing Payments as appropriate.

- 6.7 The overall cost of CTR is likely to increase in response to Covid-19; therefore the Council may decide to use some of this grant funding to support the increased cost of CTR to the Council. The CTR scheme 2020/21 determines that entitlement for claimants falling into Class F or those in receipt of Universal Credit (UC) is determined with reference to income bands. The Government increased the additional earnings disregard within UC in response to Covid-19. This change was mirrored in the Housing Benefit scheme and therefore the Council mirrored this with CTR as allowed by the CTR scheme rules. The increased cost of this (from initial award posting not ongoing costs) was £103,176 the Council's contribution would be 9% of this. This will continue to increase through the year however it is not separately identifiable and will just be included as an overall increase in cost of CTR.
- 6.8 Financial modelling estimates that the cost of DCTR to working age CTR claims, including those that are expected to be made up to 31st March 2021, will be £300,000. This is based on a 92% increase in unemployment. This accounts for around half of the grant funding; the remainder will be used for awards in groups 1, 2 & 3 on a case by case basis until the funds are exhausted. Any remaining grant funding at the end of the financial year will be used to support the additional cost of CTR for the Council, or to support other welfare spend such as Discretionary Housing Payments. This will be determined by regular review of spending in consultation with the Director of Housing & Communities, the Director of Corporate Services and the Cabinet Member for Finance, Corporate Services, Revenues, Benefits & Customer Services.

## **7. Alternatives that have been considered**

- 7.1 Automatically award greater than £150 to all working age CTR recipients that are eligible. This was modelled at £200, £250 and £300. As the software cannot be applied automatically for past awards it was decided that allowing additional awards on a case by case basis was more appropriate. Analysis of arrears also suggested that working age CTR recipients were not the only group vulnerable to financial difficulty as a result of Covid-19. Particularly as the Government's support via the furlough schemes appears to have allowed for some financial stability for this group.
- 7.2 Award the £150 to all working age CTR recipients up until the end of May 2020, making no provision to automatically award this support to new CTR claims made after this date. This was dismissed on the same basis as above changes to the furlough scheme due in July 2020 and its cessation in October 2020 could potentially increase CTR applications. These new applicants may benefit from the breathing space that the discretionary award may provide. Therefore making allowances for new applicants seemed a more reasonable approach.
- 7.3 Only allow discretionary support to CTR recipients. The groups were decided based on prediction of future need and with regard to arrears demonstrating financial vulnerability. Broadening the scope of support allows for more freedom to support those most at risk from financial vulnerability.
- 7.4 Capping the awards in each group, at either different amounts or no capped amount. The levels are proposed with reference to current arrears for those in receipt of CTR. From the accounts in arrears it was evident that there are two

groups of people, those with persistent arrears and those with more recent arrears. It was decided that those with recent arrears are the cases that would benefit from the support, as the intention is to assist those who are financially vulnerable as a consequence of Covid-19. Having a capped award for each group allows for more people to be supported and simplifies the decision making process.

- 7.5 Using discretionary grant funding to support other welfare schemes such as Discretionary Housing Payments. This was dismissed on the basis that at this stage the demand on the DHP scheme has not increased. The Policy allows for the position to be reviewed monthly allowing for the DHP scheme to be topped up by this grant funding should the need arise, within the scope of remaining funds.

## 8. Resource and legal implications

It is intended that the work be completed by existing Benefit assessment staff, they are familiar with discretionary relief assessment. The team have the appropriate software and have tested this to ensure that the proposed scheme can be delivered.

## 9. Consultation

Consultation has been limited to other service areas in the Council such as Housing who provide have direct contact with people affected by welfare support. Time constraints have not allowed for wider consultation as this is an emergency measure in response to Covid-19.

## 10. Community impact and corporate risks

The community will be impacted positively by this policy it allows the Revenues Department to deliver additional council tax support at its discretion, providing support to those identified as being financially vulnerable as a consequence of Covid-19.

## 11. Other Implications

	Yes	No
<b>Crime and Disorder</b>		No
<b>Climate Change and Biodiversity</b>		No
<b>Human Rights and Equality Impact.</b> The proposed policy considers financial vulnerability as a consequence of Covid-19. This can impact any bill payer regardless of ethnicity, gender, age and disability. The proposed policy supports people of working age in receipt of Council Tax Reduction more favourably than any other group this is in accordance with the funding intention, to support those who have had changes to their income as a result of Covid-19. This is more likely to be people of working age who have been made redundant, furloughed, had a reduction in hours or people whose incomes have been temporarily disrupted. This is mitigated by opening up the support to other groups within this proposed policy, including pension age applicants and all council tax payers. This	Yes	

considers financial vulnerability regardless of ethnicity, gender, disability and age. It is also intended that bill payers with arrears be targeted for support, again the process will be applied indiscriminately looking at arrears as a guide and using the availability of support as an opening to provide assistance under the scheme. This approach can have a positive impact on some groups as they may not have approached the Council for support previously. Particularly those with disability that impacts their mental health or ethnic groups not previously familiar with welfare support.		
<b>Safeguarding and Early Help</b> The proposed policy and the proactive approach in terms of targeting support described above enables vulnerable adults and children to be identified and referred for support as appropriate.	Yes	
<b>General Data Protection Regulations (GDPR)</b>		No
<b>Health and Wellbeing</b>		No

## 12. Appendices

11.2 Discretionary Council Tax Hardship Fund Policy 2020/21

## 13. Background papers

12.1 Council Tax Covid-19 Discretionary Funding Guidance

<https://www.gov.uk/government/publications/council-tax-covid-19-hardship-fund-2020-to-2021-guidance>

12.2 Council Tax Reduction Scheme Rules 2020/21

<https://www.gov.uk/government/publications/council-tax-covid-19-hardship-fund-2020-to-2021-guidance>

12.3 Council Tax Discretionary Reduction Scheme Policy

12.4 <https://obr.uk/coronavirus-analysis/>