



Urgent Key Decision
28 May 2020

**Report from the Strategic Director,
Customer and Digital Services**

Council Tax: 13A Hardship payments for 2020/21

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| Wards Affected: | All |
| Key or Non-Key Decision: | Key |
| Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act) | Open |
| No. of Appendices: | One: Appendix 1 Council Tax: COVID-19 hardship fund 2020-21 –Local Authority Guidance |
| Background Papers: | None |
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1.0 Purpose of the Report

- 1.1 In March 2020, The Government as part of its response to Covid-19 announced funding for billing authorities to provide hardship payment to working age recipients of the local council tax support (“LCTS”) scheme. The Ministry of Housing, Communities & Local Government published their guidance which sets out the hardship payment of £150 towards working age LCTS recipients. The Council has been provided with £3,948,577 grant to support economically vulnerable people and households within the borough. The expectation is that the majority of funds will be utilised to provide council tax relief to those in receipt of LCTS. This funding is distinct from the £5bn Covid-19 response to public services.

This report seeks approval to implement these payments in accordance with Government guidance stipulating that authorities are to make hardship payments using their powers under section 13A(1)(c) of the Local Government Finance Act 1992 (“1992 Act”).

- 1.2 This report sets out to:

- i. Provide information on the government funding to provide support to working age recipients of LCTS
- ii. Make recommendations on a proposed way forward

2.0 Recommendation(s)

- 2.1 That the Chief Executive exercises her urgency powers to agree to the amendment of the Council's s13A(1)(c) policy to allow implementation of the £150 payment as set out in the Government Guidance.
- 2.2 The Chief Executive notes the Director of Finance and Strategic Director of Customer and Digital Services in consultation with the Lead Member for Housing and Welfare Reform to implement the payments. by way of system adjustment
- 2.3 A further report will be presented to Cabinet to expand on the use of section 13A(1)(c) and other mechanisms to provide financial relief using the government funding provided to residents affected by the Covid-19 pandemic during 2020/21 from any surplus funds from the grant.

3.0 Detail

Government guidance and funding for 13A hardship payments

- 3.1 The Guidance in appendix 1 sets out the general guidance and funding available to billing authorities.
- 3.2 The requirement is to make a hardship payment of £150 to working age recipients of LCTS. Funding of £3.9m has been provided by government to do this. This payment will be made through the council tax system and a new bill will be issued showing the reduction.
- 3.3 This action is required urgently as many council taxpayers will still have outstanding liability following the hardship payment. It is therefore important that the council tax team can contact these residents urgently to make sure that their ongoing financial position is understood with the knowledge that an amount of Council Tax remains to be paid. Any delays in administering these payments will put further pressure on financially vulnerable people.
- 3.3 It should be noted that section 13A of the 1992 Act involves making a payment rather than writing off a debt or part of a debt. This is because a write-off is to remove or reduce an uncollectable debt and usually occurs when the Council Tax amount is uncollectable, e.g. deceased, bankrupt, vacated and forwarding address unknown, etc. However, a reduction under section 13A(1)(c) will normally be applicable where the taxpayer has a continuing liability for the property and there is a payment to reduce that liability.
- 3.4 Council Taxpayers of working age in receipt of Council Tax Support during the 2020/21 financial year will receive up to £150 as a hardship payment. Where the remaining liability is £150 or less only the remaining liability is paid. This will also apply to all new claims made for LCTS after 1 April 2020 until 31 March 2021.

- 3.5 Government guidance states if there is a surplus once the £150 payment is made, the billing authority may extend the support under this scheme in line with local needs. The Government funding is more than sufficient make the payments required by Government by approximately £2.6m. The Government guidance is that having allocated payments to reduce the council tax bill of working age LCTS recipients by £150, billing authorities should establish their own local approach to using any remaining grant to assist those most in need and to revisit this broader approach at intervals during the financial year, in order to ensure expenditure for 2020-21 remains within the allocation. In determining any broader approach to delivering support government advise that authorities are best placed to reflect on the financial needs of their most vulnerable residents and may for example:
- a) Extend council tax relief using existing discretionary discount/hardship policies (adapted where necessary in order to help those most likely to be affected by COVID-19); and
 - b) Provide additional support outside the council tax system through Local Welfare support or other financial support for residents impacted by Covid;
 - c) Grant a higher level of council tax reduction for those working age LCTS recipients whose annual liability exceeds £150.

The above list is an example and can include other measures.

- 3.6 The Council is in a fortunate position in that the structure of the existing LCTS scheme means the cost of the £150 hardship payment on the existing working age caseload will be approximately £1.3m. This leaves a surplus of £2.6m. That said, the amount spent is expected to increase as more residents are likely to apply for LCTS in the current Covid-19 climate. As a result, at this stage, it is recommended that the £150 hardship payment be approved and that a subsequent report on the wider issue of social inclusion and financial support for those affected by the pandemic is brought forward in report.

4.0 Financial Implications

- 4.1 The financial implications are set out throughout this report, however in summary funding of £3.9m has been provided by the Government. By accepting the recommendations in this report, c£1.3m of the funding will be immediately utilised, leaving an underspend of c£2.6m. A proportion of this will be utilised during the year as more residents may apply for LCTS.
- 4.2 The nature of the existing LCTS scheme means around 40% of working age recipients get a 100% reduction of their liability. A further options paper will be put forward to Cabinet to agree the use of the remaining funding

5.0 Legal Implications-

- 5.1 The Council Tax Covid-19 hardship fund 2020-2021 Local Authority Guidance sets out the grant provisions for those working age LCTS recipients. The Government expects the billing authority to use the grant allocation to reduce the council tax liability using the discretionary powers under s13A(1)(c) of the 1992 Act.

- 5.2 The Guidance stipulates the need to expedite the provision of support to individuals and “where council clearance processes are considered necessary to avoid delays, they should be kept as light touch as possible within the governance arrangements of each authority” para 8.
- 5.3 The Chief Executive may make a decision using urgency powers to approve the amended s13A(1)(c) policy to allow the payments of £150 for working age LCTS as set out in the Guidance.
- 5.4 Avoiding delays to financially vulnerable residents is a key factor in making this urgent decision. The underpinning principles in the Guidance is to put in place with expediency the necessary financial support to those people who are struggling to meet their Council Tax payments.
- 5.5 If the Council is seeking to utilise the surplus using the wider scope of the Guidance; for example to pay a higher level of tax reduction or additional support outside the council tax system then this should be set out in a policy document with the various options for Cabinet approval.

6.0 Equality Implications

- 6.1 The public sector equality duty requires public bodies to pay due regard to the need to:-
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010;
 - advance equality of opportunity between people who share a protected characteristic and those who do not;
 - foster good relations between people who share a protected characteristic and those who do not
- 6.2 The Equality Act 2010 and the Public Sector Equality Duty (outlined above) cover the following nine protected characteristics: age, disability, marriage and civil partnership, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 6.3 A new and revised LCTS scheme went live for those of working age on 1 April 2020. The scheme provides financial assistance for Council Tax payers who are financially vulnerable and require assistance to meet their Council Tax liability. LCTS for those of working age is calculated on the claimant's net CTAX liability after the granting of any other Council Tax discounts (e.g. Single Person Discount).

7.0 Consultation with Ward Members and Stakeholders

- 7.1 Schemes referred to in this report have come as part of the government's urgent response to the Covid-19 pandemic. As such there has been no consultation as guidance has been issued by the government on how this scheme should be operated, and the government expects local authorities to implement it using its section 13A powers. There will be a further report to

cabinet on how best to extend the scheme to ensure the surplus government funding is fully utilised.

8.0 Human Resources/Property Implications (if appropriate)

8.1 8.1 None

Report sign off:

PETER GADSDON

**STRATEGIC DIRECTOR
CUSTOMER AND DIGITAL
SERVICES**