

| Bath & North East Somerset Council | | |
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| DECISION MAKER: | Cllr Samuel, Cabinet Member for Resources | |
| MEETING/ DECISION DATE: | On 27 th April 2020 | EXECUTIVE FORWARD PLAN REFERENCE: |
| | | E 3206 |
| TITLE: | RULE 4 URGENT - Covid-19 Council Tax Hardship relief | |
| WARD: | All | |
| AN OPEN PUBLIC ITEM | | |
| List of attachments to this report: Covid 19 Council Tax Hardship relief policy COVID-19 hardship fund 2020-21 – Local Authority Guidance Council Tax Information Letter – 16 April 2020 | | |

1 THE ISSUE

- 1.1 Following the outbreak of Covid 19 and the advice of the UK Government on self-isolation and the temporary closure of Businesses and places of work, the Government have made available a £500m Hardship fund for Local Authorities, with the expectation that this will primarily be used to provide council tax relief under section 13A (1) (c) of the Local Government Finance Act 1992.
- 1.2 The Government has provided guidance on the minimum requirements which this additional fund should address and have stated that residual funds from each authority's allocation may be used to deliver increased financial assistance through other local funding mechanisms.

2 RECOMMENDATION

The Member is asked to;

- 2.1 Authorise officers to implement the minimum requirements expected by the Government which are to immediately reduce the council tax liability for all working age recipients of Local Council Tax Support during 2020/21 by the lower figure of their remaining liability for that year or £150.

3 THE REPORT

- 3.1 The government has set out guidance to Local Authorities to support them in using their allocations from the £500m hardship fund to deliver relief to council taxpayers in their areas. The minimum requirements which the government expects of each local authority are to apply a further reduction of the lower amount of the claimant's residual liability or £150.00 to all their recipients of working age local council tax support (LCTS) during the financial year 2020-21. The remainder of the grant funding for this exercise may be used to further assist residents in need with their council tax and may also be used as part of wider support mechanisms such as Local Welfare Provision.
- 3.2 There are currently 4,267 working age council tax support recipients who have received a council tax bill for 2020/21 with an amount to pay. These amounts vary between a few pounds and over £1,000. The estimated overall cost of providing these households with the lower amount of their residual liability or a reduction of £150 would be approximately £630,000.
- 3.3 The Guidance issued by the government on the minimum requirements expected of Local Authorities states that this amount should be given to all working age recipients of council tax support during 2020/21. It is highly likely that there will be a significant increase in the number of people who claim and are entitled to council tax support during 2020/21. In most cases, it is likely that the social distancing measures which have been introduced will only temporarily interrupt people's jobs and businesses, and further mitigation measures which have been introduced such as the Worker retention scheme and the Self-Employed Income Support scheme might lead to claims being made for a matter of months rather than the whole financial year, however the only requirement for entitlement to this additional reduction is that there is some entitlement to Council Tax Support over the course of the 2020/21 year. It is therefore very difficult to predict what the total cost of this additional reduction scheme will be, and whether it will remain within the council's grant allocation of £1,288,040.
- 3.4 For the reasons given in paragraph 3.3 it is prudent that the council retain a deal of flexibility on how and when it uses any projected residual funds from the grant allocation because there is such uncertainty about the number of claimants who will qualify for Council Tax Support in 2020/21.

4 STATUTORY CONSIDERATIONS

- 4.1 The guidance suggests that further reductions can be made above £150, and the scope of the assistance which may be given is wide and can incorporate support mechanisms outside of the council tax scheme, however the guidance suggests that Local Authorities might wish to revisit the use of the fund throughout 2020/21 as the needs of its population change. It is therefore considered prudent at this point to only implement the minimum requirement set out in the guidance document.

- 4.2 This decision is to be made under part 4C-Rule 4 of the council's constitution as an urgent decision. This matter is urgent because residents of Bath and North East Somerset have a current and ongoing liability to pay council tax and many are suffering from financial hardship caused by the economic impacts of the stay at home measures introduced to prevent the spread of Covid-19. The introduction of this relief will immediately reduce the financial burden of paying council tax for several thousand residents of working age in receipt of council tax support during 2020/21. In many cases it will reduce the amount to pay to nil. It is undesirable to prolong the hardship faced by residents and the council must therefore expedite the decision to enable reductions in council tax liability to take effect as soon as possible. This decision is outside the budget framework and but for the urgency a full council meeting would be required for this decision to be made, however currently it would be impractical to convene due to the stay at home measures in force. A full report will be made to the next available Council meeting explaining the decision, the reasons for it and why the decision was treated as a matter of urgency

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 The Council's allocation of the £500m hardship fund is £1,288,040.
- 5.2 The cost of providing a further reduction to the council's current caseload of working age council tax support customers is estimated to be approximately £630,000.
- 5.3 It is not known how many new claims for council tax support will be made in 2020/21, however initial findings are that the number of new claims received in March 2020 has increased to 884 from 185 received in February 2020. Most new claims to council tax support will be made by claimants who are also entitled to Universal Credit. The majority of these customers would receive a reduction in their bill of between 70% to 80% through council tax support, meaning that the residual liability in most cases is likely to be over £150. Officers estimate that the number of additional claimants who might qualify for council tax support and be eligible to receive the additional £150 reduction should not exceed 1,700. At these levels, it would require further use of the grant funding of up to £255,000 to cover the costs from potential new claimants. The actual number of additional claimants will need to be closely monitored as the year progresses.
- 5.4 It is anticipated that the software suppliers which the council uses to administer the Council Tax Support scheme will develop functionality to award the reduction automatically, and the government has also indicated that it will fully fund any additional new burdens costs incurred by the council. These costs may extend to refunding excess money paid by residents who subsequently claim and are entitled to the reduction.

6 RISK MANAGEMENT

- 6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance.

7 CLIMATE CHANGE

- 7.1 The reduction will be applied automatically without the customer having to complete a form or visit the council therefore this will help to minimise the impact of this decision on climate change.

8 OTHER OPTIONS CONSIDERED

- 8.1 Reductions of more than the government minimum £150 could be implemented, but due to the uncertainty of the number of new LCTS claimants and the overall cost of these measures, this could lead to an over commitment against the Council's grant allocation.

9 CONSULTATION

- 9.1 Cleared by Andy Rothery (Section 151 Officer and CFO), Maria Lucas (Monitoring Officer and Director of Legal Services), Cllr Paul Myers, PDS Chair

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| Contact person | Damian Peak 01225 396613 |
| Background papers | COVID-19 hardship fund 2020-21 – Local Authority Guidance Covid 19 Council Tax Hardship relief policy Council Tax Information Letter – 16 April 2020 |
| Please contact the report author if you need to access this report in an alternative format | |