
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 6
DATE OF MEETING:	29th APRIL 2021	CATEGORY: DELEGATED/
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN PARAGRAPH NO:
MEMBERS' CONTACT POINT:	ELIZABETH BARTON (01283 595779) elizabeth.barton@southderbyshire.gov.uk	DOC:
SUBJECT:	COUNCIL TAX HARDSHIP FUND & SECTION 13A POLICY 2021 - 2022	REF:
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 12

1.0 Recommendations

- 1.1 That the balance on the 2020/2021 Covid Hardship Fund of £99,093 is carried forward to the 2021/2022 financial year.
- 1.2 That £59,093 of the carry forward is used to support new claims from residents in 2021/2022, and that £40,000 is held back to support changes/new claims that date back to 2020/2021.
- 1.3 That the proposals to support residents in 2021/2022 using combined funds (totalling £145,002) through the variety of local Hardship measures as detailed in this report, are approved.
- 1.4 That the committee delegates authority to approve the Section 13A policy that provides the Council with the framework to make the awards/deliver the Council Tax reduction schemes detailed in this report to the Strategic Director (Corporate Resources).

2.0 Purpose of Report

- 2.1 To update the Committee on the Council's 2021/2022 Hardship Funding allocation. To update the Committee on the success of the Council's distribution of its 2020/2021 Hardship Funding allocation. To detail proposals for the use of residual Hardship Funding from 2020/2021 and new Hardship Funding for 2021/2022 to support a variety of schemes as detailed in this report.

3.0 Executive Summary

- 3.1 The Council was awarded £606,011 Hardship Funding by the Government to reduce the Council Tax Bills of working age people who claimed Council Tax Support in 2020/2021, in response to the COVID-19 pandemic.

- 3.2 The standard scheme required by Government was to reduce Council Tax bills for 2020/2021 by up to £150, however in South Derbyshire, members agreed to increase the level bills were reduced by up to £300.
- 3.3 So far in 2020/2021, the Council has distributed 83% of the 2020/2021 funding which has supported 2,462 households and reduced their Council Tax bills by up to £300. It has also reduced the level of debt recovery the Council has had to carry out to collect payments from any households that were not up to date on their payments. A balance of £102,282 remains from the 2020/2021 allocation.
- 3.4 The Government's allocation of Hardship Funding for 2021/2022 is less substantial at £82,720, and the Government has provided Councils with the freedom to decide how to best spend it to support their communities:
- Broadly, we expect that the funding will meet the additional costs associated with increases in local council tax support ('LCTS') caseloads in 2021-22. Decisions on local council tax support scheme design for 2021-22 will be for billing authorities to take as usual, in consultation with their major precepting authorities and the public. The funding is un-ringfenced and can be used to provide other support to vulnerable households, including through local welfare schemes.*
- 3.5 The Council is also free to determine how to best invest the remaining funds from 2020/2021's allocation.
- 3.6 Together the funds from this year (2021-2022) and last year's remaining funds total £181,813.
- 3.7 This report details proposals to invest these funds in 2021/2022 to best support the South Derbyshire community.

4.0 Detail

- 4.1 The following schemes are proposed to allocate the Hardship Funding available to best support residents on low incomes in 2021/2022:

Allocate monies to support new cases that extend back into 2020-2021

- 4.2 Often customers are not aware that they could have claimed Local Council Tax Support (LCTS), particularly if they are experiencing financial difficulties for the first time in their working lives, which many residents are due to the impact of COVID. As such it can take some claimants some time to come forward to ask for support. Because of this, it is proposed the Council allocates a sum of funding to allow for new claimants and changes to existing cases that became eligible in 2020/2021 to be processed this year. It is recommended that £40,000 is allocated to support this.

Apply a local £50 Hardship reduction to all working age claimants of Local Council Tax Support for 2021-2022

- 4.3 Based on the current caseload of 1,656, applying a £50 Hardship reduction to all working age claimants of Local Council Tax Support (LCTS) would cost approximately £81,000. To allow for a growth in cases, modelled on the growth in case load in 2020-2021, a further £32,000 would need to be allocated to support new cases. This would bring the required budget to £112,948.

4.4 This proposal recognises that working age people are most likely to have been affected by COVID-19 financially, whether through reduced salary via the furlough scheme, or via job losses or reduced hours.

Reduce the Council Tax bill to zero for those expected to pay 8.5%

4.5 In 2013 when the local Council Tax Reduction Scheme (LCTS) was introduced, working-age people who were not protected from the changes, were expected to pay a minimum of 8.5% towards their Council Tax bill (around £103 per year for two adults in a band A property).

4.5 At 1 March 2021 there were 376 households who were expected to contribute the minimum of 8.5% towards their bill, from their Income Support/Employment and Support Allowance/Jobseekers Allowance. This number, by nature of the cases, does not vary by more than 5%.

4.6 Although these households would benefit from the £50 blanket reduction, this measure would further reduce their bill to £0.

4.7 As well as improving these people's financial situation, it would also save the Council significant time and money chasing very small council tax payments that are often worth less than the cost of recovery.

4.8 This would cost £23,592 (based on the caseload at 12 March 2021).

4.9 This proposal also recognises that working age people are most likely to have been affected by COVID-19 financially, whether through reduced salary via the furlough scheme, or via job losses or reduced hours.

Award adhoc payments

4.9 For the remaining budget of around £5,273 it is proposed that the Section 13A policy for 2021/2022 retains the flexibility for officers to make an ad-hoc reduction to assist customers who cannot pay due to severe financial hardship, not limited to those receiving Council Tax Reduction.

4.10 If the carry forward budget of £40,000 for 2020/2021 cases is not required, and if the 2021/2022 caseload does not grow as forecast, additional monies could be put toward the ad hoc awards later in the year.

5.0 Financial Implications

Proposed costs

Proposals	Maximum cost (with growth in cases)
Available budget	£181,813
Carry forward for 2020-2021 cases	£40,000
Award a £50 blanket reduction	£112,948
Remove 8.5% baseline reduction	£23,592
Ad hoc reductions for those in financial hardship	£5,273
Remaining balance	£0

6.0 Corporate Implications

6.1 None.

7.0. Community Implications

7.1 Working age recipients of Local Council Tax Support will be positively supported via this scheme, and any financial difficulties they are facing, potentially as a result of COVID, will be reduced as a result.

8.0 Conclusions

8.1 None.

9.0 Background Papers

9.1 None.