

# Hastings Borough Council

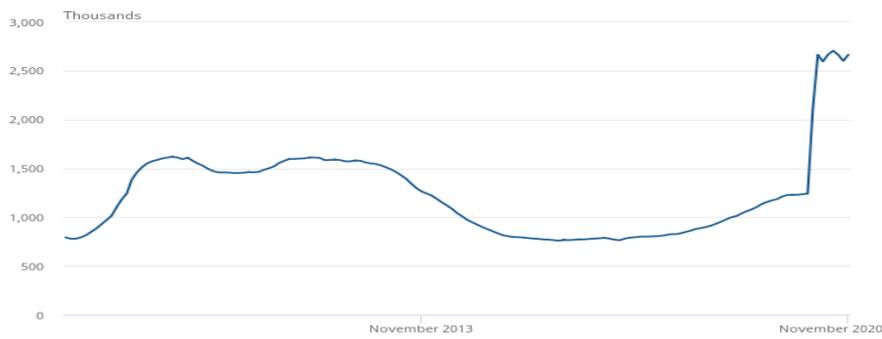
## Council Tax - Discretionary Hardship (Covid-19) Policy 2020/2021

### Background

1. The government announced in their budget in March 2020 that they would be making additional money available to local authorities (£500m) to support economically vulnerable people and households. All billing authorities were directed to reduce automatically the Council tax bills for every working age person already receiving Council Tax reduction support by £150 for 2020/21 or reduced to zero if the balance payable for the year was lower than the £150. In addition, all new Local Council Tax Support (LCTS) claimants of working age who were eligible would also receive £150 for 2020-21 subject to funding being available.
2. From the £500m, the Council received £1,281,991 – based upon the share of national working age caseload. The expectation from government is that the majority of this hardship funding will be used to provide Council Tax relief in conjunction with existing Council Tax reduction schemes.
3. Beyond the £150 reduction for recipients of working age LCTS schemes, the guidance makes clear that councils will have discretion on how to make the most effective use of the funding that has been allocated to them. However, the money has had to be available for those that apply throughout the year too. The expectation from Ministers was that councils would want to make the support available as rapidly as possible to eligible households, front-loading support as appropriate.
4. The total cost of the LCTS scheme was estimated at some £10.7m for 2020/21 with some 9,440 claimants in total. The announcement in the budget necessitated the Revenues team recalculating the Council Tax bills for all those of working age receiving LCTS and rebilling them. As at 1 April 2020 there were 5,977 working age recipients of LCTS of which 4,610 were already receiving 100% support. This led to some 1,367 being credited with £150 or less and being rebilled. The total grant used as a result was £170,000.
5. With unemployment rising and claimant count having increased by 114% between March 2020 and November 2020, the number of people claiming LCTS would also have been expected to increase.

Figure 5: UK Claimant Count level has increased by 114.8% since March 2020

UK Claimant Count, seasonally adjusted, between January 2008 and November 2020



Source: Department for Work and Pensions

6. The above graph shows the 114% increase in claimant numbers but for Hastings, as with other local authorities the LCTS claimant count has not increased by such a margin. As at 31 December the working age numbers have increased to just 6063 (from 5977 at 1 April 2020). This could be due in part due to the support of the furlough scheme and also the support to the self-employed. The extension of the furlough scheme, that was previously due to end in July and then November, until the end of March 2021 has no doubt had a big impact. Once these schemes end there could be a lot more claimants and for a number of years. As of 31 December 2020, some 2,680 working age claimants have received a discount at a total cost for the year of £316,000.
7. It was stated in the government guidance that:  
  
“it is the Government’s intention that any assistance provided from the council tax hardship fund will not affect the eligibility of recipients for other benefits.”  
  
This is important consideration in identifying options for the remaining balances.
8. The guidance identified options that Council’s may wish to consider using for any remaining grant allocation. These include, but are not restricted to:
  - a) Council tax relief using existing discretionary discount/hardship policies (adapted where necessary in order to capture those most likely to be affected by COVID-19).
  - b) Additional support outside the council tax system through Local Welfare or similar schemes.
  - c) A higher level of council tax reduction for those working age LCTS recipients whose annual liability exceeds £150.

## Expansion of the Scheme

9. A number of options have been considered that are capable of being implemented and accounts credited within the time that remains this year.

These are

1. Working age claimants already in receipt of LCTS – increase the £150 to £500
  2. Include Pensioners already in receipt of LCTS – up to £500
  3. Include other LCTS claimants with outstanding balances – up to £500
  4. Should there be balances available close to the year-end authority be given to the Chief Finance Officer to amend the scheme further to credit accounts for those receiving LCTS and that have debts outstanding or to use in respect of Discretionary Hardship Payments should there be a need to do so.
10. The expansion of the scheme, to include options 1 - 3 above could cost between £270,000 and an additional £716,000 (estimated) on top of the £324,990 incurred to date, which could leave a balance of some £240,000 to cover the remainder of the 2020/21 year. With the additional amounts payable the balance remaining may be reduced substantially, and the government may allow any small balances to be rolled forward.
11. The table below show a summary of the calculations, which is considered to be the maximum that would be payable and is more likely to be nearer £300,000 once the necessary bespoke software reports are compiled.

|  |              |                                |
|--|--------------|--------------------------------|
| £150 hardship for WA only, apportioning award in line with CTR period (ie. amount already awarded)   | £317,717.49  |                                |
| <i>Additional projections do not apportion the hardship award in line with CTR periods</i>   |              |                                |
| <i>Additional projections are based only on accounts which have CTR linked to them and have an outstanding balance of council tax owing</i>                                |              |                                |
| <i>Calculations are as at 1st February 2021, additional hardship funds will be needed for new CTR accounts set up for remainder of council tax year</i>                    |              |                                |
| <i>All calculations are based only on those CTR claimants who still have balances outstanding for Council Tax - so those who have paid their balances will not benefit</i> |              |                                |
|  | <b>Total</b> | <b>Additional funds needed</b> |
| £150 hardship award for WA only without apportioning in line with CTR period   | £171,492.97  | £12,483.63                     |
| £300 hardship award for WA only without apportioning in line with CTR period   | £277,072.56  | £118,063.22                    |
| £500 hardship award for WA only without apportioning in line with CTR period   | £361,798.92  | £202,789.58                    |
| £150 for pensioners  | £17,746.34   | £16,996.34                     |
| £300 for pensioners  | £22,953.00   | £22,203.00                     |
| £500 for pensioners  | £26,183.29   | £25,433.29                     |
| £150 for OTHER (those CTR accounts without a claim type associated with it)  | £64,044.00   | £23,317.73                     |
| £300 for OTHER (those CTR accounts without a claim type associated with it)  | £110,556.54  | £69,827.30                     |
| £500 for OTHER (those CTR accounts without a claim type associated with it)  | £152,327.74  | £111,601.50                    |
| £150 for ALL CTR claims with outstanding Council Tax balances (not apportioned)  | £253,283.31  | £52,797.73                     |
| £300 for ALL CTR claims with outstanding Council Tax balances (not apportioned)  | £410,582.10  | £210,096.52                    |
| £500 for ALL CTR claims with outstanding Council Tax balances (not apportioned)  | £540,309.95  | £339,824.37                    |
| Total outstanding council tax due for ALL groups with CTR reference (ie if all balances were to be cleared)  | £716,049.62  | £716,049.62                    |

## Changes in circumstances

12. Where there are any changes in circumstances that results in the level of eligible LCTS changing, such changes will be made if there is funding available. Likewise, if any discretionary support is no longer required as a result of that change the monies will be returned to the fund and redistributed as appropriate.

### **13. Legal Powers**

The Government therefore expects that billing authorities will primarily use their grant allocation to reduce the council tax liability of individuals in their area, using their discretionary powers under s13A(1)(c) of the Local Government Finance Act 1992.

#### **Review and Appeals**

14. It is the intention that the scheme be designed to remove individual judgement calls as far as possible. However, where a claimant does seek a review or appeal a two-stage process is recommended mirroring the Council's complaint system. The Council's Revenues and Benefits Manager will be responsible for conducting a review in the first instance.
15. All such requests must be made in writing to the Council, within 14 days of the Council's decision, and should state the reasons why the applicant is aggrieved with the decision of the Council. New information may be submitted at this stage to support the applicant's appeal.
16. A second stage would consist of a review by the Council's Chief Finance Officer.

#### **Government Reporting**

17. The Council reports to the government the numbers of claimants benefitting on a monthly basis, along with how the grant is allocated and expected to be used.

#### **Risk Management - Managing the Risk of Fraud and the Protection of Public Funds**

18. Any applicant caught falsifying information to gain grant money or failing to declare entitlement to any specified grants will face prosecution and any funding issued will be recovered from them.

#### **Anti-Poverty**

19. The application of additional funding to reduce the Council tax liabilities of those eligible for LCTS by up to £500 rather than £150 should assist the most economically vulnerable people and households within the community.

#### **Review**

20. Should there be any balances remaining towards the end of the financial year the Chief Finance Officer will have the authority to amend the scheme further in order to credit accounts for those receiving LCTS and that have debts outstanding, or to use some or all of any remaining balance in respect of Discretionary Hardship Payments should there be a need to do so.

Peter Grace  
Chief Finance Officer  
Hastings Borough Council  
26 February 2021