

TRAFFORD COUNCIL

DELEGATED EXECUTIVE MEMBER DECISION REPORT

Report to: Executive Member for Finance
Date: 30 March 2020
Report for: Decision
Report of: Corporate Director Finance and Systems

Report Title

COVID 19 Council Tax Hardship Fund 20-21

Summary

As part of its response to COVID-19, the government announced in the Budget on 11 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, with a strong expectation that support should be awarded to working age people. Trafford's award is £1,561,070.

This report details how the Council will award the Council Tax element of this award using the discretionary powers under s13A (1) (c) of the Local Government Finance Act 1992.

It also provides details of how the remainder will be used to support vulnerable residents.

Recommendation(s)

Approve the recommendation that Trafford Council:

- Awards all existing working age Council Tax Support (CTS) recipients - as at 11 March 2020 – a discretionary award equivalent to the value of their 20-21 liability;
- Treat all new, post 11 March 2020, claims in accordance with its existing CTS scheme, as the vast majority of recipients will receive 100% support, but ensure direct information and advice for further discretionary support is detailed in notification letters;
- Use the remaining funding towards the rising costs of CTS claims made after 11 March 2020 and significantly increasing Local Welfare Assistance costs.

Agree to classify this decision as urgent and exempt from call-in to enable the Council implement emergency measures during the ongoing Covid-19 health crisis.

Contact person for access to background papers and further information:

Name: Louise Shaw
Extension: 3120

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

Relationship to Corporate Priorities	Improving health and wellbeing of residents. Targeted Support
Financial	<p>Government funding of £1,561,070 has been provided to make these awards. There is also new burden funding for administering the grant that is to be confirmed. There is therefore no cost to the Council in granting these awards.</p> <p>Based on a recent snapshot of the current Council Tax Support (CTS), the approach would cost c£645k.</p> <p>However, there is an expectation that due to the economic position and the large number of pending Universal Credit (UC) claims that this could result in significant number of additional CTS claims.</p> <p>The Council has also already a seen a spike in the number of Local Welfare Assistant (LWA) applications (Trafford Assist scheme) that it has received.</p> <p>It is proposed, therefore, that the remaining funding is used towards these rising costs.</p>
Legal Implications:	The proposed changes are fully compliant with the legislation (discretionary powers under s13A (1) (c) of the Local Government Finance Act 1992) and guidance (MHCLG)
Equality/Diversity Implications	An EIA already is in place for the existing CTS and Trafford Assist scheme
Sustainability Implications	It is unknown at this stage the full impact but the schemes will be closely monitored
Resource Implications e.g. Staffing / ICT / Assets	Existing staffing resources will be used; the awards will be administered through the existing software.
Risk Management Implications	None
Health & Wellbeing Implications	This will have a positive impact
Health and Safety Implications	N/A

1.0 Introduction and Background

- 1.1 As part of its response to COVID-19, the government announced in the Budget on 11 March 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 using their discretionary powers under s13A (1) (c) of the Local Government Finance Act 1992.
- 1.2 Trafford's award is £1,561,070. This is based on a snapshot of the working age Council Tax Support (CTS) caseload. There is no cost to the Council in granting these awards as long as costs remain within the amount of money allocated by the government.
- 1.3 The Ministry of Housing, Communities, and Local Government (MHCLG) has provided a local authority guidance document which details underlying principles on how this money should be targeted.
- 1.4 The Government's strong expectation is that the funding should be first be used to support working age recipients of CTS with a further reduction in their annual Council Tax 2020-21 bill of at least £150 (or the full liability if it is less than £150). Any remaining funding can be used to provide additional support outside the Council Tax system, for example, through Local Welfare Assistance or similar schemes.
- 1.5 Councils are expected to expedite the provision of support to individuals in their area, using existing policies and schemes to deliver assistance where practical and apply Council Tax reductions as soon as possible from the beginning of the 2020-21 financial year and billing authorities should rebill council taxpayers as quickly as practical.
- 1.6 The Government has confirmed that it will fund billing authorities in full for the new burdens cost for delivering the support.

2.0 Trafford's COVID-19 Council Tax Hardship Fund 2020-21 Proposal

- 2.1 Trafford's Council Tax Support (CTS) scheme already provides 100% support to the vast majority of it's for working age claimants.
- 2.2 A snapshot of the data shown that of the c7, 300 working age claimants in receipt of CTS, only c1, 250 currently have something to pay towards their 20-21 Council Tax bill. The remainder already receive 100% CTS.
- 2.3 If Trafford were to award the minimum £150 as per the MHCLG guidance, c1, 150 residents would still have something to pay in 20-21.
- 2.4 The cost of awarding them **all** the full amount of their Council Tax, i.e. no Council Tax to pay in 20-21, would cost c£635k.
- 2.5 The scheme would be easier to administer and easy to understand by everyone - especially information and advice agencies and members of the public – and the hardship funding available fully meets the cost of doing this.

2.5 Trafford Council, therefore proposes to award in full all working age CTS recipients, as at 11 March 2020, the remaining balance on their Council Tax account up to the full liability due.

3.0 New CTS claims after 11 March 2020

3.1 It is proposed that new claims received after 11 March 2020 should be administered in accordance with the Council's existing CTS scheme, except for the removal of the minimum income floor for self-employed claimants in line with the Universal Credit (UC) changes.

3.2 Under this arrangement, the vast majority of working age claimants will receive full CTS due to the 100% maximum award amount as described above. Those that do not qualify for 100% only won't qualify if they have **actual** earnings/income that exceeds the thresholds.

3.3 However, to ensure the Council captures any new claimants struggling to pay their remaining Council Tax balance, it would amend the existing notification letter that is sent to residents explaining how much CTS they are entitled to and specifically include how they can access additional COVID-19 information and advice on how they can apply for additional discretionary financial support.

4.0 Remaining Funding

4.1 There is an expectation that due to the economic position and the large number of pending Universal Credit (UC) claims that there is highly likely to be a significant increase in the number of additional CTS claims.

4.2 The Council has also already seen a spike in the number of Local Welfare Assistant (LWA) applications (Trafford Assist scheme) that it has received.

4.3 It is proposed, therefore, that the remaining funding is used to meet the increased demand in these areas.

5.0 Recommendations

The recommendations are as set out at the start of the report.