

Name of meeting: Cabinet meeting would have been convened in order to consider the report but could not be because of the Covid -19 pandemic.

The report is therefore being considered by the Chief Executive Jacqui Gedman exercising her emergency powers, with the 151 Officer Eamonn Croston and in consultation with the Leader to make a decision on this matter.

The decision will be reported in the usual way and will be reported back to the next possible meeting of Cabinet.

Date: 14th April 2020

Title of report: Covid-19 Government Hardship Fund for 2020/21

Purpose of report: To set out Council proposals to provide council tax relief in the local area in 2020/21, incorporating utilisation of the Government Hardship Grant.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes If yes give the reason why – there is potential for grant spend totalling £4.9 million notwithstanding that the spend will be reclaimed in full from central government.
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)</u>?	Key Decision – N/A Private Report/Private Appendix – No
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name Is it also signed off by the Service Director for Finance? Is it also signed off by the Service Director for Legal Governance and Commissioning?	Rachel Spencer-Henshall - Eamonn Croston – 21/04/2020 Julie Muscroft
Cabinet member portfolio	Cllr Graham Turner

Electoral wards affected: All Ward councillors consulted: None

Public or private: Public

Has GDPR been considered? Yes

1. Summary

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 £500m of new grant funding to support economically vulnerable people and households in their local area.

The expectation is that the majority of the Hardship Fund will be used to provide council tax relief, alongside existing council tax support schemes.

Government has allocated £4.9m funding for Kirklees (based on most current government statistics of an estimated Council caseload of about 22,000 working age claimants). Government strongly expects Councils to use the funding to award £150 to each working age Council Tax Reduction (CTR) recipient who has a council tax liability of £150 or more, and that Councils extinguish liability in any cases where it is less than £150. Any remaining funding could be used to meet additional discretionary support locally.

The link to the relevant Government Hardship fund guidance to local authorities is included below for information :

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

and

<https://www.gov.uk/government/publications/32020-council-tax-information-letter-16-april-2020>

The Council recognises that COVID-19 is likely to cause significant household income fluctuations, and as a result some of our most vulnerable working age residents will struggle to meet council tax payments.

Therefore the Council intends to implement an enhanced local support offer in 2020/21 that takes as a starting point the Government guidance with regard to the £150 reduction, and enhances it locally with a higher level of council tax reduction for working age CTR recipients whose annual liability exceeds £150, alongside additional support through the Council's Local Welfare Scheme.

2. Information required to take a decision

- 2.1 In April 2013 Council Tax Benefit (a fully funded social security benefit administered by councils) was replaced with a locally defined Council Tax Reduction (CTR) Scheme. The CTR scheme is not a social security benefit and is not fully funded.
- 2.2 In Kirklees the scheme includes a government prescribed scheme for pensioners that mirrors the old Council Tax Benefit and uses the same scheme for Working Age claimants, other than for a reduced capital limit (from £16,000 to £8,000), and a maximum 80% of entitlement for many applicants.

Both the CTR pension and working age schemes are means tested and so the **applicant** gets an award that is directly related to their income and the capital they have.

- 2.3 Leaving the Scheme as is and using the Government's Hardship fund to meet Government's minimum expectation of a further £150 reduction for working age CTR recipients, in-year, is estimated to cost a minimum of £1.9m, based on existing

claimant numbers. However, there is expected to be a significant increase in CTR applications through 2020/21, which will increase the cost commitment further.

- 2.4 Removing the 80% limit on entitlement in the CTR scheme to 100% would increase the forecast cost for existing CTR working age claimants to a minimum of £3.5m. Again, the overall cost commitment will increase further in anticipation of a significant increase in CTR applications through 2020/21.
- 2.5 Note that in both options above the figure in bold is the annual cost and that if they operated for 6 months only the forecast costs would change accordingly.
- 2.6 While acknowledging the Government funding allocation of £4.9m, the Council also recognises its commitment to an enhanced local support offer for the full year. At this stage it is not known if the Government funding allocation will be sufficient to cover both existing working age CTR claimants and anticipated significant rise in working age CTR claimants through 2020/21, and the Council will therefore underwrite any funding shortfall from set aside earmarked reserves.
- 2.7 The above Council funding underwrite commitment also extends to the Council setting aside approximately £1m additional resources to its Local Welfare provision (LWP) budget for 2020/21. This is to meet anticipated additional discretionary support needs for some of our most vulnerable residents and households in receipt of CTR, for food, fuel and miscellaneous expenditure. These households will be signposted through established referral processes for the LWP.

3. Implications for the Council

3.1 Working with People

Increases available household income so potentially reducing poverty.

Individuals and Families are experiencing a whole host of new challenges as Covid-19 reduces opportunities and means that many folk are having to stay at home.

Fewer employment opportunities and increased costs mean that fewer Households can avoid the need for a Council Tax Reduction. This increased support recognises the new challenges that the Social Distancing measures are placing upon Households.

Many more Households are experiencing more general Hardship. The increase in funding available for discretionary support around food and fuel allows us to meet the individual needs of families that are experiencing unprecedented change, many having lost employment and waiting for financial support to arrive.

3.2 Working with Partners

We are actively engaged in discussions with Third Sector leaders about how the Hardship fund might help them and therefore us support those most in need through the wider Community Response.

3.3 Place Based Working

As part of our working with partners we are exploring a response that can be delivered at community level that would extend hardship provision 7 days per week for those in greatest need.

3.4 Climate Change and Air Quality

Not Applicable

3.5 Improving outcomes for children

Increases available household income so potentially reducing poverty and potentially augmenting Free School Meals provision for those that are experiencing particular Hardship.

3.6 Other (e.g. Legal/Financial or Human Resources)

Financial

3.7 Government has provided Grant Funding of £4.9 Million in 2020/21 for the new burdens cost of delivering the support. Forecast costs have been estimated over a whole year for existing CTR claimants. The anticipated increase in CTR recipients in-year could increase overall costs above the Government funding allocation.

3.8 The Council is committed to an enhanced local support offer for some of our most vulnerable residents and households, and will underwrite any funding shortfall in-year from earmarked reserves. The Council will also continue to work with Government, in conjunction with the Local Government Association and other representative Sectoral organisations to ensure it receives appropriate recompense for COVID-19 related additional costs incurred, including the above, as appropriate.

Legal

3.9 Ordinarily CTR schemes decided under s13A(1)(a) and 13A(2) of the Local Government Finance Act 1992 require a period of consultation with decisions only taken by full council.

3.10 S13A of the act however also includes provision for the authority to exercise discretion as to council tax in individual cases or classes determined in accordance with s13A(1)(c) of the act. That discretion can be exercised without a decision of full Council as such a decision is not a "Function to be discharged only by authority" in accordance with s 67 of the Act.

3.11 It is possible to deliver such a discretion by an increase in the percentage of award as a parameter in the software that the Council uses and for that to constitute a discretionary reduction for the purposes of the Act if such a decision is documented as such (see also, Appendix A).

4 Consultees and their opinions

Not directly applicable though day to day operation of an additional £1m Local Welfare Provision funding is and will continue to be the subject of wider discussions.

5 Next steps and timelines

To make the appropriate changes to software, recalculate entitlement and to issue amended Council Tax bills for the 2020/21 financial year.

To make decisions regarding one off support for families in greatest need using the existing Local Welfare provision scheme and the £1m increase In Hardship funding for Food and Fuel.

6 Officer recommendations and reasons

As Cabinet is temporarily suspended due to the coronavirus outbreak, it is recommended that the decision to approve this report is taken under the current emergency powers, that rests with the Chief Executive Jacqui Gedman and the 151 Officer Eamonn Croston in consultation with the Leader of the Council :

- i) that the Billing Authority in accordance with Section 13A(1)(c) of the Local Government Finance Act 1992 makes the Technical Determination(s) as set out at Appendix A to give effect to a decision to remove any restriction upon entitlement in the Council Tax Reduction Scheme without amending that Scheme, and to create a mechanism by which to award upto £150 in cases where that is appropriate

For the purposes of this determination, the value of any additional award will be treated as a discretionary reduction for the purposes of this award and will continue to apply until a determination is made to the contrary.

- ii) that a sum of £1m be allocated to the Local welfare Provision budget to support the meeting of additional discretionary support for food and fuel and miscellaneous expenditure.

Leader's recommendations

Councillor Shabir Pandor, Leader of Kirklees Council, said: "These are incredibly difficult times for all of us but for many the coronavirus pandemic has also unfortunately caused financial worries and problems. I have had no hesitation in making this decision to help more people and go beyond what the Government is offering by giving up to a 100 per cent Council Tax relief to those working age people most in need.

"I really welcome the money Government has made available to help people to be able to pay their Council Tax bill by offering discounts. We wanted to build on this further to support those in Kirklees who need help the most. In times like these, the last thing I want people to be worrying about is their Council Tax bill.

"I promise that we will continue to help residents as much as we possibly can through this pandemic. I hope that this additional support helps to ease the difficulties so many people are facing."

Portfolio Holder Comments:

As portfolio holder I fully support the Leaders comments and can assure residents that we will do all we can to support all our residents during these very difficult unprecedented times. And would like to thank all our staff for the hard work and commitment to our communities, to keeping them safe and in supporting those most in need financially.

7 Contact officer

Steven Bird - Head of Welfare and Exchequer Services
Julian Hobson - Senior Manager Welfare and Exchequer Services

8 Background Papers and History of Decisions

Service Director responsible

Eamonn Croston – Service Director- Finance

APPENDIX A

Determination of Classes of Case in accordance with s13A(1)(c) of the Local Government Finance Act 1992

In accordance with the provisions within s13A(1)(c) of the Local Government Finance Act 1992, the following Classes of case are both identified as classes for the purpose of this determination and that they shall be treated in the way determined for each Class.

Any reference to the Scheme in this determination means the Kirklees Council Tax Reduction Scheme (as amended).

For the purposes of this determination the value of any additional award will be treated as a discretionary reduction for the purposes of this award and will continue to apply until a determination is made to the contrary.

Class 1

Council Tax Reduction cases that would have fallen to be determined in accordance with Section 2, Schedule 9, Part 1, Paragraph 9 “Class J” AND Part 5 Paragraph 19 (4) of the Scheme; will from 01/04/2020 be determined in accordance with Part 5 Paragraph 19 (2) as though Part 5 Paragraph (4) of the Scheme did not exist.

Class 2

Council Tax Reduction cases that would have fallen to be determined in accordance with Section 2, Schedule 9, Part 1, Paragraph 10 "Class K" AND Part 5 Paragraph 19 (5) of the Scheme; will from 01/04/2020 be determined in accordance with Part 5 Paragraph 19 (3) as though Part 5 Paragraph (5) of the Scheme did not exist.

Class 3

This Class applies to any person that is in receipt of a Council Tax Reduction in accordance with the Scheme either with or without an additional award under Class 1 or 2 if they meet the additional conditions.

The additional conditions:

- a) they are entitled to a Council Tax Reduction in accordance with The Scheme on 01/04/20
- b) their Council Tax Liability on 01/04/20 is not already reduced to £0.00
- c) their reduced council tax liability for 2020/21 is less than £150

Their Council Tax will be reduced to £0.00 for 2020/21 by crediting their account with a sum equivalent to the sum identified in c) above.

Class 4

This Class applies to any person that is in receipt of a Council Tax Reduction in accordance with the Scheme either with or without an additional award under Class 1 or 2 if they meet the additional conditions.

The additional conditions:

- d) they are entitled to a Council Tax Reduction in accordance with The Scheme on 01/04/20
- e) their Council Tax Liability on 01/04/20 is not already reduced to £0.00
- f) their reduced council tax liability for 2020/21 is greater than £150

Their Council Tax will be reduced by £150.00 for 2020/21 by crediting their account with a sum equivalent to £150.00.

Class 5

This Class applies to any person that was

- a) not in receipt of an award under the Scheme on 01/04/20 who subsequently becomes entitled from a later date, or
- b) as the case may be, a person whose circumstances change such that they are now entitled to less under the Scheme than they previously were.

In those cases they will be entitled to a maximum of £150 for the Council Tax Year 2020/21 with the actual sum being calculated by reference to any such award they may have already received in respect of any period for which they were already in either Class

3, Class 4 or Class 5. So that no person will be entitled to a total of more than £150 irrespective of the Class under which any part of it was awarded.