

Report to Cabinet

25th March 2021

By the Cabinet Member for Finance & Assets

DECISION REQUIRED



**Horsham
District
Council**

Not Exempt

Council Tax Support Additional Discretionary Discounts

Executive Summary

Local Authorities received, as part of the local government finance settlement, a Council Tax Support Grant to compensate them for income lost due to the rise in Council Tax Reduction scheme claimants throughout the pandemic and to give Councils an opportunity to award additional discounts. West Sussex County Council set its grant in reserves with the intention of support West Sussex Districts and Boroughs to extend the additional COVID-related support given to working age Council Tax Reduction scheme claimants in 2020/21. This was a further council tax discount of up to £150.00 per household. This report proposes using Horsham District Council's Council Tax Support grant for 2021/22 and any residual grant from 2020/21 alongside County's contribution to replicate this scheme. The report includes recommendations to Council to put in place the budget and delegations to enable officers to make the payments.

Recommendations

That the Cabinet is recommended:

- i) Approve an additional discretionary discount of up to £150.00 per household for working age claimants in 2021/22.

To recommend to Council to:

- ii) Set up a budget for 2021/22 comprising the County Council's share of payments and the remainder coming from a share of Horsham District Council's Council Tax support grant and any residual hardship grant from 2020/21,
- iii) Delegate to the Director of Corporate Resources the finalisation of the exact sums involved during 2021/22 provided they do not exceed the £145,981 Horsham District Council grant and any carry forward from 2020/21.

Reasons for Recommendations

- i) County's offer to part fund this support will help our most vulnerable working age families in a year when their income is likely to be adversely affected.
- ii) A budget is needed to allow these transactions to take place.

- iii) The full cost of this scheme is not yet known because vulnerable customers in this group are likely to move in and out of work during the year. This delegation will allow the Director to ensure customers get the help agreed against a varying budget level.

Background Papers

None

Wards affected: all

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Background Information

1. Introduction and Background

- 1.1. As part of the Government's ongoing support to local residents throughout the pandemic, the Government provided the Councils with Council Tax Hardship Funding in 2020/21. Government designed this to give each working age household on the Council Tax Reduction scheme up to an additional £150.00 discount on their Council Tax bill. Where a taxpayer's liability for 2020-21 was, following the application of the current local council tax reduction scheme, less than £150, then their liability would be reduced to nil. Where a taxpayer's liability for 2020-21 was nil, we did not reduce the Council Tax bill.
- 1.2. The Government announced a new Council Tax Support grant for 2021/22 as part of Local Government Finance Settlement. The indicative was £145,981. The County Council will receive approximately £6.6m.
- 1.3. The Government made no specific requirements on the use of this grant for 2021/22. The funding is not ring-fenced but is provided towards the additional cost of the Council Tax Scheme already incurred in 2020/21, or new customers needing help in 2021/22. However in his speech on the local government finance settlement, the Secretary of State was clear that: 'This helps local authorities to continue reducing council tax bills for those who are finding it hardest to pay.' Therefore, although the funding is not ring-fenced, there is an expectation from Government it will be used to fund initiatives to support our most vulnerable Council Tax payers.

2. Relevant Council policy

- 2.1. The Corporate Plan has a strategic aim for a Strong Health and Safe Community. Financially supporting working age Council tax-payers with limited funds supports this objective by lowering stress levels due to money worries, reducing crime caused by financial shortfalls and allowing our poorest residents to retain more of their earnings to keep themselves and their families fed, housed and safe.

3. Details

- 3.1. The County Council suggested we replicate the additional discretionary payment of up to £150.00 given in 2020/21 and they will fund their share of the proposition from their Council Tax Support grant. This report suggests Horsham District Council uses its grant with the County's and approves a payment of up to £150 for 2021/22 as it did in 2021/22.
- 3.2. The Government required that for the 2020/21 scheme there should be no need for working age residents in receipt of help to make a separate claim for a reduction and whether or not a taxpayer has been affected by COVID-19 should not be taken into account in assessing eligibility for a reduction.
- 3.3. For ease this report suggests these requirements are the same for the 2021/22 scheme.

- 3.4. The office of the Police and Crime Commissioner has declined to use its Council Tax Support grant to help customers in this way for legal reasons.

4. Next Steps

- 4.1. Once approved our Revenues and Benefits team will finalise the list of customers eligible for the payment and send out new Council Tax bills.

5. Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1. The Cabinet Member consulted the Finance & Assets Policy Development Advisory Group by email on 12 March because this information was not available at the time of their meeting on 3 March.
- 5.2. The Senior Leadership team support the proposal. The Monitoring Officer, Section 151 Officer, the Head of Finance and Performance, West Sussex County Council's Section 151 Officer, the Head of Revenues and Benefits and the Operations Manager in our Revenues and Benefits partnership reviewed and commented on this report.

6. Other Courses of Action Considered but Rejected

- 6.1. We could retain the money, not take County's offer and leave customers to pay their full 10% of their Council Tax. We rejected this idea because we have an opportunity to help struggling customers at a difficult economic time. Rejection of this help would be likely to lead to a rebuild of bad debt in the Collection Fund from these customers, defeating the purpose of the Council clearing their arrears with last year's grant. It would also go against the spirit of the Government's aim in giving us this grant.

7. Resource Consequences

- 7.1. All projects undertaken will be within the envelope of the 2021/22 Council Tax Support grant of £145,981 and any carry forward of hardship grants from 2020/21. Hardship grants in 2020/21 are still being awarded and the estimated carry forward into 2021/22 is forecast to be less than £50,000. Council Tax Support grant could be used towards general funding but not helping these customers would likely lead to a worsening of the debt situation in the Collection Fund which, ultimately, feeds back into the General Fund.

8. Legal Considerations and Implications

- 8.1. Section 13A(1)(c) of the Local Government Finance Act 1992 provides that a billing authority may reduce the amount of council tax that a person is liable to pay to such an extent as the billing authority thinks fit.
- 8.2. Section 31 of the Local Government Act 2003 provides for the payment of a grant to a local authority in England towards expenditure incurred or to be incurred by it.

9. Risk Assessment

- 9.1. There is a low risk the number of customers covered by this grant exceeds the money set aside. The mitigation is the Director of Corporate Resources will monitor this spend closely during the year.

10. Procurement implications

- 10.1. There are no procurements involved in this proposal.

11. Equalities and Human Rights implications / Public Sector Equality Duty

- 11.1. The additional Council Tax discounts will support vulnerable working age residents helping these households to minimise debt and stay housed. The additional discount will also ensure that the Council is not collecting small sums from households who struggle to fund these bills at this time, avoiding the need to write off small uncollectable debts.

12. Environmental Implications

- 12.1. There are no environmental implications or costs associated with this proposal.

13. Other Considerations

- 13.1. All measures to keep low income households assist with reducing the amount of crime caused by poverty.
- 13.2. Working with this customer group at scale always involved Data Protection risks. However, this proposal does not involved any higher risk than normal and our Milton Keynes' based team train our team to a high standard in these issues.