

Executive Member for Finance & Performance

15th March 2021

Report of the Chief Finance Officer & Assistant Director, Customer & Digital Services

Council Tax Hardship Fund 2021/22

Summary

1. This paper provides the Executive Member for Finance & Performance in consultation with the Executive Member for Housing & Safer Neighbourhoods with an option to provide a further Council Tax Support (CTS) Hardship Scheme in 2021/22 in the light of Government funding and the ongoing financial impacts on residents of the covid-19 pandemic.

Recommendations

2. The Executive member for Finance and Performance is asked to approve the preferred option (£75) as set out at paragraph 12

Reason: To provide financial support to the councils most financially vulnerable residents in managing the ongoing impacts of the covid-19 pandemic.

Background

3. The Government have provided the council with covid support funding for the 2021/22 financial year. A notional amount of this funding (£1.2m) is to provide support to the CTS scheme. This acknowledges that the scheme may be more expensive as a result of increasing numbers claiming in 2021/22 but it does not prescribe how the money should be used e.g. through providing further direct support payments to working age CTS customers as in 2020/21.

4. During 2020/21 Government hardship funding provided each Council Tax Support (CTS) customer with £150 of financial support towards their council tax bill. In providing the hardship funding the Government recognised that Covid-19 was likely to cause fluctuations in household incomes and recognised that, as a result, some individuals may struggle to meet council tax payments.
5. The Government funding of £956K in 2020/21 was inadequate to provide this support (£150 per CTS customer) across the full financial year (Funding ran out in late October 2020). As a result of this the council approved using additional YFAS funding to extend the scheme to 31st March at an approximate cost of £60k to £70K to the council,

Proposed Support 2021/22

5. The council as well as residents are facing financial challenges across 2021/22 as a result of the covid pandemic. It is impossible to predict what will happen in terms of the economy and jobs and a prudent approach is needed to protect both the council and its residents in the coming year.
6. The notional funding of £1.2m would allow for a further £150 per working age CTS customer to be provided if the numbers both claiming for the full year and those moving on and off benefit across the year do not change significantly compared to 2020/21. However it is possible that as furlough comes to an end and the economy restarts the numbers claiming CTS could rise substantially. This has two financial impacts on the council it both increases the value of support payments (£150 per CTS customer 20/21) and reduces collection fund income as residents move from paying full CT to CTS.
7. To provide some context the average weekly cost of support provided through the CTS scheme to the council is £13.82 per customer. If there was an increase of 1,700 CTS claims in 2021/22 the additional cost to the council would be £1.2m which equates to the Government support we have been given. It's difficult to predict how many more claimants may claim CTS across 2021/22 but it is unlikely we will get this number of additional full year claims from the 1st April 2021.
8. There are currently approx. 5,500 CTS customers so the cost of providing an additional £150 of additional support in 2021/22 would

be in the region of £825k. As we saw in 2020/21 as customers move on and off benefit across the year this inflates the cost so the 2020/21 scheme is likely to outturn at approx. £1,050k by 31st March. This year's CTS figures to date are set out at Table 1 below:

Table 1

Feb	4,623	Jun	5,445	October	5,458
Mar	4,682	July	5,932	November	5,460
Apr	5,061	Aug	6,180	December	5,460
May	5,398	Sept	6,873	January	5,442

- Awarding this level of support (£150) in 2021/22 with a risk that the base could rise as set out at para 7 is not prudent. At the same time such a large increase in new claimants is unlikely as those numbers were not seen during 2020/21. Therefore the option is there to provide some direct support to residents but maintain an element of the Government funding to meet any increase in the number of CTS customers.

Options

- The approach set out above at paragraph 9 provides options around the level of direct support. The amount needs to be meaningful so it is suggested that the two following options are considered:

Option 1 - £75 per CTS customer approx. cost £625K

Option 2 - £50 per CTS customer approx. cost £350K

Option 3 – Provide no direct support to CTS customers

- As the council is already in the annual billing process it is not possible to amend the CTS bills before they are issued so CTS customers will need to be rebilled. The council's software provider can provide software to allow us to apply any level of award but this will incur a one off cost of £2K which would need to be recovered from the Government grant.

Recommendations

- The likelihood that demand for CTS support will rise during 2021/22 is high. The fluctuations in customer numbers across 2020/21 (shown in Table 1) would indicate even when furlough ends the numbers are unlikely to be as high as 1,700 new

claimants. Balancing this against the funding available and the beneficial financial effects to residents of contributing to their council tax bill it is recommended that the award in 2021/22 should be Option 1 (£75).

Consultation

12. A number of neighbouring local authorities have been approached to ask what plans they have for CTS support in 2021/22. Many are still to make up their minds. Only Hull who have said they are looking to retain the full amount in case of an increase in CTS customers and East Riding of Yorkshire who are looking to provide some direct support but less than the £150 and retain an element for growth in the CTS base have responded so far. The development of the software from Northgate has been requested by local authorities nationally which suggests many will run some direct support schemes for CTS customers.

Implications

Financial

- 17 The council has received a notional £1.2m towards its CTS costs in 2021/22 as part of the Government covid support funding. The options in this paper have no direct costs on the council's revenue budget.

Human Resources (HR)

There are no HR implications.

Equalities

This report will impact on all communities equally.

Legal

No implications

Crime and Disorder, Information Technology and Property

No implications

Risk Management

18. The key risk associated with this paper is that it is not possible to predict with any accuracy what the growth if any will be in the

number of residents claiming CTS during 2021/22. The approach set out is prudent as it manages the council's financial risk by retaining an element of the funding for any growth that may materialise across the year.

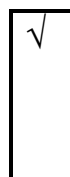
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Report Approved



Date
05/03
/21

Specialist Implications Officer(s):

Wards Affected: *List wards or tick box to indicate all*

All



For further information please contact the author of the report

Background Papers: None