

Report to Cabinet

Hardship Funding 2020/21

Portfolio Holder: Councillor Abdul Jabbar MBE – Deputy Leader and Cabinet Member Finance and Corporate Services

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Reason for Decision

To approve the use of Hardship Funding Grant awarded by Central Government in 2020/21 in response to the COVID-19 pandemic.

Executive 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. The intention is that there will be up to £150 support for working age Council Tax Reduction recipients (anyone paying less than £150 will have the relevant amount credited to their accounts so there is no balance outstanding).

As the Government has awarded Oldham Council a grant of £3,015,434, this report details how the Council will award the Council Tax element of this grant funding using the discretionary powers under Section 13A (1) (c) of the Local Government Finance Act 1992 and sets out proposals for the use of the balance of funding.

It is proposed that the excess of the Hardship Fund grant award will be used firstly to ensure CTR claimants are not detrimentally affected by the change in Housing Benefit

earning disregard regulations introduced under the Social Security (Coronavirus) (Further Measures) Regulations 2020 (SI 2020/371). The new regulations increase the disregard from income that applies to the calculation of Housing Benefit (HB) where a person is entitled to Working Tax Credit (WTC), or works for a specified minimum number of hours per week (the additional earnings disregard). The relevant shortfall created by the increase in WTC will be funded through Section 13A (1) (c) payments via the Council's Exceptional Hardship Payment scheme.

The balance of any funding will then be used to support a temporary amendment to the Local Welfare Provision scheme so that applications can be considered in exceptional circumstances to meet immediate need from extremely vulnerable households who may not be in receipt of means tested benefits.

Recommendations

It is recommended that Cabinet approves the:

- 1) Crediting of the Council Tax accounts for all working age residents that are in receipt of Council Tax Reduction (CTR) with £150 or a sum up to that value that would bring respective Council Tax account balances to nil in accordance with Government guidance.
- 2) Delegation of responsibility to the Deputy Leader and Cabinet Member for Finance and Corporate Services and the Director of Finance to finalise the detailed administration of the award process.
- 3) Allocation of any balance of grant once the CTR awards have been made firstly to reflect recent Housing Benefit earnings disregard changes via the Exceptional Hardship Payment scheme, and then to support a temporary amendment to the Local Welfare Provision Scheme so that applications can be considered in exceptional circumstances to meet the immediate needs of extremely vulnerable households who may not be in receipt of means tested benefits.

Hardship Funding 2020/21**1 Background**

- 1.1 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.

2. Current Position**Grant Funding Awarded**

- 2.1 The Government has awarded Oldham Council Hardship Funding of £3,015,434. This allocation of grant was paid to the Council on 3 April 2020 and was based on the Councils share of the national caseload of working age Local Council Tax Reduction Scheme recipients using the most recent published data (2019/20 Quarter 3) as advised in a letter from the Ministry of Housing, Communities and Local Government (MHCLG). The funding awarded is expected to provide additional support to help with Council Tax for working age claimants of Council Tax Reduction (CTR) up to a maximum of £150. There should be no cost to the Council in granting these awards as long as costs remain within the Government's grant funding allocation.
- 2.2 Based on a recent review of the current CTR caseload, the cost of awarding eligible working age claimants with a credit of £150 to their Council Tax account would cost £2,109,750. However, there is an expectation that due to the economic position and the large number of pending Universal Credit claims that this could result in significant number of additional CTR claims. It is therefore prudent to assume a further 25% of claimants at an estimated cost of £527,438. This would bring the total estimated cost to deliver the Council Tax support to £2,637,188, leaving £378,246 to support other welfare priorities.
- 2.3 Appendix 1 presents an extract from the Government's guidance to Local Authorities received on 24 March 2020. This makes it clear that this grant funding should be used to pay £150 to the accounts of residents in receipt of CTR in the first instance (or an amount up to that sum that brings the outstanding balance to nil) and that any excess funding could be used to support other Council priorities such as existing Council Tax Hardship policies and Local Welfare Schemes.
- 2.4 As per the policy intention, the £150 award will be administered by the Council using its discretionary powers under Section 13A (1) (c) of the Local Government Finance Act 1992. This payment will be outside the Council's CTR scheme and therefore changes to this scheme will not be required.
- 2.5 It is proposed that the Council will award £150 as a one-off payment to the 2020/21 Council Tax account of all working age residents who are liable for Council Tax for this period **and** receive CTR (or a sum up to £150 that will bring the balance of the account to nil). It is intended that this money will be credited to the majority of these accounts during April 2020. However, as at the time of writing this report, the Council is waiting for details from the software supplier, Capita, about the additional functionality needed to administer the scheme. This will inform the detailed operational arrangements and practical administration of the scheme. It is important to note that all Local Authorities using the Capita system are also reliant on the release of technical functionality so cannot at this time progress the awards.

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- 2.6 It is proposed that the final working arrangements are agreed by the Director of Finance in conjunction with the Deputy Leader and Cabinet Member for Finance and Corporate Services. This will include consideration of full entitlement periods, partial awards, credits and other operational considerations.
- 2.7 The costs of the scheme to provide £150 to all CTR claimant with a 25% additional costs tolerance takes the estimated cost of the scheme to £2,637,188, leaving an estimated £378,246 to fund other support for residents facing financial hardship.
- 2.8 It is therefore proposed to use residual funding to provide financial assistance using two of the Council's already approved discretionary schemes, firstly the Exceptional Hardship Payments scheme with any balance applied to the Local Welfare Provision scheme as follows:

a) Exceptional Hardship Payments - Additional Earnings Disregard

The Social Security (Coronavirus) (Further Measures) Regulations 2020 (SI 2020/371) were agreed on 27 March 2020 and came into force on 30 March 2020. These regulations make amendments to the Housing Benefit Regulations 2006 (SI 2006/13) and the Housing Benefit (persons who have attained the qualifying age for state pension credit) Regulations 2006 (SI 2006/214). These new changes increase the disregard from income that applies to the calculation of Housing Benefit (HB) where a person is entitled to Working Tax Credit (WTC), or works for a specified minimum number of hours per week (the additional earnings disregard).

The rate of the additional earnings disregard of £17.10 has been increased to £37.10. The increase takes into account the temporary increase in the basic element of WTC and takes effect on 6 April 2020. The increase will cease to apply at the end of 4 April 2021.

The changes made to the Housing Benefit (HB) regulations ensure that there is no negative effect on the award of HB but will reduce entitlement to CTR. The Council's CTR scheme has already been set for 2020/21 and cannot be changed in year. In view of this, it is proposed that the excess of the Hardship Fund award from Government will be used to ensure CTR claimants are not detrimentally affected by this earnings disregard change and the relevant shortfall created by the increase in WTC will be funded through Section 13A (1) (c) payments via the Council's Exceptional Hardship Payment scheme. This will be calculated automatically, and claimants will not need to separately apply for this help. This is currently estimated to cost £300,000.

b) Local Welfare Provision

The Council's Local Welfare Provision Scheme would normally only help those families in receipt of a qualifying means tested benefit facing crisis or an emergency or if they are being supported to move home due to complex circumstances e.g. homelessness or leaving hospital.

The Council proposes to temporarily amend the scheme so that applications can be considered in exceptional circumstances to meet the immediate needs of extremely vulnerable households who may not be in receipt of means tested benefits. Examples could include an emergency cash grant or a fuel grant. Each case will be considered on the individual merits of the case, cognisant of the budget available.

3 **Options/Alternatives**

3.1 There are two options presented for consideration:

Option 1 - Cabinet approves the proposed use of the Hardship Fund grant awarded by Central Government as set out at Section 2 of the report

Option 2 - Cabinet does not approve the proposed use of the Hardship Fund grant awarded by Central Government as set out at Section 2 of the report and suggests alternative arrangements.

4 **Preferred Option**

4.1 The preferred option is Option 1, that Cabinet approves the proposed use of the Hardship Fund grant awarded by Central Government as set out at section 2 of the report.

5 **Consultation**

5.1 Consultation has taken place with the Cabinet Member for Finance and Corporate Services.

6 **Financial Implications**

6.1 The Government has provided £3,015,434 of grant to facilitate the award of support to those of working age in receipt of Council Tax Reduction. There will also be New Burdens Funding to support the administration of this award. The value of this funding is yet to be confirmed. There will therefore be no additional unfunded cost to the Council in making the awards and administering the process.

6.2 Based on a recent snapshot of the current CTR working age caseload of 14,065 as at 31 March 2020, the approach suggested which is to award each CTR claimant of working age a credit to their Council Tax account of £150, would cost a maximum of £2,109,750. However, there is an expectation that due to the economic position and the large number of pending Universal Credit claims that this could result in significant number of additional CTR claims. It is therefore prudent to assume a further 25% increase in CTR claimants. At the maximum of £150, this would cost a further £527,438. This would then take the estimated funding requirement to £2,637,188, leaving an estimated £378,246 to support other welfare priorities.

6.3 Clearly, the actual cost of the £150 award and balance of funding available for allocation elsewhere will be finalized as the awards are made. It is therefore proposed that the balance of funding is used firstly to ensure CTR claimants are not detrimentally affected by the change in Housing Benefit earning disregard regulations introduced under the Social Security (Coronavirus) (Further Measures) Regulations 2020 (SI 2020/371). The balance of any funding will then be used to support a temporary amendment to the Local Welfare Provision scheme so that applications can be considered in exceptional circumstances to meet immediate need from extremely vulnerable households who may not be in receipt of means tested benefits. (Anne Ryans)

7 **Legal Services Comments**

7.1 Legal issues and statutory provisions are captured within the main body of the report. Where a discretion is to be exercised such discretion needs to be in accordance with general public law principles. (Colin Brittain)

8 **Co-operative Agenda**

8.1 Addressing the emergency pandemic and providing the best support to all our residents is a key priority for the Council. The administration of Government funding in accordance with guidance in this emergency is consistent with the cooperative principles of the Council.

9 **Human Resources Comments**

9.1 There are no direct Human Resource implications arising from this report.

10 **Risk Assessments**

10.1 The calculation of the awards has been based on an existing caseload snapshot and there is a real risk that the caseload will rise significantly through the 2020/21 financial year. To support this cost assumptions have been based on current caseload plus 25% to try to avoid any financial risk to the Council and failure to deliver the support required as needed. (Mark Stenson)

11 **IT Implications**

11.1 There are no direct IT implications arising from this report.

12 **Property Implications**

12.1 There are no property implications arising from this report

13 **Procurement Implications**

13.1 There are no procurement implications arising from this report

14 **Environmental and Health & Safety Implications**

14.1 There are no environmental and health and safety implications arising directly from this report

15 **Equality, community cohesion and crime implications**

15.1 None

16 **Equality Impact Assessment Completed?**

16.1 No.

17 **Key Decision**

17.1 The Chair of the Overview and Scrutiny Board has agreed that the decision cannot be reasonably deferred in order to support the Covid-19 response. The report is in line with the Council's Budget and Policy Framework. The decision cannot wait until the end of the call-in period to meet the support. The decision is exempt from call-in.

18 **Key Decision Reference**

18.1 n/a

19 **Background Papers**

19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: Background papers are contained within Appendices 1
Officer Name: Anne Ryans
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20 Appendices

20.1 Appendix 1 Extract from Government Guidance – Council Tax Hardship Fund

Appendix 1

Extract from Government Guidance – Council Tax Hardship Fund

Underpinning Principles

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

The expectation is that most of the hardship fund will be used to provide help with Council Tax for working age residents to be awarded as discretionary support alongside existing local CTR schemes. This funding is distinct from the £5bn COVID-19 response fund to support public services.

The Government recognises that COVID-19 is likely to cause fluctuations in household incomes and recognises that, as a result, some individuals may struggle to meet Council Tax payments. Each Council has already established their local CTR schemes for 2020-21 and this cannot now be amended.

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. Councils may also want to use some funding to deliver increased financial assistance through other local support mechanisms, having considered local circumstances.

Councils should expedite provision of support to individuals in their area, using existing policies and schemes to deliver assistance where practical. Where Council clearance processes are considered necessary, to avoid delays, they should be kept as light touch as possible within the governance arrangements of each authority.

Hardship payment should be applied as soon as possible from the beginning of the 2020-21 financial year and billing authorities should rebill council taxpayers as quickly as practical. Authorities will want to make the local population aware of how the grant support package will be delivered, e.g. through providing information on their websites.

The Government has confirmed that it will fund billing authorities in full for the new burdens cost for delivering the support.

Local authorities will wish to maintain a record of grant expenditure under this scheme, both through the Council Tax system and their own local support mechanisms.

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.

Minimum reduction in Council Tax liability for working age local Council Tax Reduction claimants

The Government's strong expectation is that billing authorities will provide all recipients of working age CTR during the financial year 2020-21 with a further reduction in their annual

Council Tax bill of £150, using their discretionary powers to reduce the liability of Council Tax payers outside of their formal CTR scheme design.

Where a taxpayer's liability for 2020-21 is, following the application of CT, less than £150, then their liability would be reduced to nil. Where a taxpayer's liability for 2020-21 is nil, no reduction to the Council Tax bill will be available.

There should be no need for any recipient of CTR to make a separate claim for a reduction under this scheme. The billing authority should assess who is eligible for support from the hardship fund and automatically rebill those Council Tax payers.

Whether or not a taxpayer has been affected by COVID-19, directly or indirectly, should not be taken into account in assessing eligibility for this reduction.

The Government is keen to ensure that support is provided as quickly as possible to individuals who are eligible. It therefore considers that there is a strong case for Councils to provide the support up front to enable the maximum benefit to be delivered promptly. However, the Government recognises that in some cases, authorities may consider that the most effective assistance could be profiled across the year.

Wider consideration – additional discretionary support

The Government recognises that existing support mechanisms vary locally, including CTR schemes, discretionary Council Tax discount/hardship schemes and Local Welfare schemes.

Having allocated grant to reduce the Council Tax bill of working age CTR recipients by a further £150, billing authorities should establish their own local approach to using any remaining grant to assist those in need. Billing authorities will want to revisit their broader approach at intervals during the financial year, in order to ensure expenditure for 2020-21 remains within their allocation.

In determining any broader approach to delivering support, authorities are best placed to reflect on the financial needs of their most vulnerable residents. In doing so, they may wish to consider using their remaining grant allocation as part of wider local support mechanisms. These may 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); and 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.