

Report to the Cabinet Member for Finance

March 2021

Emergency Government Funding: Support for Council Tax Hardship Schemes

Report by the Director of Finance and Support Services

Electoral divisions: All

Summary

As part of the government's response to the pandemic the council received in the local government finance settlement a council tax support grant intended to support councils to deal with the impact of the pandemic on council tax income.

This report sets out the proposal to use £3 million of this grant to support proposed council tax hardship schemes across the West Sussex districts and boroughs.

Recommendation

- (1) The Cabinet Member agrees to setting aside £3 million of the council tax support grant to support the additional relief provided for the council tax reduction schemes administered by the West Sussex District and Borough Councils.
-

Proposal

1 Background and context

- 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 to second tier authorities in two tier areas. The Government designed this to give each working age household eligible under council tax reduction schemes 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 £150.00, then their liability would be reduced to nil.
- 1.2 Each council tax billing authority is required to make a scheme specifying the reductions which apply to the amount of council tax payable by persons the billing authority considers in financial need. Regulations prescribe

matters which must be included in any scheme, including provisions about eligibility.

- 1.3 The Government announced a new Council Tax Support grant for 2021/22 as part of Local Government Finance Settlement provided to upper and lower tier authorities in two tier areas. The County Council's share was placed in a reserve as part of the budget setting process to provide for the increased cost of providing for council tax support.
- 1.4 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 final settlement announcement in February made it clear the council tax support grant is not ring-fenced, there is an expectation from government it will be used to fund initiatives to support council taxpayers in greatest financial need.
- 1.5 It is the responsibility of the district and borough councils to agree a council tax reduction scheme and apply additional discretionary hardship relief in accordance with the criteria within their scheme and within current regulations including eligibility. The County Council has an existing arrangement in place to meet its proportionate share of the council tax relief costs of the additional discretionary hardship relief granted by each billing authority in its area.

2 Proposal details

- 2.1 The proposed schemes for any additional hardship relief are determined locally by the districts and boroughs. The County Council has worked with officers from the districts and boroughs and agreed the maximum proposed relief the County Council will be committing as its share of the costs for replicating the government's 2020/21 scheme of a maximum discount of £150.00 per household.
- 2.2 The additional relief will support working age residents in financial need by helping those households to minimise debt and stay housed. The additional support will also ensure that the district and borough councils are not collecting small sums from households which struggle to fund these bills at this time, avoiding the need to write off small uncollectable debt which ultimately impacts the council's council tax receipts.
- 2.3 The costs to the County Council are dependent on the schemes agreed locally across the county. The approach differs depending on locally perceived need, the construct of the current council tax reduction scheme and the available funding remaining with each billing authority from the 2020/21 hardship schemes. It is estimated the earmarked £3m is sufficient to cover the anticipated costs across all districts and boroughs.
- 2.4 The impact of the pandemic on council tax income for the year will become clearer as the year progresses. It is proposed the remaining funds available to the County Council remain in the reserve to deal with any council tax

collection deficit arising during 2021/22. If the deficit at the end of 2021/22 exceeds the Grant the shortfall will be met through the budget management reserve.

3 Other options considered

- 3.1 The council could choose not to allocate funds to the local hardship schemes however this is likely to lead to reduced support to council residents in financial need. It is also likely to lead to increased bad debt levels leading to reduced council tax income and a worsening impact on the council tax collection funds.

4 Consultation, engagement and advice

- 4.1 Relevant financial officers have been engaged across the districts and boroughs to determine the approach to the local hardship schemes and a consistent approach has been offered to all districts and boroughs.

5 Finance

- 5.1 The council's share of costs from supporting the additional relief for the schemes will be met from the council tax support grant.
- 5.2 The effect of the proposal:

(a) **How the proposal represents good value**

The council will be using its council tax support grant to support its those council tax payers in greatest financial need.

(b) **Future savings/efficiencies being delivered**

There are no savings or efficiencies associated with this proposal.

(c) **Human Resources, IT and Assets Impact**

There is no impact of Human Resources, IT or Assets.

6 Risk implications and mitigations

Risk	Mitigating Action (in place or planned)
There is risk the required funds exceed the money set aside	The required funding will be monitored in conjunctions with our districts and boroughs.

7 Policy alignment and compliance

- 7.1 This proposal helps deliver the outcome "support people when the need it" under the priority "Keeping people safe from vulnerable situations".

Katharine Eberhart
Director of Finance and Support Service

Contact Officer: Katharine.eberhart@westsussex.gov.uk

