

Item No.	Classification: Open	Date: 15 May 2020	Meeting Name: Cabinet Member for Finance, Performance and Brexit
Report title:		Council Tax Discretionary Relief Policy – inclusion of COVID-19 relief classes	
Ward(s) or groups affected:		All	
From:		Director of Exchequer	

RECOMMENDATION

1. That the extension to the Council Tax Discretionary Relief Policy at Appendix 1 be agreed by the cabinet member for Finance, Performance and Brexit.
2. That a minimum of £2m of the COVID-19 hardship fund budget from Government be utilised to finance the one year extension.
3. Provides the Strategic Director Finance and Governance with the delegated responsibility to make future decisions on amendments to the extended policy following further review and consultation.

BACKGROUND INFORMATION

4. This report outlines the amendment of Southwark Council's Council Tax Discretionary Relief Policy as a response of the impact of COVID-19 on low income households.
5. The extension of the existing policy is an integral part of council's response to the COVID-19 pandemic by supporting more than sixteen thousand of the borough's lowest income households, strengthening the social safety net and providing a stimulus to the local economy.
6. The COVID-19 pandemic has resulted in a significant economic impact on low income residents. The number of residents out of work or without income and claiming welfare support is already increasing very rapidly. Many residents are facing significant reductions or fluctuations in their income meaning they will struggle to meet their required council tax payments this year.
7. In order to support those residents on the lowest of incomes who have the greatest need it is proposed to extend the council tax discretionary relief policy to introduce two new classes of council tax payers that will be entitled to additional relief.
8. Section 13A(1)(c) of the Local Government Finance Act 1992 allows the council to reduce the amount of a person's liability to such extent as it thinks fit (including to zero). It can be used for individual cases or the council may determine classes of case in which liability is to be reduced.
9. The Council's own local Council Tax Reduction scheme (CTR) provides support

for working age claimants in the form of a discount of up to 85% of their bill. However, governing legislation for local CTR schemes stipulates that schemes must be in place by the 11 March for the following financial year starting on the 1 April. As a result we are now unable to change our CTR scheme to provide additional council tax support.

10. In the 11 March 2020 Budget the Government announced a £500m grant package of funding for local authorities to deliver relief to lowest income council tax payers. The allocation of funding is based on a billing authority's share of the national caseload of working age CTR. Southwark's allocation is £3.48m.
11. In further guidance published on the 24 March 2020 the Government announced its expectation that the COVID-19 hardship fund would be targeted at those households on low incomes, and in particular those in receipt of CTR.
12. At least £2m of Southwark's COVID-19 hardship fund 2020-21 allocation will be used to support the extension of Southwark's discretionary relief policy and will therefore be cost neutral to the council. That figure will be sufficient to provide relief for all those in the new classes at this time. Further support will be available for those experiencing hardship and who become eligible for relief later in the year.

KEY ISSUES FOR CONSIDERATION

Policy implications

13. The current discretionary relief policy provides two distinct classes of council tax payers that qualify for additional relief on their council tax liabilities – foster carers who live in Southwark and who provide foster care for young people under an arrangement with the Council; and Southwark care leavers aged 18 – 24 years old who live in the borough.
14. The two new additional classes to be include in the expanded discretionary relief policies are:
 - Working age residents on low incomes and who claim CTR
 - CTR recipients on low incomes and with a working tax credit award

Working age residents who claim Council Tax Reduction

15. To be eligible for a relief within this class a tax payer must be in receipt of CTR for all, or part of, the 2020 financial year, and be of working age.
16. The relief will be applied after all other discounts, including CTR has been awarded and there is an amount left to pay. The level of award is dependent on a person's individual circumstances and the level of council tax due.
17. The relief will be awarded from the first day of entitlement to CTR within the 2020 financial year and ends on the 31 March 2021.
18. Where individuals are jointly and severally liable for council tax, awards will be applied to the whole property. Section 13A(1)(c) of the Local Government Finance Act 1992 allows the Council to reduce the amount payable, but not to amend who is named on the bill.

19. Should an individual who is eligible for relief move address within the financial year a discount will be applied to their total council tax liability for the year from the date they first qualified.
20. Levels of awards will be dependent on the allocated budget and personal circumstances. Awards will be reviewed throughout the year and if additional funding becomes available as a result of changes to liability additional awards may be considered.
21. Eligible persons within this class will be identified by the council and relief awarded automatically without the need to apply.

Council Tax Reduction recipients with a Working Tax Credit award

22. The Social Security (Coronavirus) (Further Measures) Regulations 2020 (SI 2020/371) were laid and made on the 27 March 2020 and came into force on 30 March 2020. These regulations make amendments to the Housing Benefit Regulations 2006 (SI 2006/213) and the Housing Benefit (persons who have attained the qualifying age for state pension credit) Regulations 2006 (SI 2006/214).
23. These 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) from £17.10 to £37.10 per week.
24. As noted above, local CTR schemes for the financial year must be in agreed by the 11 March. Southwark Council's CTR scheme for 2020 states that the WTC earnings disregard is set at £17.10 and this can now not be changed for 2020. As a result any claimant that has an increase in their WTC award above £17.10 a week will be treated as having more income and their CTR award will be lowered resulting in higher bills.
25. MHCLG have stated that they would like to see the HB change mirrored in local CTR schemes. As Southwark's CTR scheme can now not be changed, and to ensure these claimants receive no reduction in support, this extra entitlement must be administered through our discretionary relief scheme.
26. The amount of relief awarded will be dependent on personal circumstances and level of council tax payable after all other discounts have been applied.
27. A person who falls under this class will receive an award in addition to any other discretionary relief. This class of relief will be awarded after all other discounts, including CTR, have been awarded, including relief under any of the additional classes within the policy and there is a balance still to pay.
28. Eligible persons will be identified by the council and relief is awarded automatically with no application needed.

Financial implications

29. The single year cost of the extended policy is estimated at a minimum of £2m and will be met from the Government's COVID-19 local hardship fund 2020-21 delivered as a grant under the section 31 of the Local Government Act 2003.

30. On the 24 March 2020 the MHCLG announced they were conducting a New Burdens assessment on the implementation of the hardship grant funding. This assessment and the details of funding to local authorities had not been published at the time of writing this report.

Resource implications

31. It is anticipated that the administration of the extended policy will be absorbed within the existing Exchequer Services provision. The situation will be closely monitored and regularly reviewed to allow the policy to be flexible and adaptable to changes in demand.

Community impact statement

32. There is no direct community impact as a consequence of these changes. The availability of discretionary relief to those in receipt of CTR is consistent with the principles set out in the Council Plan 2018-22 and will help ensure that those households on lowest incomes are supported financially during the period of COVID-19 crisis and that Southwark remains a place to call home. The council does not hold council tax data in relation to groups of residents who share one of the protected characteristics as defined by the Equality Act 2010, but there is no reason to believe that any particular group will be any more affected than any other.

Consultation

33. There is no legal requirement for public consultation on the establishment or amendment to the council tax discretionary relief policy. However, the Council is regularly reviewing the ongoing application of support and works closely with representatives from the third sector to ensure support is being targeted effectively and efficiently.

SUPPLEMENTARY COMMENTARY AND ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

34. The function of agreeing a policy relating to the use of the council's power conferred by section 13A(1)(c) is not one that is reserved to the Authority, and as such is considered an executive function. The council's constitution does not reserve a decision to the Cabinet or cabinet member, and as such it is considered a decision that can be exercised by the relevant cabinet member.
35. As regards the community impact statement of the report, section 149 Equality Act 2010 requires the council, in the exercise of all its functions, to have due regard to the need to:
- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
36. The duty is an ongoing one.

Strategic Director of Finance and Governance

37. The Strategic Director of Finance and Governance notes the proposed amendment of Southwark Council's Council Tax Discretionary Relief Policy for 2020-21 as a response of the impact of COVID-19 on low income households. As set out in the financial implications, the estimated cost of the extended policy for 2020-21 is estimated to be circa £2m at this time and will be funded in full from the council's allocation of £3.48m from the Government's new Council Tax Hardship Fund.
38. It is anticipated that the administration of the extended policy will be absorbed within the existing Exchequer Services provision. However, in accordance with the government's new burdens doctrine, it is expected that any additional costs associated with the administration of the extended policy will be fully funded by central government.

BACKGROUND DOCUMENTS

Background Papers
None

APPENDICES

No.	Title
Appendix 1	Southwark Council Tax Section 13A (1)(c) Policy – 2020/21

AUDIT TRAIL

Lead Officer	Dominic Cain, Director of Exchequer, Finance & Governance	
Report Author	Eugene Nixon, Strategy and Compliance Manager, Exchequer, Finance & Governance	
Version	Final	
Dated	15 May 2020	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional Team	12 May 2020	