



HARTLEPOOL BOROUGH COUNCIL

OFFICER DECISION RECORD

Department: Chief Executives
Division: Finance and Policy
Date of Decision:
Officer Making Decision: Gill Alexander, Chief Executive
Subject / Description & Reason for Decision: COVID-19 HARDSHIP FUND 2020/21
Type of Decision: KEY

Special Urgency provisions apply – notice completed

Nature of Delegation Being Exercised:

Under Part 3 of the Constitution the Chief Executive is authorised to exercise the following delegation:

CE15 - In consultation with the Leader (or in his absence the Deputy Leader), Chair of the relevant Committee (or in his absence Vice Chair) and Monitoring Officer, the Chief Executive (or in his/her absence the Director of Finance and Policy) may take a decision normally reserved to a Committee where:

(a) Failure to take the decision quickly would, or would be likely to, harm the interests of the Council and the public.

(b) The decision is so urgent that it cannot wait until the next meeting of the Committee at which the decision would normally be taken

Background

The Government is providing a national fund of £500 million in response to the Covid 19 pandemic of which Hartlepool has been allocated £1,864,342.

The Government's strong expectation is that councils will provide all recipients of working age Local Council Tax Support (LCTS) during the financial year 2020-21 with a further reduction in their annual council tax bill of £150.

This funding cannot be used to reduce the annual council tax bills for non-working age households.

Councils can use any uncommitted funding, after applying the £150 annual council tax bill reductions, for other Local Welfare Support or a higher level of council tax reduction for those working age LCTS households whose annual liability exceeds £150.

Councils are required to revisit their approach at intervals during the financial year, in order to ensure expenditure remains within their allocation. This is a significant risk factor as the funding allocation is based on 2019 quarter 3 caseloads and claimant numbers are expected to increase owing to the economic impact of COVID-19.

It is proposed that the Council provides a further reduction in annual Council Tax bills for working age LCTS claimants of £167.22 – this is the Band A LCTS Council Tax liability for a working age household. This will fully remove the Council Tax liability for 65% of working age LCTS households and commit £1.279m of the available grant funding.

This proposals is only viable because the Council operates a 12% LCTS scheme for working age households. If the Council operated a 20% scheme Band A LCTS Council Tax liability for a working age households would be £278.72. The cost of removing this liability would be £2.132m, which exceeds the available grant funding for the additional 2020/21. This underlines the importance of the Council's decision to retain a 12% LCTS scheme for 2021/22.

Risk Considerations

As indicated above the funding allocation of £1.864m is a fixed amount and will need to meet the cost of awarding additional Council Tax reductions of £167.22 to new claimants who become eligible for LCTS during 2020/21.

Working age claimant numbers have fallen from approximately 10,000 since April 2013 when the LCTS regime was introduced.

Three scenarios for increases in case load have been considered as follows:

- 5% increase – which would be approximately 9,100 claimants
- 10% increase – which would be approximately 9,500 claimants
- 15% increase – which would be approximately 9,900 claimants

National figures for the take-up of Universal Credit showed an increase of 100,000 in one day (the typical number of calls received in a week). Figure for America shows a 3 million increase in one day in people registering as unemployed. These figures suggest a significant economic impact from COVID-19. Therefore, for planning purpose a 15% increase in caseload is an appropriate planning scenario. This would commit £0.2m of the available funding. Three other Tees Valley councils are also planning on a 15% increase in caseload.

After reflecting the cost for the existing caseload (£1.280m) and making provision for a potential 15% increase in caseload (£0.2m) the forecast uncommitted funding is £0.384m. This amount is available for other hardship initiatives.

The position will be managed closely over the next few months to determine if the actual costs are in line with current forecast to enable any necessary corrective action to be taken.

Related Risk

An increase in LCTS claimant numbers would reduce Council Tax income collected by the Council in 2020/21 as households would move from paying 100% Council Tax to 12% under the LCTS scheme. This lost income would materialise as Council Tax collection fund deficit. For each 5% increase in caseload the income loss is approximately £0.5m.

This income loss cannot be funded from this grant and it is hoped this will be covered by the separate 'COVID-19 Emergency Funding' allocation. However, this is not guaranteed.

ODR No. :

Alternative Options
Considered &
Rejected:

An alternative reduction would be £150 – the Government minimum. This would remove the Council Tax liability for 47% of working age LCTS households and commit £1.201m of the available grant funding. This option would leave 1,470 households with a residual Council Tax liability of £17.22 and it would not be cost effective to recover this small amount from so many households.

Higher reductions than £167.22 would reduce the uncommitted funding available for other hardship initiatives and are therefore not recommended.

Any Declared
Register of Interest

No

OFFICER WITH THE DELEGATION

NAME: Gill Alexander

SIGNED: 

POSITION: Chief Executive

In consultation with:

Shane Moore, Leader and Chair of Finance and Policy Committee
Chris Little, Director of Finance and Policy/s151 Officer
Hayley Martin, Chief Solicitor/Monitoring Officer

