
REPORT TO:	Cabinet / Cabinet Member for Resources, Enterprise and Economic Development
DATE:	02 March 2021/ 03 March 2021
SERVICE AREA:	Finance
REPORTING OFFICER:	Revenues, Welfare and Customer Services Manager <i>(Julie Gillett)</i>
SUBJECT:	Further Use of Covid-19 Hardship funding 2020/21
WARD/S AFFECTED:	ALL DISTRICT
FORWARD PLAN REF:	N/A

1.0 PURPOSE OF REPORT

- 1.1 To update the Cabinet and the Cabinet Member for Resources, Enterprise and Economic Development (REED) on the current Covid-19 Hardship funding position and to approve further uses of the remaining Hardship Funding allocated by Central Government in response to the COVID-19 pandemic.

2.0 RECOMMENDATIONS

- 2.1 The Cabinet and Cabinet Member notes the current Hardship spend and funding position.
- 2.2 The Cabinet Member approves a small balance of the Hardship funding is carried forward into 2021/22 to cover adjustments to the Council Tax Reduction (CTR) hardship payment awards in line with MHCLG guidance.
- 2.3 The Cabinet approves the use of the Hardship Funding to top-up the funding for Discretionary Housing Payment scheme to enable the continuation of support through to 31 March 2021.
- 2.4 The Cabinet Member approves the use of the Hardship funding to provide council tax support to clear current year arrears to vulnerable customers who have received Discretionary Housing Payments (DHP) this year and have council tax arrears for 2020/21.

- 2.5 To seek the view of the Cabinet for any further use of remaining hardship funding should there be a balance remaining.
- 2.6 The Cabinet delegate authority to the Section 151 Officer, or Deputy in his absence, to approve the final amounts required for each agreed use of the funding above, and to approve any further use of the Hardship funding to ensure funding is spent by 31 March 2021.

3.0 RECOMMENDED REASON/S FOR DECISION/S

- 3.1 The decisions will allow the Council to use the Hardship funding in line with Government guidance and to provide continued financial support to economically vulnerable residents.
- 3.2 The delegation of authority to the Section 151 Officer to agree further use if there is remaining hardship funding and to agree the final levels of funding between the agreed uses in this report will ensure the remaining funding is fully spent by 31 March 2021 ensuring financial support to economically vulnerable customers is maximised.

4.0 ALTERNATIVE OPTION/S CONSIDERED AND RECOMMENDED FOR REJECTION

- 4.1 Not to proceed with the recommendations in this report would mean the opportunity to provide financial support from Central Government funding to those residents in our district who are economically vulnerable residents would be missed. This is not recommended.
- 4.2 Not to delegate authority to the Section 151 Officer to approve further use of the remaining hardship funding and to agree the final levels between each agreed use would mean we may not act quickly to support economically vulnerable residents resulting in unspent hardship funding. This is not recommended as any unspent funding has to be returned to Central Government. This is not recommended as it would prevent financial support reaching our economically vulnerable residents.

5.0 THE REPORT

- 5.1 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.
- 5.2 The Government awarded Harrogate Borough Council hardship funding of £863,157 and provided [guidance](#) outlining the underpinning principles for use of the fund. They expected the majority of the funding to be used to provide additional support to help with Council Tax payments for working age claimants of Council Tax Reduction (CTR).
- 5.3 The award of hardship payments of up to £150 for working age CTR claimants through this financial year was agreed by Cabinet on [1 July 2020](#)

and at the end of January we had used £485,923,10 of our allocated funding, equating to 56.3%.

- 5.4 The rate of new cases that qualify for the award each week has remained modest even through the current lockdown mainly due to the extension of the Government support schemes, Job Retention and Self Employment Income Support. It is estimated that total spend would be £512,622 this year leaving remaining unspent funding at end of 31 March 2021 of approx. £350,535. Any unspent monies has to be returned to Government.
- 5.5 In line with the delegated authority the Director of Corporate Affairs in consultation with the Cabinet Member (REED) and the Head of Finance has agreed to increase the CTR hardship funding level by £75.00 from £150 to £225 across all existing and new cases during 2020/21.
- 5.6 Work is ongoing to administer this increase and it is estimated that the cost of this increase is approx. £235,500 and provides further financial support to over 4,000 households.
- 5.7 Consideration of how to use the remaining funds has been undertaken and this report sets out the proposed uses for remaining hardship funding for approval.

5.8 Proposal to use funding to cover retrospective adjustments to CTR hardship payment awards

Given the nature of CTR there can be retrospective adjustments to a CTR claims necessary for a prior financial year. In some cases, such adjustments may impact on the hardship fund discount that a taxpayer may have been entitled to in respect of their 2020-21 council tax liability. It is estimated that £10,000 of the hardship funding would be required to cover the CTR adjustments until this funding is exhausted or until end of May 2021.

5.9 Proposal to fund top-up to Discretionary Housing Payment scheme

Welfare Services administer the Discretionary Housing Payment scheme which provides a payment award to be used to clear outstanding rent arrears and to give extra financial assistance towards the weekly rent charge moving forward.

- 5.10 To qualify for a DHP, customers have to:-
- be in receipt of Housing Benefit or Universal Credit;
 - fall within a vulnerable client group;
 - be suffering severe financial hardship and need assistance to meet their housing costs.

- 5.11 The Welfare Support Team assess applications to ensure all eligibility criteria are met and evidence these. Commonly, recipients have mental health issues, physical illnesses, have had a family break up; are fleeing domestic abuse. Most are severely in debt, have lost their jobs or had reduced income due to COVID. They are usually in receipt of Universal Credit, unemployment benefits and disability benefits with income levels

insufficient to meet their basic living costs. They have no capital reserves that they can draw on

- 5.12 The DHP funding for 2020/21 was £265,200 and there has been a 50% increase in applications this year primarily due to the impact of Covid-19. We propose to use remaining funding from the Covid19 Council Tax Hardship Fund to top up our DHP scheme. This would ensure all successful applications through to 31 March 2021 are able to be awarded. Without this then if the funding pot was spent then applications would be declined.
- 5.13 We propose that an estimated £10,000 from the funding would be required to accommodate all applications to 31 March 2021 and allow an extra buffer in case needed.
- 5.14 **Proposal to provide additional Council Tax Support to Customers who are in receipt of a Discretionary Housing Payment (DHP)**
- The proposal is to use CTR Hardship funding to clear the current year Council Tax arrears for customers who received a DHP award this year, as they are often the most economically vulnerable in our district. The funding will also be used to clear any further outstanding balances for future DHP customers that arise between now and the end of the financial year. It is estimated this would result in spending of approx. £75,000.
- 5.15 It is apparent that these customers, who are highly vulnerable and suffering severe financial hardship, are unlikely to be able to clear the Council Tax balances due in the short to medium term, particularly in the current economic climate.
- 5.16 A DHP award is used to clear outstanding rent arrears and to give extra financial assistance towards the weekly rent charge moving forward and is awarded as detailed in 5.10 and 5.11 of this report. A large proportion of DHP customers are also in arrears with their council tax payments. This is a higher priority debt and usually sits alongside other debts that the customer has accrued – to utility companies, credit companies etc
- 5.17 An analysis of the 182 customers with DHP awards from April to the end of September 2020, showed that after the award of CTR, 111 had outstanding balances on their Council Tax accounts - 61%. See breakdown below:

O/S balances in current year	O/S balances from prior year	O/S balances from other accounts
71 cases	65 cases	33 cases
Totalling £42,694.38	Totalling £23,131.08	Totalling £36,926.42

- 5.18 The proposal is to use the CTR Hardship fund to clear outstanding balances in the current year for these most economically vulnerable customers (£43k) and to use the fund to clear the current year council tax outstanding balances for all new DHP claimants since October until end of March 2021. This could result in spending of approx £75,000

- 5.19 The total estimated amount of funding required to meet all the proposals set out in this report is £330,500. This could leave approx £20,000 remaining and this report seeks the view of the Cabinet for any further use of the remaining balance, such as donation to the district's Food Bank or to organisations providing financial advice and support guidance to further support to the most economically vulnerable in our district.
- 5.20 The report also asks for authority to be delegated to the Section 151 Officer, or Deputy in his absence, to approve actual funding levels required to meet the above proposals. Due to the fluid nature an estimate of the costs has to be made and these include a buffer and there may be some variation when the funds are actually applied to cases. To delegate authority to the Section 151 Officer will allow us to ensure funding is secured for each proposed use and also provides the ability to approve further use should there be a small remaining balance.

6.0 REQUIRED ASSESSMENTS AND IMPLICATIONS

- 6.1 The following were considered: Financial Implications; Human Resources Implications; Legal Implications; ICT Implications; Strategic Property/Asset Management Considerations; Risk Assessment; Equality and Diversity (the Public Sector Equality Duty and impact upon people with protected characteristics). If applicable, the outcomes of any consultations, assessments, considerations and implications considered necessary during preparation of this report are detailed below.

7.0 CONCLUSIONS

- 7.1 The proposed uses of the hardship funding will ensure that we maximise the spending of our Council Tax hardship funding allocation to ensure there is not an significant underspend which has be to returned to Government and therefore would provide further financial support to our most vulnerable residents during the ongoing coronavirus pandemic

Background Papers – None

OFFICER CONTACT: Please contact (Julie Gillett, Revenues, Welfare and Customer Services Manager), if you require any further information on the contents of this report. The officer can be contacted at (*RWCS/Finance Service Name, PO Bo 787, Harrogate, HG1 9RW*) 01423-(500600) or by e-mail – (julie.gillett@harrogate.gov.uk)