

Hardship fund for Covid 19 – Council Tax Reduction (CTR) and local support schemes

Background

The government has provided £5 million to Bristol City Council in order to alleviate hardship through additional reductions in council tax liabilities of up to £150 per annum, per household for working age people accessing the CTR scheme. Households are not required to make an additional application for this funding.

Unlike most other local authorities in England, Bristol City Council does not charge a minimum council tax liability to its working age households. The guidance issued by the Ministry for Housing, Communities and Local Government (MHCLG) advises that authorities may wish to use any remaining grant allocation through additional support outside the council tax system.

This can include schemes such as Bristol City Council's Local Crisis and Prevention Fund (LCPF) or similar schemes.

The following sections explore the local costs and options for using the hardship fund to assist working age households.

Additional support for households currently receiving CTR to be administered through Section 13A(1)(c)

Additional support will be awarded automatically as a credit to council tax accounts up to £150. This will result in no outstanding liability to pay for households who have a shortfall between their CTR entitlement and annual council tax liability. The remaining households will receive a revised bill with reduced instalments to pay.

The table below shows the number of working age households who get a partial CTR award, the average award that would be made under the hardship and expected cost of additional support:-

Households with partial CTR award	Average additional support per household (£ per annum)	Additional support for all households (£ per annum)
5,267	144.08	759,000

It is useful to note that some of these households will receive an increase in their CTR entitlement in the event that they lost their employment as a result of measures taken to reduce the spread of Covid 19. This would be reflected in an increase in cost to the overall scheme.

Additional cost of the CTR scheme for 2020/21

The tables below show the impact of an increase in the working age CTR caseload as a result of loss of employment. This is based on the current cost of the scheme with 3.99% uplift for council tax from 1st April 2020:-

Estimated cost of working age CTR scheme (2020/21) (£million per annum)		27.2
Percentage increase in working age caseload (%)	Estimated cost of working age CTR scheme (£million per annum)	Increase above estimated current cost (£million per annum)
10	29.9	2.7
15	31.3	4.1
20	32.6	5.4
30	35.4	8.2

This is a basic calculation and deals with the percentage increase of the working age caseload as a whole, rather than just specific elements of it (e.g. increases only in those who are unemployed).

This would suggest that in the case of a 10% increase in the working age caseload, the total additional cost would be £3.5million (£ £759,000 of additional support to current recipients and £2.7million of CTR entitlement as a result of new applicants to the scheme). This scenario would be within the limits of the additional support available through the hardship fund.

In the case of a 15% increase in the working age caseload, the total additional cost would be £4.9million. .

Additional support through the LCPF scheme

Additional support may be made available through the Emergency Payments part of the council's LCPF scheme.

To be eligible for an award under the scheme all of the following conditions must be satisfied. Applicants must:-

- Be a resident of Bristol found on our systems, or have proven links to Bristol
- Be aged 16 or over
- Be without sufficient resources to meet their immediate short-term needs, or those of their family
- Have demonstrated that the need cannot be met by another source and that no savings are available
- Not be a person subject to immigration control or with no recourse to public funds

It is proposed that £400,000 is made available from the hardship fund to support households who need to access essentials such as food and utilities.

If this fund is overwhelmed with applications, low income, vulnerable households may not be able to access essential items quickly in a time where foodbanks will be unable to help. There are two elements to this. The first is the more immediate potential pressure on the service through phone calls and online application numbers. The second will be slightly longer term in those available funds will not be sufficient to cover volume of awards.

Some mitigation is available in the form of accessing advances from the Universal Credit system (although this is also currently under pressure as a result of the number of new applications).

In the current circumstances, additional work may need to be undertaken to establish whether the current system of spendcards is appropriate or a more flexible mechanism can be adopted.

Additional support through Discretionary Housing Payments (DHP)

Local authorities can contribute up to an additional 150% of the Department for Work and Pensions' contribution to DHPs to assist with shortfalls between housing costs met through Universal Credit or Housing Benefit.

To be eligible for an award under the scheme, applicants must be in receipt of HB or UC, have a rent liability and require further financial assistance with housing costs.

There may be some pressures on the delivery of DHP as a result of increased demand, although the less immediate nature of this compared to LCPF awards should make it more manageable. There may be a requirement to reprioritise why awards are currently made to manage expenditure through this period.

The government has announced changes to Local Housing Allowance and this should result in a 'resetting' of the rates to the current 30th percentile of market rents in the Private Rented Sector. This means that households living in privately rented accommodation will see an increase in the maximum amount their Housing Benefit or Universal Credit (Housing Costs Element) will be based on. Any awards for DHP will need to take this into account and existing DHP awards may reduce as a result of these changes, easing expenditure.

It is proposed that £200,000 is made available from the hardship fund to support renters with shortfalls between their Housing Benefit or Universal Credit (Housing Costs Element) and eligible rent. It is anticipated that this will be primarily for those living in privately rented accommodation.

Recommendations/Note

- Set aside £759k from the hardship fund to meet potential demand for up to £150 additional support for current working age households who are receiving a partial CTR award (Note the potential impact of an increase in the working age scheme cost for 2020/21 and that further modelling and monitoring of expenditure will need to take place)
- Set aside £400,000 for the LCPF scheme and consider ways in which funds from the LCPF scheme can be distributed
- Set aside £200,000 for the DHP scheme making some of this additional support available to renters
- Note that a 10% increase in CTR demand would lead to a further £2.7m annual expenditure and 15%, £4.1m expenditure.

If there was an increase in demand for CTR assistance of 15% and 5,267 households on partial CTR received up to a maximum of £150 assistance with their Council Tax bill, this would equate to almost the entire £5m MHCLG grant allocation for Bristol.

Risks

- Potential for the CTR scheme to exceed current budgeted expenditure for 2020/21. Based on a 15% increase in demand this additional expenditure would be £4.9million
- Administrative burden associated with awarding up to £150 to working age households (this may be mitigated by the IT solution that is put in place)
- Current LCPF provision is not appropriate for the current circumstances (i.e. spendcards vs. the requirement to exercise social distancing). This will need to be explored in more detail but may include measures such as working with local providers to produce basic food packages or providing a payment mechanism that can be used online. It is possible that more vulnerable groups could ask for support from volunteers/networks to assist with shopping, with research done to identify these networks for each area