

TONBRIDGE & MALLING BOROUGH COUNCIL
FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

16 September 2020

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Information

1 REVENUES AND BENEFITS UPDATE REPORT

A report detailing recent developments in respect of council tax, business rates, council tax reduction and housing benefits.

1.1 Collection of council tax and business rates

1.1.1 I am pleased to report that all of the Kent authorities have now submitted their final collection rates for 2019/20 (see **ANNEX 1**) and that once again, ours are the highest in Kent.

1.1.2 As at 31 August 2020, the collection rate for council tax stood at 45.19%. For the same period in the year 2019/20, the collection rate was also 45.95%.

1.1.3 As at 31 August 2020, the collection rate for business rates stood at 48.07%. For the same period in the year 2019/20, the collection rate was 48.29%.

1.1.4 Members will note that the number of recovery notices issued so far this financial year (see **ANNEX 2**) is considerably lower than last year for the reasons I reported at the July meeting of this Board.

1.1.5 At the time of writing this report, we are still waiting for the Magistrates' Court to advise when liability order hearings will be rescheduled. Until then, the recovery action we can take is limited, so it is encouraging that the collection rates are holding up quite well compared to the previous year.

1.2 Business Grant Funding Schemes

1.2.1 Government has announced that the two schemes (Small Business Grant and Retail, Hospitality & Leisure Grant) will finish on 30 September 2020. Applications for these grants closed on 28 August, and final payments are being made at the time of writing this report.

1.2.2 To date, we have paid 1,524 businesses a total of £19,355,000 some 96.2% of our allocation of £20,120,000.

- 1.2.3 This has helped our local businesses tremendously through the lockdown period and will hopefully enable them to continue trading now that restrictions are starting to ease.

1.3 Business Rate Review

- 1.3.1 The government recently published a paper entitled Business Rates Review – Call for Evidence covering, amongst other things, the business rates multiplier, reliefs and valuations to inform and aid consideration of future business rates reforms.

- 1.3.2 The paper is available to view at

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/903429/Business_Rates_Review_-_CfE.pdf

1.4 Performance and Workload of the Benefits Service

- 1.4.1 The average number of days taken to process new claims for housing benefit since April now stands at around 14. The number has increased and is likely to rise further as the proportion of claims from temporary accommodation (households placed as homeless by our Housing team) increases. Numbers in temporary accommodation are at an all-time high and there are fewer general new claims for housing benefit as most new customers claim housing cost assistance through Universal Credit. Temporary accommodation falls outside of Universal Credit for housing cost assistance, remaining under housing benefit rules. It is often more difficult to obtain information necessary to assess claims from temporary accommodation, causing delays, as customers priorities will lie elsewhere at that point when they are placed. My Service is working together with the Housing Service, investigating how the process can be made simpler and quicker for everyone.

- 1.4.2 The number of households in the Borough receiving housing benefit assistance continues to steadily fall due to households moving across to Universal Credit. The number now stands at around 4650 and is likely to drop at an increased rate over the coming months as the pandemic impacts further on jobs. The number of pension age households, who will remain on housing benefit and not transfer to Universal Credit is steady at around 2035.

- 1.4.3 Conversely, the number of households in the Borough receiving council tax support continues to rise, now at around 7,000 homes. This is unsurprising given the increase in Universal Credit claims. Latest figures from the Department for Work and Pensions show that the number of new Universal Credit claims each week have been running at 3.3 times higher on average since 16 March 2020. Talking to local officers, it appears numbers have steadied recently but the expectation is for a sharp rise due to the end of the Governments furlough scheme. Across Kent, the DWP are recruiting around 100 new staff to help handle the new demands. Priority is not only placed on speedy assessment and payment of Universal Credit but also on support with job searches. The highest increase in

numbers out of work is in school leavers, where the DWP are also focussing their own recruitment drives.

1.4.4 **The Borough and the Furlough Scheme**

- 1.4.5 As we are all aware, the Chancellor announced the Government's Coronavirus Job Retention Scheme on the 20 March 2020 which came into effect retrospectively from 1 March. Employers could from that point furlough employees, claiming back 80% of their wages up to £2,500 per month. From 1 July the scheme became flexible, enabling employers to bring furloughed employees back to work for any hours and shift patterns and claim for the hours not worked. A graduated withdrawal of support is timetabled to bring the Scheme to a close at the end of October 2020.
- 1.4.6 Since summer, Government has published statistics relating to the Scheme's use. Details can be found on the .Gov website at:
<https://www.gov.uk/government/collections/hmrc-coronavirus-covid-19-statistics>
- 1.4.7 I have collated a table at **ANNEX 3** showing the numbers of employees furloughed across Kent by local authority and the percentage of 'furlough eligible' workforce this represents.
- 1.4.8 Members will see from the table how the figures reflect the strength in our local economy across the Borough compared to others in Kent. Given our size, we have 60,300 'eligible employments', only slightly lower than the figure for Canterbury and ranked 4th highest of the 12 Councils. Swale and Maidstone are also recognised as having more employments, as would be expected due to the scale of the Boroughs.
- 1.4.9 With the end of the furlough scheme in sight it is widely thought that a percentage of workers supported by the Scheme will sadly not be returning to work due to the economic downturn. Assuming the 'hit' applies across the board, the potential is for the end of the Scheme to have a greater intensity of impact on our Borough than others, meaning we could see larger numbers out of work, accessing services or support in comparison to other areas while our capacity to meet those demands may face greater pressures.
- 1.4.10 The Council's Covid 19 response so far has been to prioritise support for vulnerable households, rapidly respond to business needs with grants, develop relationships and work together with partners in delivering fast and easily accessible services. As we witness the evolving social economic landscape coming out of national lockdown, it is clear to see that we will face still further challenging times ahead.
- #### 1.4.11 **Discretionary Housing Payments**
- 1.4.12 As I reported to Members at our last Board meeting, the volume of discretionary housing payment (DHP) applications has significantly fallen since mid March. In

what would normally be a busy period over the financial year end and continuing into the first quarter, we received a third of our usual number of applications. The reason behind this is attributed to the stay placed by Government preventing landlords to take eviction proceedings during the pandemic. Court action was due to recommence in August but the suspension has currently been extended to 20 September. Alongside this protection, a new requirement for landlords to provide tenants with six months' notice of eviction will be in place until next March, although Government is keen to stress that both these measures will be kept under review. There are some exceptions to the evictions stay, where evictions may still proceed relating to matters such as severe anti-social behaviour and domestic abuse.

1.4.13 The balance of the DHP budget at the time of writing this report stands at £248,000, having used £65,000 since April. My officers are working proactively with Clarion Housing, Citizen Advice and Crosslight Advice to identify households currently in difficulty with rent arrears and assist where possible, but there remains a significant underspend at this point in time.

1.4.14 Spend of the fund is carefully monitored and budgeted throughout each year to ensure awards are made to the greatest effect while at the same time ensuring sufficient funds are in hand for the remainder of a financial year. Any underspend at the end of each year must be returned to Government. Should the current conditions continue then I, along with my colleagues across Kent, will make representation to the Department for Work & Pensions for agreement to carry-over any underspend as difficulties and arrears accrue.

1.4.15 **The Local Council Tax Reduction Scheme 2020/21**

1.4.16 At our previous Board meeting I expressed to Members my hopes to bring to this meeting a fuller evaluation of this year's Council Tax Reduction Scheme. With consideration to current conditions I propose not to go ahead with the evaluation for the following reasons:

- The economic landscape
- Emergency hardship support scheme
- Suspended council tax recovery actions

1.4.17 At the present time I am satisfied that our Council Tax Reduction Scheme is working as intended. There is nothing to suggest a pressing need for deeper evaluation, which would be made difficult when trying to disentangle factors from the extra-ordinary events of this year. I also believe my officers' time can be better served on other matters.

1.5 **Legal Implications**

1.5.1 Nil.

1.6 Financial and Value for Money Considerations

- 1.6.1 The percentage of council tax and business rates collected during the year impacts on the Council's finances and, consequently, on the level of council tax for future years.

1.7 Risk Assessment

- 1.7.1 Nil.

1.8 Equality Impact Assessment

- 1.8.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users at this point.

1.9 Policy Considerations

- 1.9.1 Community

- 1.9.2 Customer Contact

Background papers:

1. In respect of the collection of council tax and business rates, data held within Financial Services.

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