

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

12 January 2022

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 As at 30 November 2021, the collection rate for council tax stood at 74.28%. For the same period in the year 2020/21, the collection rate was 73.67%.
- 1.1.2 As at 30 November 2021, the collection rate for business rates stood at 74.64%. For the same period in the year 2020/21, the collection rate was 75.16%.
- 1.1.3 I shall update Members, as to the collection rates for 2021/22, as at 31 December 2021, for both council tax and business rates, on the evening of the meeting.
- 1.1.4 These collection rates show an encouraging upwards trend, with figures almost back to pre-Covid levels.
- 1.1.5 I am pleased to advise that the Magistrates' Court is slowly allocating hearing dates and that, at the time of writing this report, we had another two scheduled (22 December and 5 January). We have also been allocated a hearing date on 16 March 2022, which will allow any unpaid debts since the new year to be recovered.
- 1.1.6 A meeting with representatives from the Court and local authorities in Kent, Sussex and Surrey was held in November, which allowed both sides to air the difficulties they were facing. The Court was asked for more regular hearing dates to be provided so that the number of taxpayers being summoned each time would be reduced (thereby putting less pressure on both our staff and the courts'). We will continue to push for an answer on this request in the new year.
- 1.1.7 With the reintroduction of court hearings this year, the number of recovery notices issued this financial year is significantly higher than the amount issued in 2020/21 - see **[ANNEX 1]**. This has helped reduce council tax arrears by £750,000 and business rate arrears by £400,000 at the time of writing this report.

1.2 Council Tax Base for the year 2022/23

- 1.2.1 I attach, at **ANNEXES 2 and 3**, the council tax base for the financial year 2022/23. This shows that there are 52,246.97 Band D equivalent properties within the Borough.
- 1.2.2 Members should note that, compared to the tax base for the year 2021/22 (51,374.86 Band D equivalent properties), there has been an increase of approx. 1.7% in the overall tax base for the Borough.
- 1.2.3 This increase is a combination of fewer taxpayers claiming Council Tax Reduction, combined with growth in the number of new properties.
- 1.2.4 The Council is required to set its tax base for the forthcoming financial year, and notify it to the major precepting authorities, during the period 1 December to 31 January. Members will recall that, at the time of reporting the tax base for the year 2005/06, they agreed to give me delegated authority to calculate the tax base for subsequent years.

1.3 Budget Changes

- 1.3.1 The Chancellor announced on 27 October 2021 that the government had concluded its review of the business rates system and, to support businesses in the near term, had decided to do the following:
- Freeze the business rates multiplier for a second year, from 1 April 2022 to 31 March 2023, keeping the multipliers at 49.9p and 51.2p
 - Introduce a new temporary relief for 2022-23 for retail, hospitality and leisure properties, with eligible properties receiving 50% relief up to a £110,000 per business cap. This scheme is called the **2022/23 Retail, Hospitality and Leisure Relief Scheme**
 - Extend transitional relief and the supporting small business scheme for 1 year. This scheme is called the **Extension of Transitional Relief and Supporting Small Business Relief for Small and Medium properties Scheme**
 - Have revaluations every 3 years from 2023
- 1.3.2 The Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Act 2021 has just received Royal Assent. This has allowed billing authorities to provide relief to ratepayers most affected by Covid-19 out of a £1.5bn funding pot.
- 1.3.3 The scheme to provide the relief has been called the **Covid-19 Additional Relief Fund (CARF)**. The Council has an allocation of £3,768,135 to support those businesses affected by the pandemic but that are ineligible for existing support

linked to business rates. The relief is available to reduce chargeable amounts in respect of 2021/22.

- 1.3.4 It will be for individual billing authorities to adopt a local scheme and determine in each individual case whether, having regard to this guidance and their own local scheme, to grant relief under section 47 of the Local Government Finance Act 1988.
- 1.3.5 As guidance has only just been received at the time of writing this report, officers are currently discussing how to implement the relief in conjunction with the Kent Revenues Group, with a view to creating a policy as early as possible in the New Year.

1.4 Business Rate Grants

- 1.4.1 The Chancellor announced on 21 December 2021 an additional £1 billion in support for businesses most impacted by Omicron across the UK.
- 1.4.2 Businesses in the hospitality and leisure sectors in England will be eligible for one-off grants of up to £6,000 per premises, plus more than £100 million discretionary funding will be made available for local authorities to support other businesses.
- 1.4.3 Guidance and confirmation of our allocation of the support fund is expected in the coming weeks. A new local policy will be required, and I shall update Members more on the evening of the meeting.

1.5 Performance and Workload of the Benefits Service

- 1.5.1 New claims for housing benefit and council tax reduction are now taking around 16 days on average to start payments, however most remain dealt with between two and three working days. It is only those few needing further information or clarification where it may take longer. As the number of new claims has reduced, the average times have increased as those few cases that need more time to sort out, represent a larger proportion of the overall number. The average time taken to administer most new claims continues to improve, particularly in the area of temporary accommodation where as I informed Members at our last Board Meeting, my Recovery Team has centralised and streamlined much of the associated administration.
- 1.5.2 The number of households receiving housing benefit continues to fall, now standing at 4008. This is a drop of 326 since 1 April 2021 with the primary cause remaining as the switch to Universal Credit as household circumstances change.

1.6 Local Council Tax Reduction Scheme

- 1.6.1 The number of households getting help towards Council Tax through our Local Council Tax Support Scheme is 6524, of these, 4071 are working age. Members may be aware that although we have some discretion in the design of Council Tax

support schemes, there is little choice but to use the Government prescribed Scheme for pension age residents. The prescribed scheme allows for a maximum 100% discount in the means test, which many of the 2,500 households get.

- 1.6.2 There is greater room for discretion in designing a 'working age scheme'. Each year the Council must agree a Scheme for the following financial year. The proposed 2022/23 Scheme will soon be presented to Cabinet for recommendation at Full Council in February. The proposed draft Scheme will be similar to the current one albeit with some minor amendments to take account of benefit rate uplifts and an increase to the National Living Wage. The Scheme for working age households has a maximum threshold of help capped at 80% of council tax liability.
- 1.6.3 When the Scheme was introduced for April 2020 in its current 'simplified' format following public consultation, it was agreed to carry out an evaluation, report back to this Board on the findings and adapt the following year's Scheme if necessary. With the pandemic hitting just at that point, Government recognised the need for additional assistance to working age households and provided funding for a further national reduction of £150 in Council Tax for all households awarded help with a local council tax reduction. The Government support was not continued into 2021/22 (current financial year) but Kent County Council made a provision to each District across Kent to assist. There were two caveats to this, firstly to reduce all working age council tax bills where there was an award of council tax reduction by £50 and secondly, to run a support fund at local discretion.
- 1.6.4 As reported at paragraph 1.1.7, court hearings for recovery of Council Tax arrears were reinstated to a limited extent this year. Our relationship with the Court Service, like other West Kent Districts, has been fraught at times this year. Our two allocated recent court dates have been a week either side of Christmas, far from ideal and the next scheduled date is March. With an eye to the unsympathetically timed Christmas dates potentially compounding misery for those low income households struggling with finances we took the opportunity to make a further to Council Tax bills of £40 for those households awarded Council Tax Reduction, using the funding from KCC. Not only did this reduce the amount owed by these households, it served to reset their Council Tax instalments, removing them from the 'Christmas summons lists'. Taking full advantage, it enabled us to reach out to the households that would otherwise have received a summons with costs, to offer various forms of extra help.
- 1.6.5 The temporary underpinning of our Local Council Tax Support Scheme this year by the application of further reductions of £50 and £40 has again meant it is not possible to truly evaluate the effectiveness of the Scheme.

1.7 Self-Isolation Support Payments

- 1.7.1 As Members will be aware, my Service is responsible for the administration and payment of the Covid-19 self-isolation support payment scheme for residents of

the Borough. The Scheme was introduced in September 2020 and provides a payment of £500 for adults with low incomes who lose pay through having to self-isolate. The instruction to self-isolate may be due to testing positive with the virus, being in contact with someone who has or having to stay home to look after a child who has been instructed to self-isolate. The rules around who can claim have frequently changed. It is now at its most complex so far, with awards dependent on criteria such as who made the instruction to self-isolate, the date tested positive, whether testing positive or close contact, vaccinated or non-vaccinated, age and variant of virus amongst others. Each iteration calls for a change to our online application process, the information we provide on our website and of course staff awareness.

- 1.7.2 In total, we have received almost 1600 applications, with payments made to 1000 households. In addition to dealing with the complexities of constant rule changes, it is challenging to manage resources to cope with the peaks and troughs of demand as waves of the virus hit. Christmas 2020 saw an extremely busy time with the 'Kent' variant taking hold at that time, while this Christmas has Omicron.

1.8 Household Support Fund

- 1.8.1 The Government has recently made a further round of grants to County and Unitary Councils to support households suffering food and fuel poverty during the pandemic. Kent County Council has used funds to set up a countywide service providing various support in line with the conditions of the grant. Details of the Scheme are due to be released soon, at the time of writing the report. KCC has also bolstered the service provided by Kent Support and Assistance Service <https://www.kent.gov.uk/social-care-and-health/care-and-support/benefits/home-essentials-in-a-crisis> and has allocated shares of the fund to District. Our share, a sum of just over £160,000 is being used to support local foodbanks across the Borough and to fund utilities voucher schemes for our residents. The voucher schemes are run by the Tonbridge Baptist Church and local Citizens Advice.
- 1.8.2 The allocation of funding from KCC was unexpected but I am pleased to say that it was rapidly put into use, being effective before the Christmas break and giving financial backing to organisations across our Borough supporting residents in hardship who are unable to afford basics such as food and heating. Full details of how to access help are on our website.

1.9 Other Welfare Related Activities

- 1.9.1 The remit of the Service has developed to meet the broadening demand in support for residents of the Borough, in particular but not exclusive to the start of the pandemic. The following is a brief flavour of some of the other activities currently underway:

- **Policy in Practice software** – using live data from Revenues & Benefits, analysing information to target upstream interventions at households to prevent homelessness and severe debt issues.

- **Policy in Practice and North West Kent Citizens Advice** – A partnership arrangement with lottery funding allowing NWK-CA to pro-actively assist households in our Borough with various forms of support.
- **Refernet** – Growing the partner referral framework established in West Kent jointly with NWK-CA, broadening the service across Kent. The service aims to provide a simple gateway to access help with finances, mental and physical health, benefits and work.
- **South East Water, Social Tariff** – working together with SE Water to identify low income households on water meters and automatically switching them to a charging structure that caps the cost of water use.
- **Breathing Space** – a national scheme to allow debtors respite from debt recovery of 60 days while they work with debt advisors and engage with creditors.
- **Hong Kong British Nationals** – A Government funded scheme, working as a small group with KCC to establish a support framework for health, housing, education, work and community for Hong Kongese British Nationals coming to Kent. The framework to be in a state of readiness to respond to the changing political environment in Hong Kong.
- **Single Customer View** – working together with the Cabinet Office on a project with a long-term ambition to simplify engagement with creditors for individuals suffering with debt issues.
- **EU Settlement Scheme** – post Brexit, a requirement for EU nationals to register for ‘settled status’ to remain as residents in the UK. Working locally with the DWP this has been completed for our residents in the Borough in December 2020.

1.10 Legal Implications

1.10.1 Nil.

1.11 Financial and Value for Money Considerations

1.11.1 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.

1.12 Risk Assessment

1.12.1 Nil.

1.13 Equality Impact Assessment

1.13.1 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.

1.14 Policy Considerations

1.14.1 Community

1.14.2 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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