

**SUPPLEMENTARY REPORTS FOR
COUNCIL
7.30 pm on Thursday 10 December 2020
Zoom - Online**

The items below are due to be considered at the meeting listed above and were unavailable for circulation when the agenda for the meeting was published. The agenda items are noted below.

AGENDA

9. References from Cabinet and Committees

- b) Referral from Cabinet - Treasury Management Strategy Statement 2020/21: Mid-Year Review (Pages 2 - 10)

Cabinet recommended to Full Council that the Mid-Year Review of the Treasury Management Strategy, attached as Appendix A to the report, be considered.

- c) Referral from Cabinet - Local Council Tax Support Scheme Proposals (Pages 11 - 35)

Cabinet recommended to Full Council that the Local Council Tax Support Scheme remains unchanged for 2021/22.

REPORT TO: CABINET

DATE: 3 DECEMBER 2020

TITLE: TREASURY MANAGEMENT STRATEGY
STATEMENT 2020/21: MID-YEAR REVIEW

PORTFOLIO HOLDER: COUNCILLOR MIKE DANVERS, PORTFOLIO
HOLDER FOR RESOURCES

LEAD OFFICER: SIMON FREEMAN, HEAD OF FINANCE AND
PROPERTY AND DEPUTY TO THE CHIEF
EXECUTIVE (01279) 446228

CONTRIBUTING OFFICER: REBECCA KEENE, PRINCIPAL FINANCE
MANAGER (01279) 446448

This is not a Key Decision

It is on the Forward Plan as Decision Number I011372

The decision is not subject to Call-in Procedures for the following reason:

The decision stands as a recommendation to Council.

This decision will affect no ward specifically.

RECOMMENDED that:

- A The Mid-Year Review of the Treasury Management Strategy, attached as Appendix A to the report, be noted and referred to Council for consideration.

REASON FOR DECISION

- A Compliance with the CIPFA Treasury Management Code of Practice, requires that Council is presented with a mid-year report on The Treasury Management Strategy Statement (TMSS).

BACKGROUND

1. Treasury management is defined as: “The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
2. The Council operates within the framework of CIPFA’s ‘Prudential Code for Capital Finance in Local Authorities’ (Prudential Code), the ‘Treasury Management Code of Practice’ and, the Ministry of Housing Communities and Local Government (MHCLG) Investment Guidance.

3. The primary requirements of the Code are as follows:
 - a) Creation and maintenance of a Treasury Management Policy Statement;
 - b) Creation and maintenance of Treasury Management Practices (TMPs);
 - c) Receipt by the Council of an annual Treasury Management Strategy (TMS), including Annual Investment Strategy and Minimum Revenue Provision Policy for the year ahead, a Mid-Year Review of the Treasury Management Strategy and an Annual Report (stewardship report);
 - d) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions;
 - e) Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the current TMS specifies that responsibility for the delegated scrutiny role is delegated to the Cabinet Overview Working Group.

ISSUES/PROPOSALS

4. As part of the primary requirements for reporting to Council, the mid-year review of the TMS has been prepared in compliance with CIPFA's Code of Practice, and is attached to this report as Appendix A. Economic commentary has been provided by the Council's Treasury Management Advisors, Arlingclose Ltd.
5. On an on-going basis, officers continue to work within the scope of the TMS in order to contain counterparty risk as far as practically possible. Treasury management activities operate under a high-profile reporting mechanism, and any significant issues that may arise through the year are reported in accordance with protocols set out in the TMS.

IMPLICATIONS

Environment and Planning (Includes Sustainability)

None specific.

Author: Andrew Bramidge, Head of Environment and Planning

Finance (Includes ICT, and Property and Facilities)

As contained in the report.

Author: Simon Freeman, Head of Finance and Property and Deputy to the Chief Executive

Housing

None specific.

Author: Andrew Murray, Head of Housing

Community Wellbeing (Includes Equalities and Social Inclusion)

None specific.

Author: Jane Greer, Head of Community Wellbeing

Governance (Includes HR)

None specific.

Author: Simon Hill, Head of Governance

Appendices

Appendix A – Harlow Council Treasury Management Strategy Mid-Year Review 2020/21

Background Papers

Treasury Management Strategy 2020/21

<https://moderngov.harlow.gov.uk/documents/s15158/Capital%20and%20Treasury%20Report%20Appendices%202020%20v6.pdf>

Glossary of terms/abbreviations used

Arlingclose – The Council's appointed treasury management advisors.

CIPFA – Chartered Institute of Public Finance and Accountancy

MHCLG – Ministry of Housing Communities and Local Government

TMPs – Treasury Management Practices

TMS – Treasury Management Strategy

HARLOW COUNCIL
TREASURY MANAGEMENT STRATEGY
MID-YEAR REVIEW 2020/21

Summary of the Report

1. This report provides an update on economic conditions impacting on the Council and focusses on any major issues affecting borrowing and investments.
2. A full commentary is provided within this report by the Council's treasury management advisors, Arlingclose Ltd.
3. The economy is functioning within uncertain times. The Covid-19 pandemic has had a significant impact on the economy and the ongoing Brexit negotiations have led to a lack of clarity over the long term economic picture.
4. At all times the Council will take steps to protect its investment portfolio by placing security (the reduction of risk in order to protect the return of capital sums) and liquidity (being able to have immediate access to a reasonable amount of funds so that cashflow obligations may be met) above yield (i.e. the interest paid on investments).
5. In setting the Council's strategy for 2021/22, a full report will be presented to Cabinet and Council in January / February 2021. This will be in conjunction with the 2021/22 budget proposals and Capital Strategy.
6. The Treasury Management Strategy for 2020/21 has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's 'Treasury Management in the Public Services: Code of Practice' (the CIPFA Code) which requires the Council to approve treasury management half-year and annual reports.
7. The Council is supported by treasury management advisors, Arlingclose Ltd., in decision making.

Background

8. The Council's treasury management strategy for 2020/21 was approved at a meeting of Council on 30 January 2020. The Council has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk is

therefore central to the Council's treasury management strategy.

9. The Council operates within the framework of CIPFA's 'Prudential Code for Capital Finance in Local Authorities' (Prudential Code), the 'Treasury Management Code of Practice' and, the Ministry of Housing Communities and Local Government (MHCLG) Investment Guidance.
10. The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy, complying with CIPFA's requirement, was approved by Council on 30 January 2020.

External Context: Based upon commentary provided by the Council's Treasury Management advisors, Arlingclose Ltd. (October 2020)

11. **Economic background:** the spread of the coronavirus pandemic has dominated the economic outlook throughout the first half of the 2020/21 financial year as the government has tried to manage the balancing act of containing transmission of the virus while easing lockdown measures and getting the economy working again.
12. The Bank of England maintained the bank rate at 0.1% and the potential use of negative interest rates has not been ruled in or out by the bank policymakers. The headline rate of Consumer Price Inflation (CPI) fell to 0.2% year on year in August, further behind the Bank of England's 2 % target.
13. Government initiatives have continues to support the economy with the furlough (Coronavirus Job Retention) scheme keeping almost 10 million workers in jobs, grants and loans and business rates reliefs being made to businesses.

Local Context

14. On 31 March 2020, the Council had net investments of £25.1m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.20 Actual £m
General Fund CFR	62.655
HRA CFR	187.370
Total CFR	250.025
Less: Other debt liabilities	(-)1.714
Loans CFR	248.311
External borrowing	(-)211.837
Internal borrowing	36.474
Less: Usable reserves	(-)67.724
Less: Working capital	6.139
Net investments	(-)25.111

15. The Council pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.
16. The treasury management position at 30 September 2020 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.20 Balance £m	Movement £m	30.9.20 Balance £m	30.9.20 Rate %
Long-term borrowing: Public Works Loan Board	211.837	-	211.837	3.309
Total borrowing	211.837	-	211.837	3.309
Long-term investments	(-)4.000	-	(-)4.000	2.53
Short-term investments	0	-	-	-
Cash and cash equivalents	(-)22.100	(-)2.425	(-)19.675	0.75
Total investments	(-)26.100	(-)2.425	(-)23.675	
Net borrowing	180.137	(-)2.425	188.162	

Borrowing Strategy during the period

17. At 30 September 2020 the Council held £211.837m of loans as part of its strategy for funding previous years' capital programmes. Outstanding loans on 30 September are summarised in Table 3 below.

Table 3: Borrowing Position

	31.3.20 Balance £m	Net Movement £m	30.9.20 Balance £m	30.9.20 Weighted Average Rate %	30.9.20 Weighted Average Maturity (years)
Public Works Loan Board	211.837	-	211.837	3.309	14.8
Total borrowing	211.837	-	211.837		

18. The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.

Treasury Investment Activity

19. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the six-month period, the Council's investment balances ranged between £22.780m and £42.420m due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.20 Balance £m	Net Movement £m	30.9.20 Balance £m	30.9.20 Income Return %
Banks & building societies (unsecured)	3.480	(-)0.480	3.000	0.05
Government	-	2.980	2.980	0.01
Local authorities	5.000	(-)5.000	-	-
Money Market Funds	13.620	0.075	13.695	0.05
Other Pooled Funds				
Cash plus funds	2.000	-	2.000	0.76
Property funds (CCLA)	2.000	-	2.000	3.70
Total investments	26.100	(-)2.425	23.675	

20. Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

21. In furtherance of these objectives, and given the increasing risk and falling returns from short-term unsecured bank investments, the Council is not routinely placing unsecured deposits with individual banks and building societies preferring instead to spread risk in Money Market Funds, a Cash Plus Fund and a Property Fund. It has found local authority investment to be a secure means of investment.
22. The Council expects to receive significantly lower income from its cash and short-term money market investments and from its externally managed funds than it did in 2019/20 and earlier years due to the impact of the Covid-19 pandemic on interest rates.

Non-Treasury Investments

23. The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Council holds primarily for financial return. This is replicated in MHCLG's Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially for financial return.

Service Investments: Loans

32. The Council lends money to its subsidiary and a local business, to support local public services and stimulate local economic growth.
33. HTS (Property and Environment) Ltd is a wholly owned subsidiary of Harlow Council which began trading on 1 February 2017. The Council provided a start-up loan to the business of £1.209m repayable over five years, two months, approved on 21 July 2016. The balance outstanding as at 31 March 2020 was £0.468 (£0.702m at 31 March 2019)
34. Harlow Property Limited was provided with two loans to support the development of the Enterprise Zone, approved on 23 January 2014. The amounts loaned were £1m on 15 March 2016 and a further £1.5m on 3 March 2017 secured against the value of the properties at the KAO Park facility. Interest accrues on these loans with the total outstanding as at 31 March 2020 being £2.935m (£2.802m at 31 March 2019)
35. Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The Council considers that this loss should be zero because, (1) the Council is the sole shareholder of HTS; (2) HPL loans are a charge secured against property which considerably exceeds the value of the loan.

Commercial Investments: Property

36. The Ministry of Housing, Communities and Local Government (MHCLG) defines property to be an investment if it is held primarily or partially to generate a profit.
37. The Council has historically held nine commercial and residential properties with the intention of making a profit that will be spent on local public services. These include a Golf Club, and three other properties with a total value of £1.419m. Annual income from all these assets is about £125,000.

Loan Commitments and Financial Guarantees

38. Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness.
39. In 1987 and 1992 the Council agreed to undertake joint liability with a number of other local authorities to guarantee loans of £66.3 million and £17.3 million to Home Housing Association (previously called North Housing Association) in support of their private initiative for the provision of housing in Harlow and surrounding authorities. The guarantee is for a 50-year period ending 2037. The Council's proportion of the total liability is £4.5 million. The Council considers that the probability of the guarantee being called upon is low.

Compliance

40. The Deputy to the Chief Executive and Head of Finance & Property reports that all treasury management activities undertaken during the first six months of 2020/21 financial year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy.

REPORT TO: CABINET

DATE: 3 DECEMBER 2020

TITLE: REFERRAL FROM CABINET POLICY
DEVELOPMENT WORKING GROUP – LOCAL
COUNCIL TAX SUPPORT SCHEME

PORTFOLIO HOLDER: COUNCILLOR MIKE DANVERS, PORTFOLIO
HOLDER FOR RESOURCES

LEAD OFFICER: SIMON FREEMAN, HEAD OF FINANCE AND
PROPERTY AND DEPUTY TO THE CHIEF
EXECUTIVE (01279) 446228

CONTRIBUTING OFFICER: DONNA BEECHENER, REVENUES AND
BENEFITS MANAGER (01279) 446245

This is not a Key Decision

The decision is not subject to Call-in Procedures for the following reason:

The decision stands as a recommendation to Full Council

This decision will affect no ward specifically.

RECOMMENDED that:

- A Cabinet recommends to Full Council that the Local Council Tax Support Scheme remains unchanged for 2021/22.

REASON FOR DECISION

- A The Working Group considered the Local Council Tax Support Scheme and made a recommendation to Cabinet.

BACKGROUND

1. At its meeting on 26 November 2020, the Working Group considered the Local Council Tax Support Scheme.

ISSUES/PROPOSALS

2. The Working Group endorsed the continuing stability in the scheme and Cabinet is also asked to endorse this stability.

IMPLICATIONS

Implications of the recommended decision are outlined in the 'Implications' section of the original report, which is attached as Appendix 1.

Appendices

Appendix 1 – Original report to the Cabinet Policy Development Working Group on 26 November 2020 'Local Council Tax Support Scheme'

Background Papers

None.

Glossary of terms/abbreviations used

None.

Appendix 1

REPORT TO: CABINET POLICY DEVELOPMENT WORKING GROUP

DATE: 26 NOVEMBER 2020

TITLE: LOCAL COUNCIL TAX SUPPORT SCHEME

LEAD OFFICER: SIMON FREEMAN, HEAD OF FINANCE AND PROPERTY AND DEPUTY TO THE CHIEF EXECUTIVE (01279) 446228

CONTRIBUTING OFFICER: DONNA BEECHENER, REVENUES AND BENEFITS MANAGER (01279) 446245

RECOMMENDED that:

- A** The Policy Development Working Group acknowledges the current position regarding the 2020/21 Local Council Tax Support Scheme and endorses continuing stability within the scheme for 2021/22.

BACKGROUND

1. In accordance with the Welfare Reform Act 2012, and the Local Government Finance Act 2012, councils are required to implement a Local Council Tax Support Scheme (LCTSS) annually, and by 11 March each year at the latest for the forthcoming financial year.
2. The pan Essex working group, originally established to consider a county wide approach to the localisation of council tax support, has continued to work very effectively. Having focussed on the development of the local schemes, more recently the work has been looking at those exemptions and discounts awarded to council tax payers. As a result the group has now implemented a range of measures targeted at ensuring that each authority across Essex undertakes work on a consistent basis to help protect the tax base in each district. Work will continue to be undertaken in 2020/21 to ensure compliance and to check and challenge council tax reductions awarded for which entitlement may have subsequently changed or be no longer appropriate.

ISSUES/PROPOSALS

Local Council Tax Support (LCTS)

3. The national Council Tax Benefit (CTB) scheme, which was wholly funded by Central Government and administered locally by billing authorities, was abolished with effect from 1 April 2013. Each local authority was charged with designing and implementing its own local scheme for the 2013/14 financial year against a backdrop of a 10 per cent reduction in national funding when compared with CTB. The scheme must be reviewed annually and the Council

approved its local scheme for the 2020/21 financial year at its meeting held on 30 January 2020.

4. Prior to the introduction of LCTS there had been no cap on CTB expenditure under the national scheme. However under LCTS Government funding was restricted through the introduction of a cash limit in the form of a fixed grant. In addition the grant was set at a level which was 10 per cent less than the previous council tax benefit expenditure estimated from 2012/13. For the Council this represents a reduction in funding of around £1.3 million per annum from April 2013.
5. The grant for LCTS was originally identified specifically within the Council's overall Revenue Support Grant and retained business rates income for 2013/14. The level of funding for 2014/15 and future years has not been identified in the same way and has been included in the Council's overall Revenue Support Grant and retained business rates – overall formula funding. As a result of this there is no protection for the LCTS funding and it is subject to the wider Government cuts to local government funding. Since the introduction of the scheme the Council's overall funding has reduced by over 47 per cent but there has been no reduction in the Council's support of its LCTS scheme.
6. In order to ensure that pensionable age customers should be no worse off under the local scheme, national rules remain in place for this group of claimants. As protection remains in place for those of pensionable age, the impact of the reduction in funding has fallen upon working age claimants as reported during the implementation of the annual schemes since 2013/14.
7. The Council is part of a Pan Essex Project Group, with a remit to design an Essex framework for LCTS. The principles of the framework were reported to Cabinet on 12 July 2012. On 22 November 2012, the Council adopted a LCTS scheme following public consultation during the summer of 2012 based on these principles, which are detailed below:
 - a) The scheme will be cost neutral;
 - b) Council tax support will continue to be assessed on a means tested basis;
 - c) Council tax support will not be paid above Council tax band H;
 - d) Council tax support is capped at 76% of council tax liability;
 - e) The first £25 of weekly earnings are disregarded in the calculation of support;
 - f) There is no entitlement to support where the applicant has capital of over £6,000; and
 - g) Second adult rebate and underlying entitlement were abolished to remove the administrative burden of these.

8. For comparison purposes, the LCTS schemes for the other Essex district councils are attached at Appendix A.
9. The Council has ensured that in the development of its local scheme the eligibility criteria for LCTS remains aligned with the previous national council tax benefit scheme, with specific protection for families and persons with disabilities. In addition and despite the reductions in overall Government grant received by the Council the scheme has been supported and maintained without variation to the above principles.
10. The 2013/14 scheme was designed to deliver savings of £1,361,235 to ensure that expenditure on LCTS did not exceed the total Government funding allocated for the scheme. At the time of writing this report the LCTS scheme costs for the current and previous financial years are detailed below. In the current financial year there has been an increase in working age claimants linked to increased claims to Universal Credit (UC) following the Covid 19 pandemic.

LCTS Award	Pensionable Age		Working Age		Total LCTS Award
	Live Case load	LCTS Spend	Live Case load	LCTS Spend	
1 April 2013	3,819	£3,535,031	5,302	£3,810,068	£7,345,099
31 March 2014	3,673	£3,483,230	5,189	£3,741,202	£7,117,494
31 March 2015	3,547	£3,240,964	4,890	£3,363,313	£6,604,277
31 March 2016	3,291	£2,941,981	4,469	£3,184,219	£6,126,200
31 March 2017	3,099	£2,936,255	4,510	£3,068,939	£6,005,195
30 September 2017	3,027	£2,895,860	4,147	£3,144,517	£6,040,377
30 September 2018	2843	£,2859,265	4,427	£3,378,867	£6,238,132
30 September 2019	2706	£2,850,114	4,307	£3,434,117	£6,284,231
30 September 2020	2486	£2,753,754	4690	£3,883,891	6,637,645

11. In response to Covid 19 the government announced its intention to award a “hardship” payment of £150 to council tax payers in England in receipt of LCTS, and Harlow Council received a direct grant of £933,791 to make these payments. At the time of writing this report 5,908 households in Harlow have received a

payment of up to £150 to reduce their council tax liability, with the total awarded amounting to £801,822.

12. The Government sets a Formula Funding Settlement for monies it will pay across to local authorities to support their services and legal obligations. In recent years the funding provided by the Government has fallen substantially with consistent annual reductions on previous years' funding. So, whilst the cost to the Council for LCTS has reduced by just over £700,000 between 2013/14 and 2020/21 the Council received a reduction in mainstream central government funding of £3.34 million over the same period.
13. It was estimated that the in-year council tax collection rate for 2013/14 in Harlow would be affected by the introduction of LCTS and could fall by over 3 per cent compared to the collection rate in 2012/13. Council tax collection at the end of the second quarter in 2019/20 was reported at 56.30 per cent, compared to a collection rate of 56.83 per cent for the same period in the 2012/13 financial year. The collection rate at the end of the second quarter in 2020 is 53.83 per cent and this is attributable to the impact of Covid-19. The Council's Revenues and Benefits service has not undertaken formal recovery action in the current financial year, resulting in reduced collection of council tax due.

Date	Council Tax Collection Rate
30 September 2012	56.83%
30 September 2013	56.60%
30 September 2014	56.28%
30 September 2015	56.71%
30 September 2016	56.75%
30 September 2017	56.48%
30 September 2018	56.07%
30 September 2019	56.30%
30 September 2020	53.83%

14. At the time of writing this report:
 - a) Council tax collection rate is currently in line with original forecasts due to the impact of the Covid-19 pandemic. The introduction of a 12 month instalment scheme by the Government in 2014 will also be impacting on the collection statistics when compared with prior years with income having been collected predominantly over 10 months;
 - b) The additional funding provided within the agreement with the precepting bodies has enabled employment of extra staff dedicated to working with LCTS claimants; and
 - c) There is continuing good engagement with LCTS claimants meaning that it has been possible to agree payment arrangements with residents at an early stage, and reducing or avoiding the need for further recovery action.

15. Formal recovery action for council tax has been suspended in light of the Covid-19 pandemic. Officers have undertaken “soft” recovery action where payment of this year’s instalments has not been made, and those in receipt of LCTS have received specialist advice from the LCTS Officers where appropriate. As formal recovery action has not yet been reintroduced, those in receipt of LCTS have not been issued with a Final Notice or Summons in respect of the current financial year’s council tax. The table below provides details of action taken in previous financial years at the end of quarter two.

Date	Percentage of all working age LCTS claimants receiving a Final Notice in the financial year	Percentage of all working age LCTS claimants receiving a Summons In the financial year
30 October 2013	26.7%	16.6%
30 October 2014	29.8%	18.4%
30 October 2015	25.6%	23.1%
30 September 2016	23.36%	15.34%
30 September 2017	22.24%	16.51%
30 September 2018	23.67%	16.0%
30 September 2019	24.7%	17.8%
30 September 2020	0.0%	0.0%

16. Whilst the collection position is currently lower than expected due to the impact of Covid-19 and the level of support being awarded has increased, recovery of amounts falling due can take several years to collect and it is currently still early in the operation of the new scheme to be able to forecast what the overall final collection position will be for each year.

LCTS 2021/22 Proposals

17. Officers are keeping the performance of the LCTS scheme under review and as the Council plans for 2021/22 the scheme is in its eighth year of operation. Given the complexities of the scheme, the large claimant base and other national factors outside of the Council’s control this is still seen as a relatively short period on which to base judgements and future estimates. There are ongoing significant impacts of Covid-19, the longer term impacts of which are difficult to analyse and quantify at this time.
18. Universal Credit Full service was introduced in Harlow in September 2017. Where claimants of UC are in work, UC is calculated using real time information Pay as you Earn (PAYE) information. This can result in varying UC entitlement levels from month to month. Where the claimant is in receipt of LCTS, this variation in UC entitlement may result in a change in the level of LCTS each month, which increases or reduces the balance of council tax payable. This interaction with the council tax statutory instalment scheme can result in customers receiving multiple bills over the financial year, with revised monthly instalments becoming due. This can lead to confusion, non-payment, and potentially a hampering of the collection and recovery process.

19. In order to mitigate the impacts of UC, Officers were exploring Basildon Council's banded LCTS scheme which simplifies the operation of the scheme and simplifies the scheme for claimants, reducing the impact of monthly UC changes on the level of CTS award. The Basildon scheme was introduced on 1 April 2019, and Officers were monitoring its implementation and progress with a view to analysing the impact of a banded scheme for Harlow. The Covid-19 pandemic has placed additional pressure on officers in delivering Covid related support to residents and businesses, and work to further explore the Basildon scheme has been put on hold during these unprecedented times.
20. Overall, monitoring of the local scheme indicates that it is still operating well and whilst collection of the amounts billed to claimants and residents overall has reduced this is not attributable to the scheme itself. Engagement with residents impacted by the changes has also been extremely good. In order to maintain certainty for both claimants and the Council, in these challenging times, the proposals for the scheme in 2021/22 are to maintain the restriction on the entitlement to support at 24 per cent for an eighth year and that the reductions to the Council's core Formula Funding will not be passed on to claimants despite the current uncertainty around funding for local government in 2021/22.
21. A full equalities impact assessment was carried out on the current scheme. This has been reviewed and is attached to this report at Appendix B.

Conclusions

22. The LCTS scheme operated by the Council has performed well in its first eight years of operation. Claimants have been very well supported by the dedicated officers appointed utilising the resources provided through the funding agreement with the key precepting bodies.
23. It is again proposed to retain the scheme largely unchanged for the reasons set out in the report.

IMPLICATIONS

Environment and Planning (Includes Sustainability)

No implications specifically arise from the Council Tax Benefit reforms. Welfare Reform more widely will have a range of different impacts on delivery of service objectives.

Author: Andrew Bramidge, Head of Environment and Planning

Finance (Includes ICT, and Property and Facilities)

Financial impacts of the LCTS scheme are being considered as part of the wider budget process and development of the Medium Term Financial Strategy.

Author: Simon Freeman, Head of Finance and Property and Deputy to the Chief Executive

Housing

None specific.

Author: Andrew Murray, Head of Housing

Community Wellbeing (Includes Equalities and Social Inclusion)

Contained within the report at this stage. The implications of the final scheme will be assessed for impact on vulnerable groups, as outlined in the report.

Author: Jane Greer, Head of Community Wellbeing

Governance (Includes HR)

None specific.

Author: Simon Hill, Head of Governance

Appendices

Appendix A – Essex LCTSS

Appendix B – Equality Impact Assessment

Background Papers

Harlow Council Local Council Tax Support Scheme –

<https://www.harlow.gov.uk/benefits/council-tax-support/council-tax-support-scheme>

Glossary of terms/abbreviations used

CTB – Council Tax Benefit

LCTS – Local Council Tax Support

LCTSS – Local Council Tax Support Scheme

PAYE – Pay as you Earn

UC – Universal Credit

**APPENDIX A
Essex Schemes**

	Basildon	Braintree	Brentwood	Castle Point	Chelmsford	Colchester	Epping Forest	Harlow	Maldon	Rochford	Southend-on-Sea	Tendring	Thurrock	Uttlesford
Minimum council tax payment?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
% Minimum council tax payment level 2019/20	25	24	25	30	23	20	25	24	20	28	25	20	25	12.5
Savings limit	6000	16000	6,000	6000	6000	6000	6000	6000	6000	6000	6000	16000	6000	16000
Other benefits counted as income?	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	No	No
Second adult rebate reduced or abolished?	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

	Basildon	Braintree	Brentwood	Castle Point	Chelmsford	Colchester	Epping Forest	Harlow	Maldon	Rochford	Southend-on-Sea	Tendring	Thurrock	Uttlesford
Changes made to backdating rules to one month	No restriction	yes	No Restriction	Yes	No, unlimited backdating as long as claim received within a month of first notification of liability and delay notifying liability isn't the claimant's fault	No	No, 3 months	Yes	Yes	Yes	yes	No	Yes	yes
Change Temporary Absence rules	No	No	No	Yes	No	No	Yes	Yes	yes	yes	yes		yes	yes
Disregard the new Bereavement Support payments for working age applicants	Yes	n/a	Yes	n/a	Yes	Yes	Yes	Yes	consulting				No	N/A

	Basildon	Braintree	Brentwood	Castle Point	Chelmsford	Colchester	Epping & Forest	Harlow	Malton	Rochford	Tendring	Thurrock	Uttlesford
Introduce discretion in regards to DWP notifications for working age CTS claims.	N/A				Yes	No	Yes	Yes	consulting			No	No
Accept documentation from the DWP as an intention to claim Council Tax Support	No		No		Yes	No	Yes	Yes	Consulting		Yes	Yes	Yes

Harlow District Council

Equality Impact Assessment – Local council tax support scheme

Name of service, function or policy being assessed	Localised Council Tax Support Scheme 2021/22 This Equality Impact Assessment has been developed considering the following national Equality Impact Assessments: <ul style="list-style-type: none"> • Local Government Finance Bill: Localising support for council tax • Local Government Finance Bill: Technical reforms to council tax • Local Government Finance Bill: Summary impact assessment
Service/Department	Finance / Revenues and Benefits
Names and roles of officers completing the assessment (indicate Lead officer)	Donna Beechener, Revenues and Benefits Manager (Lead Officer)
Contact telephone number of Lead officer	01279 446245
Date assessment completed	11 November 2020

1. Aims of the policy/service/function and how implemented

	Key Questions	Notes
1.1	Is this a new policy/service/function or a review of an existing one?	This is a review of an existing policy and function
1.2	Briefly state the main purpose of the policy/service/function?	To help people with low incomes to afford their Council Tax liability, in line with the Local Government Finance Act 2012.
1.3	Briefly state the main activities of the policy/service/function?	Payment of Council Tax Discounting of Council Tax
1.4	Who are the main beneficiaries? Whose need's is it designed to meet?	Those liable for Council Tax within Harlow. Adults on a low income with low savings Any authority that can levy a Council Tax
1.5	Which staff carry out the policy/service/function?	Revenues And Benefits staff

2. Information Gathering and Data Collection

	Key Questions	Notes	If further data collection is needed – state by whom, when and how is it going to be done?
2.1	<p>What quantitative (numerical) data do you already have (e.g. national and local demographic data, equality monitoring data, employee data, customer profile data etc) about those who use or will use the policy or service? What gaps are there in the data? What else do you need?</p> <p>NB. Attach copies of the relevant data that you are using for this assessment</p>	<p>The scheme was originally modelled based on existing costs, taking account of a potential council tax increase, demand for the scheme and the reduction in Revenue Support Grant. The scheme was originally modelled to be cost neutral, but current estimates are that the scheme costs more than the current level of grant received.</p>	<p>It is not possible to identify the actual grant received to support the scheme as this has been subsumed into overall formula funding.</p>
2.2	<p>What qualitative data do you already have (e.g. results of customer satisfaction surveys, results of previous consultations, staff surveys, analysis of customer complaints/comments, feedback from community groups or individuals etc) about those who use or will use the policy or service? What gaps are there in the data? What else do you need?</p>	<p>The proposed scheme for 2020/21 for working age claimants does not vary from the current scheme. Consultation is legally required where there are proposed changes to the scheme.</p>	

3. Consultation

Please state below what formal or informal consultation has taken place or that you are planning to hold with appropriate stakeholders in relation to this policy/function			
	Key Questions	Notes	If further consultations are needed/ planned – state with whom, by whom, when and how is this going to be done?
3.1	<p>What consultations have been held and with whom did you consult?</p> <p>What were the main issues raised?</p>	<p>Public consultations have been carried out annually, prior to the introduction of the policy and when changes have been considered. Consultations were conducted by way of an online questionnaire.</p> <p>The consultation was publicly announced.</p>	<p>The scheme will be reviewed annually, and if changes are proposed, then further public consultation will be conducted.</p>
3.2	<p>What consultations were held specifically with the equality target groups?</p> <p>What were the main issues raised?</p>	<p>In introducing a local council tax support scheme in 2013, representatives of equality target groups were identified and contacted electronically alerting them to the consultation and asking them to participate. Locally and nationally concerns were raised about the new liabilities created for those unable to work due to disability. We have addressed these by confirming that the current system of applicable amounts which protect these groups will remain in place.</p>	<p>As 3.1</p>

	Key Questions	Notes	If further consultations are needed/ planned – state with whom, by whom, when and how is this going to be done?
3.3	<p>Is the Council working in Partnership with other organisations to implement this policy/function?</p> <p>Should this be taken into consideration? (E.g. Agreeing the equalities monitoring categories)</p> <p>Should the partnership arrangements have an EIA?</p>	<p>All major precepting authorities in Essex, which work together to devise the support scheme.</p> <p>HDC – Corporate Housing; Resource Management</p> <p>Department for Work and Pensions</p> <p>Ministry Of Housing Communities and Local Government .</p> <p>Each LA participating in the Essex project will conduct their own EQIA. DWP & DCLG have undertaken EQIA's which are publicly available.</p>	As 3.1

Note

- It is a legal requirement that consultation takes place with appropriate stakeholders as part of the EIA process.
- You must ensure that you record all the main areas of concern raised by equality and customer groups during consultations and how you aim to address these concerns.

4. Assessment of Impact

Based on the data you have analysed and provided, and the results of the consultation or research you have undertaken, list below how the policy or function will or does work for each of the following equalities groups.

Identify any differential impact and consider whether the policy/function meets any particular needs identified for each of the six equalities groups.

NB:If you do identify any adverse impact you must:

- a) **Seek appropriate advice as to whether it is highlighting unlawful discrimination or is potentially discriminatory, and**
- b) **Identify steps to mitigate any adverse impact**

Include any examples of how the policy or function helps to promote race, disability, age and/or gender equality.

		State evidence of impact or potential impact/How helps to promote equality
4.1	<p>Gender – identify the impact/potential impact of the policy/function on women, men and transgender people And/or</p> <p>Proposed measures to mitigate any adverse impacts</p>	None identified
		State evidence of impact or potential impact/How helps to promote equality

4.2	<p>Disability – identify the impact/potential impact of the policy on disabled people (ensure consideration of a range of impairments including visual and hearing impairments, mobility impairments, learning disability etc) And/or</p> <p>Proposed measures to mitigate any adverse impacts</p>	<p>All Disability Living Allowance Benefits will continue to be disregarded thereby protecting those with specific long term conditions who fall within this group. People with disabilities will continue to receive additional premiums as part of the calculation.</p> <p>The above helps to “advance equality of opportunity between people who share a protected characteristic and those who do not.”</p>
4.3	<p>Age – identify the impact/potential impact of the policy/function on different age groups And/or</p> <p>Proposed measures to mitigate any adverse impacts</p>	<p>Older people (Pensionable Age); This group is specifically protected under Government Regulations.</p> <p>Younger people (17-25); 17 year olds may be disadvantaged indirectly if their parents have to pay more as a result of this policy. People over 18 of working age will be required to pay more.</p> <p>The Council has agreed an exceptional hardship fund to assist those in extreme hardship.</p>
4.4	<p>Race – identify the impact/potential impact of the policy/function on different black and minority ethnic groups, including Gypsy and Traveller communities And/or</p> <p>Proposed measures to mitigate any adverse impacts</p>	None identified
		State evidence of impact or potential impact/How helps to promote equality

4.5	<p>Sexual orientation – identify the impact/potential impact of the policy on lesbians, gay men, bisexual and heterosexual people</p> <p>And/or</p> <p>Proposed measures to mitigate any adverse impacts</p>	None identified
4.6	<p>Religion/belief – identify the impact/potential impact of the policy on people of different religious/faith groups and also upon those with no faith</p> <p>And/or</p> <p>Proposed measures to mitigate any adverse impacts</p>	None identified
4.7	<p>Socio-economic disadvantage – identify any impact on those who have a low income, or whose family circumstances/history may affect their ability to access services eg. carers and the cared for; pensioners; single-parents; long-term unemployed; history of abuse/domestic violence; benefits claimants; housebound; chronically ill;</p>	<p>The impact of the proposed scheme will be felt most by those of working age who are not disabled, some of the affects will be mitigated by more generous incentives to work.</p> <p>The Council has agreed an exceptional hardship fund to assist those in extreme need.</p>

4.8	<p>Any other groups, if appropriate e.g. children leaving care; pregnant or breast-feeding mothers; carers etc</p>	<p>Parents will continue to receive a child allowance. Working parents receive a higher disregard of their earnings reflecting their childcare costs.</p> <p>The Council has agreed an exceptional hardship fund to assist those in extreme hardship.</p> <p>The above helps to “advance equality of opportunity between people who share a protected characteristic and those who do not.”</p>
		<p>Notes</p>
4.9	<p>Are there any additional measures that could be adopted to further equality of opportunity in the context of this policy/service/function and to meet the particular needs of equalities groups that you have identified?</p>	<p>None identified.</p>

5. Summary Overview of EIA

As a summary overview of information and findings provided in the earlier sections of this Equality Impact Assessment, please tick the relevant boxes as appropriate to denote the OUTCOME of this process for each of the Equality Characteristics.

Equalities category	No adverse impact AND promotes equality and diversity <i>Please tick ✓ if appropriate</i>	No adverse impact BUT equality and diversity NOT promoted <i>Please tick ✓ if appropriate</i>	Evidence of adverse impact <i>Please tick ✓ if appropriate</i>
Gender and transgender	<input checked="" type="checkbox"/>		
Race	<input checked="" type="checkbox"/>		
Disability	<input checked="" type="checkbox"/>		
Age			<input checked="" type="checkbox"/>
Sexual orientation	<input checked="" type="checkbox"/>		
Religion and belief	<input checked="" type="checkbox"/>		
Socio-economic disadvantage			<input checked="" type="checkbox"/>

NB: Tick relevant box as appropriate and based on information provided in section

Signed
Project Manager

Countersigned
Head of Service

Print Name

Print Name

Date

Date

Under the Freedom of Information Act, this completed EIA form will be placed on the Harloweb and be available on request to the general public.