

## Notice of KEY Executive Decision (Special Urgency)

<b>Subject Heading:</b>	<b>COVID-19 Update on Business Rates, Council Tax Support, the Emergency Assistance Scheme and the Income Management Plan</b>
<b>Cabinet Member:</b>	<b>Cllr Roger Ramsey, Cabinet Member for Finance and Property</b>
<b>SLT Lead:</b>	<b>Jane West</b>
<b>Report Author and contact details:</b>	<b>Jane West, Chief Operating Officer</b> <a href="mailto:jane.west@havering.gov.uk">jane.west@havering.gov.uk</a>
<b>Financial summary:</b>	<b>The financial implications are unknown at this stage for much of the matters set out in this report but additional government funding is being provided to councils, although the likely full extent of this is still unknown as well. The additional £1.5 million set aside for the Emergency Assistance Scheme will come from the Business Rates Reserve.</b>
<b>Reason decision is Key</b>	<b><i>(c) Significant effect on two or more Wards</i></b>
<b>Date notice given of intended decision:</b>	<b>27 March 2020</b>
<b>Relevant OSC:</b>	<b>Overview and Scrutiny Board</b>
<b>Is it an urgent decision?</b>	<b>Yes</b>
<b>Is this decision exempt from being called-in?</b>	<b>Yes, due to Special Urgency</b>

**The subject matter of this report deals with the following Council Objectives**

Communities making Havering  
Places making Havering

□  
□

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Opportunities making Havering  
Connections making Havering

[X]  
[]

## Part A – Report seeking decision

### **DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION**

Given the current economic challenges to businesses, families and individuals due to the restrictions imposed by government to slow down the spread of COVID-19, it is proposed that the Council adopts new approaches to the collection of debt across a range of income streams to lessen the burden. Appendix A sets out the approaches recommended.

#### Recommendations

1. That the approaches set out in Appendix A to debt collection across a range of income streams are endorsed.
2. That the approach to allocating the government's Covid19 Emergency Hardship Fund for Havering of £1.8m for Council Tax Payers in receipt of Council Tax Support as set out in Appendix B is approved.
3. That £2 million is made available for the Emergency Assistance Scheme operated by the Disability Association Barking and Dagenham funded from existing resources plus an additional £1.5m from the Business Rates Reserve.
4. That in addition to food vouchers, white goods and furniture, that the scheme is enhanced to provide cash payments of up to £100 at any one time, up to a ceiling per family of £1,000 during 2020/21.
5. That additional direct call off award of £320k is made to Serco to meet the expected increased workload on Council Tax assessments, funded from the Business Rates Reserve.

### **AUTHORITY UNDER WHICH DECISION IS MADE**

Part 3 of the Constitution- Responsibility for Functions: Para. 2.2 (a) (i) relating to taking decisions relating to the Councils finances including but not exclusively budget control

### **STATEMENT OF THE REASONS FOR THE DECISION**

- 1.1 These decisions are required under "Special Urgency" to allow the Council to plan and undertake effective strategies for working and service delivery during the current Covid 19 outbreak.
- 1.2 The recent worldwide outbreak of COVID19 has resulted in an increasing number of confirmed cases and related deaths in the UK, prompting the government to

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implement a series of unprecedented measures in an effort to reduce risk to the UK population and pressures on the NHS. The restrictions introduced have had a enormous impact on businesses, families and individuals.

- 1.3 The government has recognised potentially devastating impact of the restrictions on the UK and has introduced a wide range of measures to mitigate this. In some cases, councils have been asked to implement these measures.
- 1.4 The Council has been instructed by government to apply a business rates holiday to a wide range of businesses across Havering. The full list of categories in receipt of the business rates holiday is set out in Appendix C.
- 1.5 It has also indicated its intention to provide grants to small businesses, to be administered by the Council:-
  - Small Business Grant Fund – a grant of £10k which is available to all businesses who are in receipt of small business rate relief or rural rate relief, and are registered in the business rate system.
  - Retail, Hospitality, Leisure Grant Fund – a grant available to all businesses in receipt of the Expanded Retail Discount, with a rateable value of less than £51K.
    - Rateable value of less than £15K – receive £10K
    - Rateable value of between £15K and £51K – receive £25K
- 1.6 This report recommends that in view of the current COVID-19 emergency, that the Council softens its approach to debt collection. Appendix A sets out the approach to be taken against each type of debt.
- 1.7 In summary, all Court action and bailiff activity has already been suspended, including evictions, for a period of three months. Invoices will continue to be sent to establish the legality of the debt but only supportive contact will be made by telephone or SMS asking people to contact the relevant team where they have anxieties with an escalating debt.
- 1.8 The government has given Havering Council £1,807,532 grant funding to support economically vulnerable households in response to Covid-19. It is Government's expectation that the majority of the funding will be used to complement the Council Tax Support Scheme and so provide further Council Tax relief to working age tax payers.
- 1.9 Using discretionary powers under s13A(1)(c) of the Local Government Finance Act 1992, the Council is able to provide £150 reduction to all existing working age Council Tax payers in receipt of Council Tax Support on Council Tax 2020-21 bill. Where a taxpayer's liability for 2020-21 following the application of Council Tax Support, is less than £150, then their liability will be reduced to nil.
- 1.10 There are 8,328 existing working age tax payer households in receipt of Council Tax Support. The demand on the hardship fund will be £1.3 million for this cohort. The remaining £0.5 million will be used during 2020-21 to help tax payers who newly claim Council Tax Support. If any funding remains at the end of the

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2020/21 it will be applied to the Emergency Assistance Fund. Appendix B to this report provides more detail.

- 1.11 Even with the measures introduced by government, it is anticipated that residents will find themselves in hardship and in need of Emergency Assistance. The Council already has arrangements in place with Disability Association Barking and Dagenham (DABD) to administer an Emergency Assistance Scheme. It is recommended that this arrangement is extended with a total of £2 million being made available immediately to support residents who are experiencing hardship. It is also proposed in Appendix A that in addition to the usual provision of food vouchers, white goods and furniture, DABD will also be authorised to provide cash payments up to £100 at any one time, up to a ceiling per family of £1,000 during 2020/21.
- 1.12 An additional £320k will also need to be paid to Serco to enable them to manage the increased workload anticipated in relation to Council Tax support, Housing Benefit and discretionary payment assessments. Serco is already in contract with the Council and is set up to undertake this activity.
- 1.13 The decisions in this report are informed by all relevant emergency and business continuity plans and governed by the Council's strategic Gold objective: To work together to co-ordinate an effective response to Coronavirus, to preserve life, to minimise the impact on Havering's communities and business, and facilitate recovery and the return to normality. This justifies the urgency of using the Bloom procurement route to extend or vary the contract with Serco by £320k.

## **OTHER OPTIONS CONSIDERED AND REJECTED**

The Council could continue to chase debts in line with current debt management policies but this would put further pressure on businesses, families and individuals who are already under extreme stress and who may be without income for the foreseeable future as a result of the restrictions imposed by government to slow down the spread of COVID-19.

## **PRE-DECISION CONSULTATION**

The Leader and Councillor Ramsey to be briefed.

## **NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER**

Name: Jane West

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Designation: Chief Operating Officer

Signature:

Date: 27 March 2020

## Part B - Assessment of implications and risks

### LEGAL IMPLICATIONS AND RISKS

The Council's proposed approach to debt collection is considered to be a reasonable and proportionate reaction to a widespread and acute health crisis. The forbearance will avoid compounding the immediate and significant financial pressures households may experience as a result of the government mandated 'lock down' and should help to encourage residents to 'stay at home' and protect public health. It is against this background that the Council's fiduciary duty to tax payers in regard to debt collection has been weighed in the balance and given effect.

It is important to point out that the approach does not affect the underlying liability of the debts concerned and the Council's right to full recovery in the future is reserved.

Taking enforcement action, for example, in the context of parking contraventions, is a discretion and not a duty which, given the context, is being exercised in a rational and pragmatic manner.

The reduction in council tax funded by the government's Covid 19 Emergency Hardship Fund is stated to operate outside of, and in addition to, the Council's Council Tax Reduction Scheme.

The total value of the contract with Serco is above EU threshold for advertisement but given the urgency and need to mobilise the service the Council can rely on Regulation 32 of the Public Contract Regulations 2015. As Serco are already in place and have the requisite policies, procedures and system access, it is prudent to utilise them. The original contract was called off under the EU compliant Bloom framework route and therefore this additional service should be implemented through a further call off order via Bloom. It is possible to enter into this contract order for as long as there is budget to provide the service.

### FINANCIAL IMPLICATIONS AND RISKS

It is impossible to predict the financial impact on the Council of softening its approach to debt collection as set out in Appendix A. In theory, the debts can be chased once the economic situation is back to normal. In practice, it is unclear when this will be. The longer debts are left uncollected the lower the likelihood of being able to collect them at all.

The allocation of £150 to every Council Tax Payer in receipt of Council Tax Support through the Covid19 Emergency Hardship Fund will be fully funded through the allocation Havering has received from government of £1.8m.

The Council has been instructed by government to apply a business rates holiday to a wide range of businesses across Havering and also to administer a range of grants to small businesses. Both these initiatives will be fully funded by government as long as the Council applies the rules set (still awaited from government).

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The additional £1.5m proposed to be added to the Emergency Assistance Scheme will be allocated from the Business Rates Reserve as will the additional payment of £320k to Serco for the additional workload they are facing administering the expanded scheme.

### **HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**

There are no HR implications arising from this report.

### **EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

An EqHIA (Equality and Health Impact Assessment) is usually carried out when a proposed or planned activity is likely to affect staff, service users, or other residents. It is acknowledged that due to the urgency of the threat posed by the coronavirus, it will not be possible to carry out an EqHIA in advance of these decisions being made but they are considered to be of low risk and of benefit to those in need.



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**HEALTH AND WELLBEING IMPLICATIONS AND RISKS**

The purpose of this decision is to protect businesses, families and individuals from the impact of Coronavirus.

**BACKGROUND PAPERS**

*None*

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**Part C – Record of decision**

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

**Decision**

Proposal agreed

*Delete as applicable*

Proposal NOT agreed because

**Details of decision maker**

Signed

Name:

Cabinet Portfolio held:

CMT Member title:

Head of Service title

Other manager title:

Date:

**Lodging this notice**

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Committee Officer in Democratic Services, in the Town Hall.

**For use by Committee Administration**

This notice was lodged with me on \_\_\_\_\_

Signed \_\_\_\_\_

## Key Executive Decision

### Appendix B: Income Management Plan

Area	Recommended approach
Business Rates	Recovery action to be suspended until July 2020
Commercial Rent	For a temporary period the Council will allow tenants to move to monthly rents in arrears, rather than quarterly in advance. The Council will seek to enter into extended payment arrangements allowing the Councils Commercial tenants to pay monthly over extended periods of time.
Commercial Waste	Bills will be issued but there will be no enforcement activity until at least July.
Court Action	All Council Debt related Court Action is suspended until August 2020
Council Tax	Bills only issued. Reminder & Final Notices not being issued - outbound calls are sensitive. Residents struggling to pay can change their payment plan online - any plan proposed will be considered as no action will be taken to collect debt for 3 months. Only bills will be issued, no referrals to Bailiffs or official notices issued.
Council Tax Emergency support £1.8 mil	£1.8m provided to support all working age low income households, in line with government guidance £150 to be allocated per working age CTS account.
Emergency Assistance Scheme	Introduce £100 cash payments, at any one time, up to a ceiling per family of £1,000 during 2020/21 (in addition to usual food bank referrals, white goods and furniture).
Housing Benefits LHA rate changing	26 March - new increased rates issued. Private sector HB claims being revised.
Enforcement / Bailiffs	No enforcement action to be taken until July 2020
Housing	No reposessions or evictions for 3 months. Not sending out the standard arrears letters to tenants. We are phoning, texting and emailing those tenants on our arrears lists and making the relevant referrals, e.g., for DHP, for our financial Inclusion team to assist them with applying for the various financial assistance to which they may qualify.
Parking	1. That parking enforcement of all lower level penalty charge types is ceased, including no enforcement of permit zones, pay and display bays, business and shared use bays and off street council owned car parks. 2. Motorists parked in contravention advised to move on rather than enforcing (where possible) 3. That Parking enforcement reduces its operational time to that of a reduced provision to operational hours of Monday to Sunday between 9am-5pm only. 4. Permits and season tickets are extended for a period equivalent to the time of non-enforcement post Covid 19 isolations and restrictions imposed by central government. 5. Cease all bailiff and TEC registration of warrants and debt with immediate effect until at least July.
Mortgages	Where requested a 3 month mortgage holiday will be given in line with other lending institutions.
Music Schools	All music school charges are suspended
Social Care	Reminders and Notices being issued as normal. ASC team will undertake light touch outbound calling.

## Appendix B: Covid19 Emergency funding £1.8m for Council Tax Payers 2020

As part of its response to COVID-19, the Government has given Havering Council £1,807,532 new grant funding to support economically vulnerable people and households. Funding is based on 8,368 economically vulnerable households.

The expectation is the majority of the hardship fund will be used to provide council tax relief, alongside existing local council tax support schemes.

### Government Guidance key facts

- Government expects billing authorities to primarily use the grant allocation to reduce the council tax liability of individuals in their area, using their discretionary powers under s13A(1)(c) of the Local Government Finance Act 1992.
- Council tax reductions should be applied ASAP from the beginning of the 2020-21 financial years and billing authorities should rebill council taxpayers as quickly as practical.
- Government will provide new burdens funding to billing authorities in full for delivering the support.
- Government's strong expectation is that billing authorities will provide **all recipients of working age (includes non-Covid19 related recipients)** local council tax support ('LCTS') during the financial year 2020-21 with a further reduction in their annual council tax bill of **£150**.
- Where a taxpayer's liability for 2020-21 following the application of council tax support, is less than £150, then their liability would be reduced to nil. Where a taxpayer's liability for 2020-21 is nil, no reduction will be available.
- Billing authorities can establish their own local approach to using any remaining grant to assist those in need. These could include :
  - a) Council tax relief using existing discretionary discount/hardship policies (adapted where necessary in order to capture those most likely to be affected by COVID-19); and
  - b) Additional support outside the council tax system through Local Welfare or similar schemes;
  - c) A higher level of council tax reduction for those working age LCTS recipients whose annual liability exceeds £150.

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### How funding will be allocated

Council Tax Support (CTS)	Number of claimants	CTS Expenditure	Council Tax Due	Covid19 Expenditure	Covid19 Budget Balance
Existing Working age	8,328	£7.3 m	£3.5 m		1.8 m
	8,328 x £150		£2.2 m 3.5 – 1.8 = £2.2mil	£1.3 m	0.5 m
New working age in 2020	3,000 estimated	£2.6 m estimated			
	3,000 x £150			£0.4m	0.1m
Council Tax Discretionary Hardship Payments				0.1m	00.00

The table above describes how the funding would be allocated.

All 8,328 existing working age CTS tax payers would receive £150 at a cost to the fund of £1.3m to the fund. These figures are accurate based on system reports generated in March 2020.

The number of new tax payers requiring CTS during 2020 is unknown and so is estimated at 3,000. This could increase CTS expenditure by £2.6m and emergency funding by £0.4m. These figures are estimated as there is no baseline for this situation.

The remaining £0.1m will be used in 2020 for Council Tax payers experiencing severe financial hardship after CTS and the emergency £150 has been credited to the account.

### Operation and Delivery of the funds

The existing working age (8,328) Council Tax payers have been identified. Further examination is required to determine the best option for applying the £150 payment to each account. It's unlikely a resolution will be in place by 1 April when the first instalments are due.

Capita provide a module for Section 13a Discretionary payments and are currently researching and reviewing a means to automate and apply payments in bulk via the benefit system. It's not known when this software will be ready and there will be costs involved.

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Payments can be credited in bulk directly through the Council Tax. Discussions are required with ICT to develop this which could be a very quick and inexpensive option.

The last resort would be applying the payment manually to 8,328 accounts. This runs a high risk for error and the resources and time required would be significant.

Notwithstanding the delivery method chosen, every working age tax payer in receipt of CTS will get a new bill and revised instalments following the £150 payment. If the account is in credit because the taxpayer has made payment themselves, a refund will be applied to their account.

### **Publicity**

Working age taxpayer receiving CTS will not need to make an application the £150 as the Council will work out and deliver this option for this group.

Where tax payers require financial help (in addition to CTS and the £150 emergency payment) they can claim online.

Publicity will be considered with Communications utilising our website, the weekly bulletin, daily updates from the Leader and more.

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### **Appendix C: Expanded Retail Discount Rates – eligible businesses**

Properties that will benefit from the relief will be occupied hereditaments that are wholly or mainly being used:

- a) as shops, restaurants, cafes, drinking establishments, cinemas and live music venues,
- b) for assembly and leisure; or
- c) as hotels, guest & boarding premises and self-catering accommodation.

The Government considers shops, restaurants, cafes, drinking establishments, cinemas and live music venues to mean:

**i. Hereditaments that are being used for the sale of goods to visiting members of the public:**

- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/caravan show rooms
- Second-hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

**ii. Hereditaments that are being used for the provision of the following services to visiting members of the public:**

- Hair and beauty services (such as: hairdressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/TV/domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire
- Employment agencies
- Estate agents and letting agents
- Betting shops

**iii. Hereditaments that are being used for the sale of food and/or drink to visiting members of the public:**

- Restaurants

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- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

### **iv. Hereditaments which are being used as cinemas**

### **v. Hereditaments that are being used as live music venues:**

- Live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended).
- Hereditaments can be a live music venue even if used for other activities, but only if those other activities (i) are merely ancillary or incidental to the performance of live music (e.g. the sale/supply of alcohol to audience members) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g. because those other activities are insufficiently regular or frequent, such as a polling station or a fortnightly community event).
- There may be circumstances in which it is difficult to tell whether an activity is a performance of live music or, instead, the playing of recorded music. Although we would expect this would be clear in most circumstances, guidance on this may be found in Chapter 16 of the statutory guidance issued in April 2018 under section 182 of the Licensing Act 2003.2

The Government considers assembly and leisure to mean:

### **i. Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities).**

- Sports grounds and clubs
- Museums and art galleries
- Nightclubs
- Sport and leisure facilities
- Stately homes and historic houses
- Theatres
- Tourist attractions
- Gyms
- Wellness centres, spas, massage parlours
- Casinos, gambling clubs and bingo halls

### **ii. Hereditaments that are being used for the assembly of visiting members of the public.**

- Public halls
- Clubhouses, clubs and institutions

We consider hotels, guest & boarding premises and self-catering accommodation to mean:



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**i. Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:**

- Hotels, Guest and Boarding Houses
- Holiday homes
- Caravan parks and sites

The list below sets out the types of uses that the Government does not consider to be an eligible use for the purpose of this relief. Again, it is for local authorities to determine for themselves whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the relief under their local scheme.

**ii. Hereditaments that are being used for the provision of the following services to visiting members of the public**

- Financial services (e.g. banks, building societies, cash points, bureaux de change, short-term loan providers)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers)
- Post office sorting offices

**iii. Hereditaments that are not reasonably accessible to visiting members of the public**