

LONDON BOROUGH OF CROYDON

To: All Member of Council
Croydon Council website
Access Croydon & Town Hall Reception

STATEMENT OF KEY DECISION MADE BY THE LEADER OF THE COUNCIL ON 30 MARCH 2020

The Leader of the Council has taken the decision below under Special Urgency, following the notice published on 27 March 2020.

The making of this decision is urgent to allow the council to offer residents and businesses support with their Council Tax and Business Rates during these unprecedented times that have arisen due to Covid19.

The following apply to the decisions listed below:

Reasons for these decisions: As set out in the Part A report.

Other options considered and rejected: As set out in the Part A report.

Details of Conflicts of Interest declared by the Decision Maker: None

Note of dispensation granted by the head of paid service in relation to a declared conflict of interest by that Decision Maker:
None.

Key Decision no.: 1820LR

Decision Title: COVID19 FINANCIAL IMPLICATIONS

Details of decision:

Having carefully read and considered the Part A report and the requirements of the Council's public sector duty in relation to the issues detailed in the body of the reports, the Leader of the Council in consultation with the Cabinet Member for Finance & Resources

RESOLVED: To

1. To vary the Council Tax collection arrangements for the residents as a result of the COVID19 pandemic as detailed in section 6 of this report, and allow residents to apply to defer their Council Tax payments for a period of up to 2 months.
2. To allocate the Council Tax Hardship scheme as recommended by the Government and allocate up to £150 to residents claiming Local Council Tax Support, as detailed in section 5 of this report.

3. To agree to support Businesses in the borough and allocate grants in accordance with government recommendations. To ensure businesses receive much needed financial support, as detailed in Section 4 of this report.
4. Note and accept the funding from Government due to the Covid19 pandemic, as detailed in section 3 of this report.
5. To agree to provide regular updates on the financial impact of Covid19.
6. To note this decision at the next Cabinet meeting.

Signed: Council Solicitor and Monitoring Officer

Notice date: 30 March 2020

REPORT TO:	The Leader and Cabinet Member for Finance and Resources
SUBJECT:	Covid19 Financial Implications
LEAD OFFICER:	Lisa Taylor, Director of Finance, Investment and Risk (Section 151 Officer) Jacqueline Harris-Baker, Executive Director Resources & Monitoring Officer
CABINET MEMBER:	Councillor Tony Newman, Leader Of The Council Councillor Simon Hall, Cabinet Member For Finance And Resources
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT:	
<p>This report sets out a number of measures that Croydon Council will be implementing to support our residents and businesses during these unprecedented times that we are currently experiencing as a result of the Covid19 pandemic.</p> <p>Further reports are likely to follow as the Government is announcing measures to help local councils and business on a regular basis.</p>	
FINANCIAL SUMMARY:	
<p>The report details the funding received to date from central government to support local authorities with the costs associated with Covid19 and details how Croydon Council will provide support to residents regarding their Council Tax, utilising the Council Tax Hardship Fund, and support to businesses in relation to the business rates.</p> <p>The COVID19 Emergency Funding allocated to Croydon Council is £9.42m.</p> <p>The COVID19 Council Tax Hardship Fund allocated to Croydon for 2020/21 is £4.4m.</p>	
FORWARD PLAN KEY DECISION REFERENCE – 1820LR	
1.0 RECOMMENDATIONS	
<p>The Leader of the Council, in consultation with the Cabinet Member for Finance and Resources, has delegated authority to make the following decisions:</p>	
1.1	To vary the Council Tax collection arrangements for the residents as a result of the COVID19 pandemic as detailed in section 6 of this report, and allow residents to apply to defer their Council Tax payments for a period of up to 2 months.
1.2	To allocate the Council Tax Hardship scheme as recommended by the Government and allocate up to £150 to residents claiming Local Council Tax Support, as detailed in section 5 of this report.

- | | |
|-----|---|
| 1.3 | To agree to support Businesses in the borough and allocate grants in accordance with government recommendations. To ensure businesses receive much needed financial support, as detailed in Section 4 of this report. |
| 1.4 | Note and accept the funding from Government due to the Covid19 pandemic, as detailed in section 3 of this report. |
| 1.5 | To agree to provide regular updates on the financial impact of Covid19. |
| 1.6 | To note this decision at the next Cabinet meeting. |

2.0 EXECUTIVE SUMMARY

- 2.1 The coronavirus (Covid19) is having a significant adverse effect on the economy and public finances, presenting individuals, businesses and organisations with unprecedented challenges. The medium to long term impact is unknown and will depend on the how the outbreak damages the economy.
- 2.2 Covid19 affects everything local authorities do as community leaders, public health authorities, education authorities, employers, partners and service deliverers. The Council's Executive Leadership Team are working with the Leader, Cabinet, London local authorities and partners to respond to the crisis. The recommendations in this report have been considered by the Council GOLD group responding to the Covid19 crisis and are believed to be the best approach at this time to help residents and businesses within the borough.

3.0 Government Announcements

- 3.1 The Government has announced several measures and support packages to support the Covid19 response, as follows:-
- 3.2 £12bn has been allocated by Government to help alleviate the crisis. This includes a £5bn response fund for the NHS and Local Authorities and a £500m Council Tax Support Hardship Fund.
- 3.3 The £5bn response fund includes £1.6bn for local authorities. Croydon Council will receive **£9.42m** of this fund.
- 3.4 Croydon will also receive **£4.4m** of the Council Tax Support Hardship fund.

4.0 Business Rates

- 4.1 Various announcements and funding support packages have been announced to support businesses effected by Covid19 and guidance for Grant Funding Schemes in relation to Small Business Grant Fund and Retail, Hospitality and Leisure (included as a background paper to this report).

- 4.2 Business Rates Relief has been made available in 2020/21 as follows:-
- 4.2.1 As previously announced, the leisure, retail, hospitality sector will pay no Business Rates in 2020/21, irrespective of their size.
- 4.2.2 The Small Business Grants Fund was originally announced in the budget as a £3k grant per eligible business, this has subsequently been increased to £10k grant per eligible business. Eligible Businesses are those with a rateable value of £15k or less and in accordance with the government guidance.
- 4.2.3 The Retail, Hospitality and Leisure Business Grants Fund was announced on the 17 March 2020 as is intended to support businesses that are being profoundly impacted by Covid19. Businesses in scope for grants will be those eligible for a discount under the expanded retail discount scheme, i.e. those with a rateable value below £51k, in accordance with the government guidance.
- 4.2.4 Grant will be provided on a two tiered approach as follows:-
£10k for properties with a rateable value of £15k or less, £25k for properties with a rateable value of more than £15k but less than £51k. Grants will be provided on a per property basis and therefore businesses with multiple outlets will receive more than one grant and possibly grants from numerous local authorities.
- 4.2.5 The Chancellor also announced the introduction of a twelve month business rates 'holiday' for all shops, pubs, theatres, music venues, restaurants and any other hospitality or leisure business regardless of Rateable Value. Qualifying properties will pay no business rates in 2020/21. The separate pub relief will now be deleted as pubs will qualify for relief under the enhanced retail relief, which will mean that they will also pay no business rates.
- 4.3 The Education minister also announced on the 18 March that to support registered nurseries at this time, they will now be eligible for a business rates holiday for one year and receive 100% relief. That means non-local authority providers of childcare will pay no business rates in 2020/21, from 1 April 2020.
- 4.4 The department for Business, Energy and Industrial Strategy is currently estimating the financial impact for authorities which will be funded via S31 grants. At the time of writing this report the funding allocation for Croydon has not been confirmed but the impact of all these business rate reliefs and grants is estimated to be circa £50m.
- 4.5 The Government will, in line with the eligibility criteria set out in the relevant guidance, reimburse Local Authorities that pay grants to eligible businesses. Central government will fully reimburse Local Authorities for the cost of the grant (using a grant under section 31 of the Local Government Act 2003). Monitoring and reporting requirements are still relevant as well as State Aid rules and the relevant guidance, including emerging guidance, will be followed.

5.0 Council Tax

- 5.1 The Government has also announced a Covid19 Council Tax Hardship Fund 2020/21 of £500m and issued guidance for Local Authorities (included as a background paper to this report). This fund is intended to provide council tax relief alongside existing council tax support schemes.
- 5.2 The allocation for Croydon from this fund is £4.4m.
- 5.3 The Government has indicated that billing authorities should provide all recipients of working age local council tax support during 2020/21 with a further reduction in their annual council tax bill of £150, using their discretionary powers under s13A(1)(c) of the Local Government Finance Act 1992 to reduce the liability of council tax payers outside of their normal Local Council Tax Support Schemes (LCTS).
Where a taxpayer's liability following the application of the LCTS is less than £150, their liability will be reduced to zero.
There should be no need for recipients of LCTS to make a separate claim under this scheme and billing authorities should assess who is eligible for support from the hardship fund and automatically rebill those council tax payers.
- 5.4 Governments advice is that Council's tax reductions should be applied as soon as possible from the beginning of the 2020/21 financial year, and Council Tax payers should be rebilled as quickly as practically possible.
- 5.5 The Government has confirmed that it will fund billing authorities in full for the new burdens cost for delivering the support. The Council will maintain a record of grant expenditure under this scheme, both through the council tax system and our own local support mechanisms. It is the Government's intention that any assistance provided from the council tax hardship fund will not affect the eligibility of recipients for other benefits.

6.0 **The approach in Croydon**

- 6.1 In Croydon we appreciate the support being provided by the government in response to the financial impact of Covid19 and whilst implementing the schemes detailed above we will also be putting in place a number of other measures to support our residents and businesses during these unprecedented times.
- 6.2 We will be implementing the Council Tax Hardship Fund as recommended by the Government and applying the £150 council tax bills for residents who qualify for LCTS.
Where there is still a balance of Council Tax to be paid, this will be collected in instalments from the next due date unless you opt for the two month deferral, detailed in section 6.3 of this report. We will amend direct debits as soon as possible and send out revised bills in due course.

- 6.3 We also recognise that there will be residents who are not currently in receipt of LCTS and who are struggling to pay their Council tax at this time. For these residents we will be offering a two month deferral of their Council Tax payments, giving them the opportunity to benefit from various government schemes and assess their financial position and, if necessary, apply for financial support through our existing channels including Council Tax Support, Universal Credit and Housing Benefit. Alongside this we are also developing a package of support which will be detailed on our website.
- 6.4 To apply for a deferral of their Council Tax payment we will ask residents to make a very simple application via our website where possible for them. Other methods of applying will be made available for those who do not have website access.
- 6.5 We will also implement all of the Business Rates reliefs and Grants detailed in section 4 of this report. We will start making contact with businesses early next week, as well as providing information on the Council's website. Businesses wishing to claim the grant will need to complete a simple form, with the minimum information required by law and we will seek to process these as quickly as possible. In terms of the businesses eligible for relief, we will cease to collect any direct debits in respect of 2020/21 immediately and send out credit notes in due course.
- 6.6 We will also be altering our debt collection approach and recovery enforcement taking place during these difficult times. This does not mean that residents and business are not still liable for their bills, but that we encourage all residents and business experiencing financial hardship to take action and contact us to ensure we can help and support them. Our response will recognise the difficulties that many residents and businesses are facing.
- 6.7 The time frames detailed in the report for changes to Council Tax collection arrangements are our current response based on information to hand. However, we recognise that these will need to be kept under constant review and will be revised as necessary.
- 6.8 We also recognise that is very likely that the government will continue to make announcements over the coming days and weeks and where necessary will write further reports in relation to Council Tax and Business rates along with the other financial impacts as they become clearer.

7.0 Summary and Conclusions

- 7.1 As all Members are aware, we are currently experiencing unprecedented times. The recommendations in this report to provide support to residents struggling to pay Council Tax and Business regarding their rates are felt to be fair whilst also trying to protect the financial position of the council so it can continue to remain financially viable and deliver services.

8.0 Financial Considerations

- 8.1 The full financial impact to Croydon Council as a result of Covid19 is currently unknown.
- 8.2 We know that the government has said that it will refund local authorities for costs incurred as a result of Covid19 and that they have already committed two funding streams in the form of Council Tax support and Emergency funding. These two funding streams are detailed in this report and for Croydon total £13.8m.
- 8.3 We also know that alongside incurring lots of additional costs we will also be unable to generate income at level we have be accustomed to. This loss in income is currently being calculated and is increasing daily as we are decommissioning more and more services and moving to providing essential services only. This reduction in income will have a significant impact on our budget and could impact on our ability to deliver council services in the future so we will need to ensure that government funds us appropriately.
- 8.4 At the time of writing this report it is unclear how we will claim monies from government and as this becomes cleared the Cabinet will be updated.

9.0 LEGAL CONSIDERATIONS

- 9.1 The government issued guidance should be followed and kept under review as the Covid-19 situation develops.

Approved by Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Director of Law and Governance & Deputy Monitoring Officer

10.0 HUMAN RESOURCES IMPACT

- 10.1 There are no direct staffing impacts of these recommendations. Processing will be completed as part of our business continuity planning arrangements.

Approved by: Sue Moorman – Director of Human Resources

11 EQUALITIES CONSIDERATIONS

- 11.1 The Equality Act, 2010, also requires the Council to have due regard to the three aims of the Public Sector Equality Duty (the Equality Duty) in designing policies and planning / delivering services. In reality, this is particularly important when taking decisions on service changes. The three aims of the Equality Duty are to:-

- Eliminate unlawful discrimination, harassment and victimisation;
- Advance equality of opportunity; and
- Foster good community relations between people who share any of the defined Protected Characteristics and those who do not.

- 11.2 The Act lists nine Protected Characteristics as age, disability, race, religion or belief, sex (gender), sexual orientation, gender reassignment, marriage and civil partnership and pregnancy and maternity. However, it is highly unlikely that these “protected characteristics” will all be of relevance in all circumstances.
- 11.3 The proposed change will have a positive impact on groups that share a protected characteristic and vulnerable groups as it will put in place a number of measures that will provide them with support during these unprecedented times.
- 11.4 We also recognise that there will be residents who are not currently in receipt of LCTS and who are struggling to pay their Council tax at this time. For these residents we will be offering a two month deferral of their Council Tax payments, giving them the opportunity to benefit from various government schemes and assess their financial position and, if necessary, apply for financial support through our existing channels including Council Tax Support, Universal Credit and Housing Benefit.
- 11.5 Residents will be given the option to make online applications via the Councils website. We will ensure there are other options to make applications are made available or those who do not have internet access.

Approved By Yvonne Okiyo, Equalities Manager.

12.0 ENVIRONMENTAL IMPACT

- 12.1 There are no direct environmental considerations arising from this report.

13.0 CRIME AND DISORDER REDUCTION IMPACT

- 13.1 There are no savings which should impact upon this Corporate Priority.

14.0 REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 14.1 The council has a duty to support its residents and business during these difficult times and due to the financial impact of the recommendations being made in this report it is essential that there is a clear decision making process in place. The financial support available from central government is therefore being utilised to support local business and residents.

14.0 OPTIONS CONSIDERED AND REJECTED

- 14.1 Various other options were considered in terms of the level of support we offer to our residents and businesses. The ones recommended in this report are

considered to be appropriate and fair at this time. These are ultimately decisions of policy and political choice.

REPORT AUTHOR AND CONTACT: Lisa Taylor, Director of Finance, Investment and Risk, Section 151 Officer.

Background documents:

Government Guidance Council Tax:

COVID-19 hardship fund 2020-21 – Local Authority Guidance

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/874867/COVID-19 Council Tax Hardship Fund Guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/874867/COVID-19_Council_Tax_Hardship_Fund_Guidance.pdf)

Government Guidance Business:

Grant Funding Schemes - Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund Guidance



Small Business
Grant Fund and Ret