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Factsheet for case GB-2020-11/699

Governmental £500 million fund for council tax relief for people in need

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Country	United Kingdom, applies nationwide
Time period	Temporary, started on 11 March 2020
Type	Legislation or other statutory regulation
Category	Measures to prevent social hardship – Preventing indebtedness
Case created	16 April 2020 (updated 27 April 2020)

Background information

On the 11th of March in the Budget 2020 speech, the Chancellor announced the launch of this £500 million Hardship Fund (which applies to England). The Hardship Fund will provide council tax relief to help those affected most by coronavirus. The funding will go to local authorities in England to enable them to reduce the 2020 to 2021 council tax bills of working age people receiving Local Council Tax Support. Councils will also be able to use the funding to provide further discretionary support to vulnerable people through other support arrangements such as Local Welfare Schemes.

Guidance for the £500 million Hardship Fund was released on the 24th of March, aimed at providing clarity to local authorities on how to allocate the funding following its announcement at Budget.

This amends s13A(1)(c) of the Local Government Finance Act 1992.

Content of measure

In the Guidance issued, the Government states that it recognises that COVID-19 is likely to cause fluctuations in household incomes and that, as a result, some individuals may struggle to meet council tax payments. It says that councils will already have established their local council tax support schemes for 2020-21 and that the Government therefore expects that billing authorities will primarily use their 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.

Further, it states that councils may also want to use some funding to deliver increased financial assistance through other local support mechanisms, having considered local circumstances.

The Government states that councils should expedite provision of support to individuals in their area, using existing policies and schemes to deliver assistance where practical. Where council clearance processes are considered necessary, to avoid delays, they should be kept as light touch as possible within the governance arrangements of each authority.

It also states that council tax reductions should be applied as soon as possible from the beginning of the 2020-21 financial year and billing authorities should rebill council taxpayers as quickly as practical. Authorities will want to make the local population aware of how the grant support package will be delivered, e.g. through providing information on their websites.

The Government confirms that it will fund billing authorities in full for the new burdens cost for delivering the support. Local authorities will wish to maintain a record of grant expenditure under this scheme, both through the council tax system and their own local support mechanisms.

Use of measure

Eligibility currently unknown.

Cost of measure: £500 million

Actors, target groups and funding

Actors	Target groups	Funding
National government Local / regional government	Unemployed Older people The COVID-19 risk group Disabled Other workers & citizens	National funds

Social partners

Role of social partners	Informed
Form of involvement	Unknown

As stated previously, the involvement of social partners in devising measures (aside from the furloughing and self-employment schemes) is unknown. There has been informal consultation with business groups (CBI and the FSB) as well as the TUC, but the exact nature of communications is not in the public domain.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 11 March 2020: HM Treasury Budget 2020 (www.gov.uk)
- 24 March 2020: UK Government 'COVID-19 hardship fund 2020-21 – Local Authority Guidance.' (assets.publishing.service.gov.uk)