

Written response to: Audit Committee

Resolution:

1. Why had the Council Tax Hardship Grant Reserve not been used?
2. How would the Cumbria Business Rates Pool be affected by the Local Government Reorganisation; how could the City Council ensure money still came forward?
3. The Committee sought reassurance that the key risks identified would be reviewed at the earliest opportunity to take into account the potential impact of Local Government Reorganisation.
4. Why was there a disparity between the Council Tax Relief Scheme figures and the increase unemployment and Universal Credit applications?

Written response from: Financial Services Manager

Response:

1. The Council was awarded a sum to distribute as supplementary support for those in receipt of the Council Tax Reduction Scheme, with an expectation that an additional award of £150 was provided. The Cumbrian Council's all jointly agreed that there would be sufficient funding to be able to increase this support to £300. The Council then distributed £630,650 to all eligible residents. However, this left £359,086 of the funding which has been carried over in an earmarked reserve to be distributed in 2021/22 and the Revenues and Benefits Manager is currently looking at how best we can utilise this funding as well as additional funding received in this financial year.
2. There is uncertainty around the Pooling arrangements and Business Rates Retention Scheme due to the proposed changes to the Business Rates Retention system and the Fair Funding Review that has been delayed by government. Local Government Reorganisation will require the new authorities to look at the arrangements for retention of Business Rates and decide if pooling is the right course of action to take. Government will need to set a new baseline level of funding for the new authorities and determine the appropriate top-up/tariff amounts.
3. As the process for moving towards the implementation of Reorganisation a robust risk management process will be put in place to ensure that all key risks are reviewed and managed.
4. The Council has seen an increase in Council Tax Relief Scheme applications during 2020/21 that will correspond to the increase in unemployment and Universal Credit applications. As outlined on page 11 of the Draft Statement of Accounts, the cost of CTRS increased from £7,102,481 in April 2020 to £7,627,622 in March 2021. The number of cases increased from 4,471 to 4,853.

Date: 29 July 2021