

Cabinet Addendum Sheet

10 December 2020

Classification: Public



ITEM 5 - BUDGET MONITORING REPORT

New Recommendation 6

That Cabinet ratify an Emergency Decision by the Leader of the Council taken on 7 December 2020 to grant a temporary Licence to the NHS North West London Clinical Commissioning Group to use the Winston Churchill Hall in Ruislip as a COVID-19 Vaccination Centre.

Supporting information

NHS North West London Clinical Commissioning Group advised the Council of their need to enter into the Licence on Wednesday 9 December 2020 to begin preparations for using the Winston Churchill Hall in Ruislip as a COVID-19 Vaccination Centre in the Borough.

On 7 December 2020, the Leader of the Council used his Emergency Power, as provided for in the Council's Constitution, to approve the licence as a matter of urgency and authorised officers to agree Heads of Terms with the NHS to operate at the Hall for a period of up to 12 months and with a licence fee for running costs.

As per the Council's Constitution, such Emergency Decisions are required to be reported to Cabinet for ratification.

Alternative options considered and rejected.

None.

ITEM 6 - THE COUNCIL'S BUDGET: MEDIUM TERM FINANCIAL FORECAST 2021/22 - 2025/26

New Recommendation 6

That Cabinet amends the draft General Fund budget for 2021/22 and beyond prior to commencing consultation to maintain the existing cash discounts for those households currently in receipt of the Older People's Council Tax Discount and to close the scheme to new entrants.

Supporting information

It is proposed that existing cash discounts for households in receipt of the Older People's Council Tax Discount be maintained beyond the closure of the scheme to new entrants from 1 April 2021. Those households in receipt of a discount will have this frozen in cash terms for the 2021/22 financial year at an estimated cost of £1,521k. Based on experience of uptake for the Older People's Discount, it is expected that the cost of this cash freeze cost would fall to £1,422k in 2022/23 and £1,330k in 2023/24.

Under this proposal, all households currently in receipt of the discount will continue to receive the same level of financial support going forward although they will see their Council Tax bills rise in line with the headline Council Tax increase and the Social Care Precept. A refreshed Equal Opportunities and Human Rights Implications assessment has been included with this addendum.

It is recommended that the £2,943k cost of maintaining the scheme in 2021/22 and 2022/23 is financed from Earmarked Reserves, with the ongoing cost thereafter met from future budget savings – resulting in a £1,330k increase in the 2023/24 savings requirement. These amendments do not materially alter the Council's wider budget strategy or financial resilience as outlined from paragraph 147.

Subject to approval of this additional recommendation, the budget papers issued for public consultation will be amended as follows:

- Paragraph 38 be amended and a new paragraph 39 added to the report text:

38. The Older People's Discount scheme was set up and funded for the first 12 years from within the base budget funded through service efficiencies. When the scheme was first set up the Council also put further efficiency savings into an earmarked reserve in case it was required to fund the scheme. This earmarked reserve was not required and accordingly in 2019/20 and 2020/21 (years 13 and 14 of the scheme) was drawn down to support the scheme. In the current year the scheme cost is projected to total £1,726k, which would rise to £2,009k if continued unchanged into 2021/22.

39. However, given the ongoing Covid-19 pandemic it is proposed that the scheme be discontinued. However, it is proposed that the cash discounts for those households already in receipt of the discount during the 2020/21 financial year will be maintained going forward ensuring they continue to receive the same level of financial support as they do currently although they will see their Council Tax bills rise in line with the headline Council Tax increase and the Social Care Precept. It is also proposed that the scheme be closed to new entrants from 1 April 2021. The continuation of existing discounts is projected to cost £1,521k in 2021/22 and £1,422k in 2022/23, with the cost expected to decline in subsequent years. The cost in 2021/22 and 2022/23 of £2,943k in total will be funded from earmarked reserves as the capacity to deliver increased savings in this period of time is limited but from 2023/24 onwards it will be funded from efficiency savings.

- A refreshed Equal Opportunities and Human Rights Implications assessment has been included with this addendum.
- A revised 'Table 7 Corporate Items' to include the projected cost of maintaining the cash discounts during the period 2021/22 to 2023/24 and the associated funding from EMR's in 2021/22 and 2022/23:

Table 7: Corporate Items

	2021/22 Corporate Items £'000	2022/23 Corporate Items £'000	2023/24 Corporate Items £'000
Capital Financing Costs	1,553	1,513	3,250
Cost of Older People Discount	1,521	(99)	(92)
Earmarked Reserves use for Older People Discount	(1,521)	99	1,422
Addition to the COVID-19 Earmarked Reserve	1,221	0	0
Housing Benefit Subsidy (Recovery of Overpayments)	100	100	100
Flexible Use of Capital Receipts to finance Service Transformation	0	1,274	0
Concessionary Fares Rebate	(1,107)	(444)	1,088
Movement in Added Years Pension Costs	(25)	(25)	(25)
Adjustments to Corporate Budgets	1,742	2,418	5,743
Additional Investment in Public Health	159	0	0
Troubled Families Programme	0	658	0
Total Corporate Items	1,901	3,076	5,743

- The following related text after the current paragraph 75:

The cost of maintaining existing cash discounts for those households already in receipt of the Older People's Council Tax Discount and associated release of sums from Earmarked Reserves are included as Corporate Items for 2021/22 and 2022/23 within this draft budget. Then from 2023/24 the cost of the discount will be funded from savings. Further information on this scheme is set out from paragraph 38.

- Savings Requirement, Earmarked Reserves and Savings to be identified, alongside relevant totals and cross-referenced figures, be updated throughout the report and appendices to reflect the impact of the protection of the current Older People's Discounts.

Following these amendments, the budget strategy outlined in tables 1 and 13 of the report will be amended to the following to reflect the increase in savings requirement and savings to be identified in 2023/24 with it declining thereafter as scheme demand decreases. There are no other impacts on the budget strategy.

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2021–26 £'000
Underlying Savings Requirement	9,792	10,003	10,223	13,037	11,068	7,184	51,515
Unwind Prior Use of Balances	7,776	6,334	2,421	1,000	0	0	6,334
Total Savings Requirement	17,568	16,337	12,644	14,037	11,068	7,184	57,849
Current Savings Proposals	(6,813)	(8,054)	(2,797)	0	0	0	(10,851)
Proposed Council Tax Increase	(4,421)	(5,862)	(4,989)	(5,290)	(5,607)	(5,937)	(27,685)
In-year Call on General Balances	(6,334)	(2,421)	(1,000)	0	0	0	N/A
Savings to be identified	0	0	3,858	8,747	5,461	1,247	19,313
Closing General Balances	(31,184)	(28,763)	(27,763)	(27,763)	(27,763)	(27,763)	N/A

Legal Comments

The amended proposal in relation to the Older People's Discount Scheme has important equality implications which should not be overlooked.

As is stated in the legal comments in the report, the public sector duty, as set out in section 149 of the Equality Act 2010, requires the Council when exercising its functions, to have 'due regard' to the need to eliminate discrimination, harassment, victimisation, and other conduct prohibited under the Act, to advance equality of opportunity and foster good relations between those who have a 'protected characteristic' and those who do not share that protected characteristic.

One of the established protected characteristics under the 2010 Act is age. The proper completion of an Equalities and Human Rights Impact Assessment is capable of demonstrating that the Council has complied with its 'due regard' duty. It is therefore imperative that the original Assessment appended to the report is revised in order to take the amended proposal into account and it is this revised Assessment which Cabinet should properly consider in deciding whether to approve Recommendation 6 in the report.

The legal comments, as set out in paragraphs 194-197 of the report [Agenda B], remain unaltered although it should be noted that the amended proposal relating to the Older Peoples discount will, if approved by Cabinet, will form the basis of the consultation with the Policy Overview Committees and other stakeholders.

Alternative options considered and rejected.

None.

Enclosed

Updated Equalities Impact Assessment



HILLINGDON
LONDON

Equality and Human Rights Impact Assessment

STEP A) Description of what is to be assessed and its relevance to equality

What is being assessed? Please tick ✓

Review of a service Staff restructure Decommissioning a service

Changing a policy ✓ Tendering for a new service A strategy or plan

The London Borough of Hillingdon has reviewed its current Older People's Discount Scheme for Council Tax and are recommending closing the scheme to new entrants as part of the consideration of setting the Council's budget and the overall level of Council Tax from 1st April 2021 for the financial year 2021/22. Those households already receiving discounts will not be affected and will continue to receive the same level of cash discount in 2021/22 as they received in 2020/21.

Who is accountable? E.g. Head of Service or Corporate Director

Corporate Director of Finance

Date assessment completed and approved by accountable person

9 December 2020

Names and job titles of people carrying out the assessment

Iain Watters, Financial Planning Manager, Corporate Finance

A.1) What are the main aims and intended benefits of what you are assessing?

In February 2020 the Council confirmed the continuation of the Older People's Discount (OPD) for a further year into 2020/21, offered to residents aged over 65 who do not qualify for the Council Tax Reduction Scheme (CTRS). The CTRS provides approximately £4.8m of support to the most financially vulnerable with the OPD offering a further £1.7m of support. Given the ongoing COVID-19 pandemic the proposed budget for 2021/22 is predicated on closing the OPD to new entrants and freezing the cash value of discounts for those already in receipt of discounts in 2020/21 to reduce the ongoing cost of the scheme.

In 2020/21 the freeze on Council Tax increases for the over 65s was continued for one further year, with those turning 65 on or before 31 March 2019 receiving a 6.71% discount (£101.66 per annum for a Band D household) hereby referred to as Scheme 1, those turning 65 from 1 April 2019 onwards receiving a 3.12% discount (£47.27 per annum for a Band D household) hereby referred to as Scheme 2, and those turning 65 from 1 April 2020 onwards receiving a 1.36% discount (£20.60 per annum for a Band D household) hereby referred to as Scheme 3.

The CTRS supports the most financially vulnerable over 65 residents in the borough, applications to the OPD are only accepted by residents that are not eligible for the CTRS and therefore applicants for the OPD are not in the most financially vulnerable group. In addition, over 65 residents also benefit from other Government initiatives, such as the Triple Lock on the State Retirement Pension and the Freedom Pass within London.

The cost of the scheme was being covered by an Earmarked Reserve, with current projections forecasting the reserve to be depleted by the end of the current year, meaning any further costs associated with the continuation of the scheme would impact on the Council's Saving Requirement. Based on the current level of demand, this would increase the Saving Requirement by £2,009k and would need to be covered by either:

- additional savings
- a drawdown from General Balances
- an increase in Council Tax
- a drawdown from other repurposed earmarked reserves

These approaches have been considered as follows:

- the draft savings programme reflects the output of a programme of work to develop proposals, while dealing with the challenging impacts of COVID-19 on the Council, with limited scope to identify and implement additional savings in the time frame required for the 2021/22 or 2022/23 budgets. However, further savings could be identified from 2023/24 onwards.
- the use of General Balances would reduce the capacity of the Council to respond to emerging risks or pressures.

- The Council does have the option to move away from its current approach of increasing Council Tax to 90% of the uplifts applied by neighbouring boroughs, however, increasing to 100% would only secure an additional £245k, which would not be sufficient to fund this discount.
- The Council does have the capacity to repurpose some earmarked reserves to fund the discounts for a defined period of time but as this would deplete finite resources does not represent a long term solution.

Having considered the options available, the Council is proposing to close the scheme to new entrants from 1 April 2021 but maintain the current cash discounts for those already in receipt of Council Tax discounts. By discontinuing the Scheme but protecting existing beneficiaries at 2020/21 levels the cost of the scheme in 2021/22 is reduced by £488k to £1,521k and will decline thereafter. It is proposed that the cost in 2021/22 and 2022/23 be funded from repurposed earmarked reserves and thereafter from efficiency savings.

A.2) Who are the service users or staff affected by what you are assessing? What is their equality profile?

In 2020, the population of London Borough of Hillingdon is projected to be 316,200, including 207,300 residents in the age group 15-64 and 42,500 aged 65 years and older. It is forecast that the 65-year plus group is likely to increase by 1,000 residents per year going into 2021. With approximately 5,300 residents aged over 65 being eligible for the CTRS, the most financially vulnerable residents of the borough are supported with their Council Tax liability.

In 2021/22, the gross Council Tax base is forecast to be 113,738 households who will be billed for Council Tax representing approximately 2.2 adults per household.

The Council Tax Discount for Older People under the current schemes per household amounts to £101.66 for a Band D property per annum for those in Scheme 1, £47.27 per annum for those in Scheme 2 and £20.60 per annum for those in Scheme 3 with the total cost of the annual scheme estimated to be £1,726k in 2020/21.

This equates to approximately 16,000 (15,100 in Scheme 1, 500 in Scheme 2 and 400 in Scheme 3) Band D equivalent households in the Borough currently receiving the OPD. These 16,000 households will see their existing cash discounts maintained for 2021/22 Council Tax bills, although they will see an uplift in their Council Tax in line with all other residents in the borough.

In addition to those already on the scheme, households who would have become eligible for the scheme in 2021/22 had it been continued will see the uplift in Council Tax bills consistent with all other residents in the borough.

As this discount is based upon only age as a determinant of receipt of the discount, no other groups fall within the assessment.

A.3) Who are the stakeholders in this assessment and what is their interest in it?

Stakeholders	Interest
The Leader of the Council, Mayor, Cabinet Members, all Councillors.	To deliver a balanced budget for 2021/22 in a fair and transparent way that does not place older people with a Council Tax liability into financial hardship.
Corporate Director of Finance.	To prepare a balanced budget for 2021/22 in a fair and transparent way that does not place older people with a Council Tax liability into financial hardship.
Residents aged over 65 who have a Council Tax liability	That discontinuing the OPD Scheme does not place this group into financial hardship.
Residents who will be 65 years or over on 31 st March 2018 who have a Council Tax liability.	That discontinuing the OPD Scheme does not place this group into financial hardship.
Residents who will be 65 years or over on 31 st March 2019 who have a Council Tax liability.	That discontinuing the OPD Scheme does not place this group into financial hardship.
Residents who will become 65 by 31 st March 2020 who have a Council Tax liability.	That discontinuing the OPD Scheme does not place this group into financial hardship.
Residents in the age group 16 to 64 years who have a Council Tax liability.	These residents do not receive the OPD, as they have not reached the age of 65 years on 31 st March 2020 and are therefore not eligible, however they would receive the discount when they reach 65 if the scheme continued.

A.4) Which protected characteristics or community issues are relevant to the assessment? ✓ in the box.

Age	✓	Sex	
Disability		Sexual Orientation	

Gender reassignment			
Marriage or civil partnership		Carers	
Pregnancy or maternity		Community Cohesion	
Race/Ethnicity		Community Safety	
Religion or belief		Human Rights	

STEP B) Consideration of information; data, research, consultation, engagement

B.1) Consideration of information and data - what have you got and what is it telling you?

As the OPD is based upon age and the applicant not qualifying for CTRS, the closure of the scheme to new applications will not impact on any other group.

The negative impact will be upon Council Tax payers who are 65 years or older at 31 March 2021, who will no longer be protected from Council Tax increases levied on all other households in the borough. For the 2021/22 financial year this increase equates to £21.29 per annum for the LBH share of Council Tax on a Band D Property. Those households already enrolled in the scheme will maintain their existing cash discounts, ranging from £20.60 per annum to £101.66 per annum for a Band D property.

The CTRS currently supports approximately 5,300 claimants at a cost of £4,837k.

A prerequisite of awarding the OPD is that the resident is not eligible for Council Tax Support.

This implies that the recipients of the benefit are not deemed to be the most financially vulnerable residents, with 52% of the recipients in a Band E property or higher (a more expensive property), compared to 30% of total households across the borough.

The closure of this scheme to new entrants is therefore considered to have a potentially limited negative impact on the financial wellbeing of the recipients of this benefit, particularly given that existing discounts will be continued.

Consultation

B.2) Did you carry out any consultation or engagement as part of this assessment?

Please tick ✓ NO YES ✓

The Council will publish its 2021/22 budget proposals, predicated on the cessation of the OPD following agreement by the Cabinet Meeting on the 10 December 2020 to consult with the wider public on these proposals during the remainder of December 2020 and January 2021. Any comments / feedback on these proposals will be reported to Cabinet in February 2021 prior to the full Council meeting that will set the Band D Council Tax level for 2021/22.

B.3) Provide any other information to consider as part of the assessment

Legal context

Councillors have a legal requirement to set a balanced budget for the Council in each financial year including a Band D equivalent Council Tax amount that will contribute to the funding of expenditure and enable the agreement of a balanced budget. The proposed budget for 2021/22 is predicated on the closure of the discount to new entrants from 1 April 2021.

National and statutory discounts

The CTRS is statutory for over 65's but The OPD is neither statutory nor a national requirement.

C) Assessment

What did you find in B1? Who is affected? Is there, or likely to be, an impact on certain groups?

C.1) Describe any **NEGATIVE** impacts (actual or potential):

Equality Group	Impact on this group and actions you need to take
Residents not meeting the criteria for the means tested CTRS who will be 65 years or over on 31 March 2021	This group of residents will be liable to pay the proposed 2021/22 Council Tax increase in line with all other residents. However, any financially vulnerable resident will have the Council Tax Support Scheme available to them, offering a discount of up to 100%.

and who have a Council Tax liability	
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C.2) Describe any **POSITIVE** impacts

Equality Group	Impact on this group and actions you need to take
None	No positive impacts have been identified for any other group

D) Conclusions

The proposal to cease the OPD will result in approximately 16,000 households occupied by residents over 65 who will become liable for the annual increase in Council Tax in line with other residents in the borough.

A safety net in the form of the CTRS exists to support any residents who may be potentially financially negatively affected by this proposal.

Continuing to bring new households into the scheme and increasing the level of discount available would increase the Council's Saving Requirement, which will need to be addressed through further savings and/or an increased drawdown against General Balances, neither of which are deemed financially viable in the longer term, particularly given the ongoing financial impacts of COVID-19 on the Council.

Signed and dated: *Ian Watters* 9 December 2020

Name and position: Iain Watters, Financial Planning Manager