

Manchester City Council Report for Information

Report to: Resources and Governance Scrutiny Committee – 12 October 2021

Subject: Update from the Revenues and Benefits Unit

Report of: Deputy Chief Executive and City Treasurer

Summary

This report provides an update on the activity of the Revenues and Benefits Unit, including details of how the service was affected and maintained during the pandemic. The report covers:

- Benefits administration, including Council Tax Support and the management of the Welfare Provision Scheme and other discretionary schemes;
- The financial support provided as part of the Test and Trace Scheme;
- Performance in the collection of council tax and how we balance collection, whilst working in an ethical way and supporting those residents on a low income; and
- Performance in the collection of business rates including the support that has been made to businesses during the pandemic.

Because the service did not provide an annual report during 2021 and to show the impact of the pandemic on the service, the report will provide data for the 2019/20 and 2020/21 financial years.

Recommendations

Members are asked to note the contents of the report.

Wards Affected:

The services provided by the Revenues and Benefits Unit are provided across all wards in the city. The wards with higher deprivation have higher levels of residents in receipt means tested benefits and discretionary awards.

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

The Council's transformation work and response to covid restrictions has meant that the service has worked hard to avoid unnecessary travel by looking to provide services online, by phone or in the local area where possible.
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Our Manchester Strategy outcomes

Summary of how this report aligns to the OMS

A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The policies that support the work of the Unit are in the spirit and in accordance with policies to maximise financial well-being and ensure that the economy is supported to recover post-covid.
A highly skilled city: world class and home-grown talent sustaining the city's economic success	The report provides details on our covid discretionary grant schemes that have been developed to support the city's economic recovery and support good employers that are committed to the employment of Manchester residents and the provision of the living wage.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	This report provides details of how we provide support to residents on a low income as well as our approach to recovery, which is fair and consistent and allows residents to manage other household bills.
A liveable and low carbon city: a destination of choice to live, visit, work	The report provides details on our covid discretionary grant schemes that have been developed to support the city's economic recovery
A connected city: world class infrastructure and connectivity to drive growth	The report provides details on our covid discretionary grant schemes that have been developed to support the city's economic recovery

Contact Officers:

Name: Carol Culley
Position: Deputy Chief Executive and City Treasurer
Telephone: 0161 234 3406
E-mail: carol.culley@manchester.gov.uk

Name: Julie Price
Position: Director of Customer Services and Transactions
Telephone: 0161 953 8202
E-mail: julie.price@manchester.gov.uk

Name: Charles Metcalfe
Position: Head of Corporate Revenues
Telephone: 0161 219 6382
E-mail: charles.metcalfe@manchester.gov.uk

Name: Matthew Hassall
Position: Head of Corporate Assessments
Telephone: 0161 234 5451
E-mail: matthew.hassall@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

Manchester's support for families living in poverty
Economy Scrutiny 9 September 2021
Executive 15 September 2021

<https://democracy.manchester.gov.uk/documents/s26082/Manchesters%20support%20for%20families%20living%20in%20poverty.pdf>

Manchester Poverty Truth Commission Key Findings

<https://www.mhcc.nhs.uk/wp-content/uploads/2021/07/Agenda-Item-1.3-Manchester-Poverty-Truth-Commission-201921-key-findings-and-impact-report.pdf>

Enforcement Agency Code of Practice 2021/22

https://www.manchester.gov.uk/downloads/download/5938/enforcement_agency_code_of_practice_council_tax_201415

Welfare Provision Scheme Policy

https://secure.manchester.gov.uk/downloads/download/5237/welfare_provision_scheme_policy_2020-21

Discretionary Housing Payments Policy

https://www.manchester.gov.uk/downloads/download/4494/discretionary_housing_payments_-_2013_council_policy

1.0 Introduction

This report provides an update on the activity of the Revenues and Benefits Unit, including how the service was affected and maintained during the pandemic.

The report will also cover the activity of the Unit as part of the Council's wider role in the administration of support to residents and businesses

1.1 Support to residents

The Council has worked hard to ensure that any funding that is available, either from local or government funds, has the best impact for our residents and on our communities, supporting the Council's policies and the Our Manchester Strategy.

When considering support, the national context is considered, especially in relation to the wider welfare benefits regime. Whilst the Council is unable to mitigate for all changes to the welfare reform system and there are important contextual factors which impact on the level of demand for discretionary support. This includes the temporary £20 uplift to the Universal Credit payments, the changes to the LHA rates as well as the impact of government furlough and other support schemes including the Self-Employment Income Support Scheme (SEISS).

The report also provides details of the discretionary support that is provided. This includes the business as usual schemes and the additional Covid related schemes. These were additional schemes provided to help mitigate impact of pandemic.

1.2 Council Tax

The council tax that is collected is extremely important and enables the Council to deliver essential services.

The pandemic had a huge impact on residents' ability to pay Council Tax with the in-year collection rate over 2.5% lower for 2020/21 compared with 2019/20. Residents are still suffering the effects in 2021/22 and although it is recovering, the collection rate has not yet reached 2019/20 levels, meaning reduced levels of revenue for the city.

The Council's Revenues Service is aware of our responsibility to be proportionate and reasonable in the collection of council tax that is owed and where possible works to engage with residents to deliver and sustain payment arrangements. The report details the approach to the collection of money owed and how vulnerable and low-income households are supported.

1.3 Support to businesses

As with council tax the money collected in business rates has a direct impact on the Council's budget. Unless funded by the government any discretionary reliefs and grants are met by the council and ultimately by council taxpayers in the city.

As with council tax, businesses' ability to pay the business rates liability has been hugely impacted by the pandemic. Despite all the grants and reliefs that have been awarded over the last 17 months, the business rates collection rate was nearly 10% lower in 2020/21 compared with 2019/20. There has been some recovery during 2021/22, but companies are still struggling in many sectors of the city's economy.

Unlike council tax, the government provided some support for the Council to mitigate some of the reduction in Business Rates income.

1.4 Scope

This report does not provide details of the extensive financial and other support that is provided to residents by all areas of the Council. This was covered in a separate report that went to Economy Scrutiny and the Executive in September 2021.

The report is split into the following areas:

- Benefits administration, including Council Tax Support and the management of the Welfare Provision Scheme and other discretionary support;
- The financial support provided as part of the Test and Trace Scheme;
- Performance in the collection of council tax and how we balance collection, whilst working in an ethical way and provide support to those residents on a low income; and
- Performance in the collection of business rates including the financial support that has been made available to businesses during the pandemic.

Because the service did not provide an annual report during the 2020/2021 financial year and to show the impact of the pandemic on the service, the report will provide data for the 2019/20 and 2020/21 financial years and well as year to date data for 2021/22.

2.0 Background

2.1 The Unit and what we do

The Revenues and Benefits Unit delivers two large service areas: billing, collection and recovery of money due to the Council and the assessment and payment of several areas of benefits and financial support paid to residents.

The Revenues Service is responsible for the collection of all council tax, business rates, benefit overpayments, miscellaneous income and adult social care debt as the result of a financial assessment for care.

The Benefits Service assesses entitlement and makes payments for Housing Benefit, Council Tax Support, the Welfare Provision Scheme, Adult Social Care charges and several areas of discretionary support, as required to support the Council's priorities.

2.2 The impact of Covid on our activity

As with many areas of the Council, the impact of the pandemic has been significant.

During the pandemic the service was maintained throughout. This was because we already have a mature model and regime for colleagues' homeworking that has been in place for many years and was extended to include the remainder of the workforce at short notice. The only people that had to remain in the office were those staff that had to deal with post, including scanning and indexing.

In addition, further activity to support residents to submit and manage accounts and applications for financial support was also introduced, including the acceptance of photographic evidence to support claims.

The service also picked up significant, additional work as a result of the pandemic, including the development of additional schemes and other support across many areas including welfare support, council tax and business rates. Delivery of these schemes was achieved by careful planning and resource management and the flexibility, commitment and professionalism of our colleagues at a time when many of them had personal challenges due to the pandemic. There is no evidence of any detrimental performance impact as a result of this homeworking activity and service performance was maintained throughout.

For some services, the Council acts as an agent and partner of the government, for example the administration of Housing Benefit or administering reliefs and grants. As a result, the rate of immediate change and fast-moving policy decisions have had an impact on the work that we had to do. In many cases this has resulted in colleagues working across service areas and picking up new work areas.

It is worth recognising that although not administered by the Council, the temporary £20 uplift to Universal Credit, as well as the one-off 2020/21 hardship grant to provide a grant of £150 towards the council tax for some low-income residents (funded by government in 2020/21 and the Council in 2021/22) has had a positive impact and in some areas reduced demand on discretionary schemes.

There were also a range of grant schemes to support businesses in the city that were intended to mitigate the impact of covid on businesses and the economy.

Further detail on these areas is included in the following sections linked to functional areas.

2.3 Government changes impacting of residents' income

2.3.1 Temporary Uplift to UC

Universal Credit was increased by £20 a week (or £1,040 a year) in April 2020 as part of a government support package when the country first went into lockdown. This was paid to all working age residents in receipt of Universal Credit and other means tested benefits. Things like how Housing Benefit and our CTS scheme were calculated were also adjusted so that this additional income provided an increase in real terms (normally any increase in income would result in a tapered reduction in Housing Benefit and CTS). This has continued for the last eighteen months and has had a positive impact on residents and the economy of the city.

The government has now withdrawn this additional UC payment from 6 October 2021. This withdrawal will have a negative impact on low-income households in the city, including those that are working, and is also expected to have an impact on discretionary budgets including the Welfare Provision Scheme and the Discretionary Housing Payment scheme.

Single people under 25 will be hardest hit by the change, because they have the lowest standard allowance for Universal credit in the first place, at £344 a month.

The withdrawal of the uplift has meant that this will fall by about 25%.

- For single people under the age of 25, the standard allowance with the uplift was £344. When the uplift was cut this fell by more than 25% to £257.33
- For single people over 25, the standard allowance went down from £411.51 to £324.84. A 21% decrease in monthly income.
- For couples under 25, the amount paid reduced by almost 18% from £490.60 to £403.93
- For joint claimants where at least one is over 25, it reduced from £596.58 to £509.91 - a 14% decrease.

2.3.2 Temporary Uplift withdrawal impact on the city's residents and economy

The number of UC claimants in the city doubled at the start of the pandemic. The number has been relatively stable at just under 80,000 since the start of the year. There may be some early signs of the number of UC claimants beginning to decline but it is early days and at this stage it is only a relatively small decrease.

The latest data for July shows that there were 78,132 UC claimants in Manchester (down from 78,508 in June). 29,267 of the UC claimants in July were in employment (just over a third – 37%). Since April 2021 (i.e. when the economy started to open again) the number of UC claimants in employment has increased whilst the number of out of work claimants has decreased. State support for residents in the labour market (rather than the unemployed) is therefore now at a very high level.

The Council has tried to model the financial impact based on data held. There are several factors that must be considered when considering and calculating the impact of the potential withdrawal of the £20 weekly uplift, including:

- I. Couples receive a different higher amount of benefit than single individuals but have received the same uplift for their joint claim.
- II. Claimants' awards are further adjusted by several factors - in particular earned wages for those in employment. Therefore, there are claimant households who receive less than the standard allowance or in some cases no award at all. In total there are 9,148 households in Manchester as at May 2021 who receive a nil award due to earnings or deductions.
- III. Household data has richer data on family structure, so it is used in these calculations – N.B. "Households" is a UC specific admin term and does not necessarily imply multi-individual units

After removing those households in receipt of no financial award and considering the small variation in decrease in benefit applicable to different household structures, a decrease in benefits income for Manchester residents of £4.96m per month is predicted when the uplift is removed. This will impact an estimated 58,339 households in Manchester. This equates to **£59.56m** per annum or £1.14m per week loss of benefits income.

The largest household group who will be impacted by the removal of the uplift is single claimants with no children. There are 31,710 such claimants as at May 2021. 17,667 single claimants with children will be impacted, 1,757 couples without dependent children and 7,194 couples with dependent children will be impacted. N.B. *Rounding has been applied for statistical reasons therefore these figures plus the nil award households do not sum to the overall total.*

We will continue to monitor the impact of this change on our discretionary schemes and if required we will put forward a case to draw down essential contingency funds so that we are able to protect vulnerable residents and maintain tenancies.

2.3.3 Changes to LHA Rates

In April 2020, as a result of covid, the government unexpectedly increased the Local Housing Allowance (LHA) rates on which housing benefit is based. The rates were adjusted to meet the 30th percentile of the rented properties in the LHA area. The LHA rates were kept the same in April 2021 meaning that the

value of the 2020 increases will be lost if further uprating of LHA rates is not applied in future years.

The table below shows the result of the difference between the old and new rates for the two areas we use in Manchester. Most people in the city fall within the Manchester Central area.

Central	Shared	One Bed	Two Bed	Three Bed	Four Bed
April 2019	£67.20	£105.04	£123.58	£137.32	£186.47
April 2020	£75.50	£138.08	£149.59	£166.85	£218.63
Weekly increase	£8.30	£33.04	£26.01	£29.53	£32.16
Southern	Shared	One Bed	Two Bed	Three Bed	Four Bed
April 2019	£63.21	£105.32	£132.04	£156.33	£206.09
April 2020	£82.82	£120.82	£149.59	£172.60	£253.15
Weekly increase	£19.61	£15.50	£17.55	£16.27	£47.06

Alongside the changes to the UC standard rates, these changes to LHA have had a significant impact on the finances of the poorest and financially vulnerable households (those living in private landlord tenancies) in the city and there would be a significant immediate, detrimental impact of these changes being withdrawn.

2.4 Council Tax Hardship Payment 2020/21

The government also announced in the 2020 budget that it would provide local authorities in England with £500m of new grant funding to support economically vulnerable people and households in their local area. Manchester received £7,458,231.

Local authorities were required to provide all the working age recipients of local Council Tax Support (CTS) during the 2020/21 financial year, with a further reduction in their annual council tax bill of £150. To award the amount authorities had to use their discretionary powers to reduce the liability of council taxpayers outside of their formal CTS scheme design.

Awards were made throughout the year and by the end of March 2021, awards were applied to 43,303 single and family households to a value of £6,317,584 and 2,104 joint-tenant households to a value of £296,817, a total of £6,614,401.

The remaining funds were directed towards the Council's discretionary schemes and the Council's wider food response (see below). All this government grant was spent.

3.0 Additional and discretionary Support provided by the Council

The following sections detail some of the discretionary support provided by the Council and administered by the Revenues and Benefits Unit. Some of these are new schemes in response to covid and some are business as usual. In

addition to this, some are covered by government grants and others are wholly funded by the Council.

3.1 Support that started in 2020/21

3.1.1 Support for Carers

A £100,000 budget from the main hardship scheme above was identified in 2020/21 to provide support for carers in response to the pandemic. This was administered by the Welfare Provision Team. The shape and direction of this financial support was developed in consultation with Adult Social Care, on whose behalf the scheme was introduced.

Support for Carers was introduced into the Welfare Provision Scheme from 12 May 2020.

A total of £116,580 was paid to 597 cases within the 2022/21 financial year.

3.1.2 Covid Support

A further £100,000 budget was identified in 2020/21 to provide Welfare Provision Scheme support to residents facing crisis or urgent need due to the pandemic. £83,298 was paid to 1,138 cases. This budget was available for the 2020/21 period only.

The main WPS budget of £600,000 was fully spent and additional budget made available to ensure vulnerable residents received support across the full year. The total main scheme spend was £841,376, paid to 3,044 applications.

The following tables show the number and percentage of awards made during 2020/21 based on age range and family make-up. This shows that most of the awards are made to working age people with less than 2% being paid to households occupied by residents over 65. The data includes all WPS administered awards including the main scheme, Carers, Covid, and Free School Meals.

Age/Gender Awards 2020/21				
Age Range	Female	Male	Total	% of Total
0-15	1	0	1	0.0%
16-24	552	193	745	7.4%
25-34	3,284	549	3,833	38.3%
35-44	2,709	676	3,385	33.8%
45-54	889	540	1,429	14.3%
55-64	225	223	448	4.5%
65-74	55	73	128	1.3%
75-84	16	12	28	0.3%
85+	2	2	4	0.0%
Total	7,733	2,268	10,001	100%

Family Make-Up Awards 2020/21				
No. of Children	Female	Male	Total	% of Total
0	2,566	1,464	4,030	40.3%
1	1,326	182	1,508	15.1%
2	1,805	215	2,020	20.2%
3	1,188	216	1,404	14.0%
4	509	135	644	6.4%
5	210	31	241	2.4%
6	77	15	92	0.9%
7	31	6	37	0.4%
8	16	2	18	0.2%
9	4	1	5	0.0%
10	1	1	2	0.0%
Total	7,733	2,268	10,001	100%

3.1.3 Free School Meals – Alternative Support

During 2020/21 the Welfare Provision Scheme was used during Easter 2020 and autumn half-term holidays to provide eligible Manchester children with a cash grant of £10 per week. Eligible families included children whose parents are entitled to free school meals due to low income, or as an asylum seeker, or those subject to 'no recourse to public funds'.

Parents that contacted us for support received £40 for each child entitled to free school meals for the period 23 March to 17 April 2020 and £10 for the week of 26 October to 30 October 2020. 4,331 children received support during the Easter period and 6,709 for the autumn half-term.

Spend within the 2020/21 financial year constituted £92,282 for Easter applications (total spend including applications paid in March 2020 was £233,970) and £114,512 for autumn half-term cases.

Government directed schemes providing funding of £15 for each eligible child were implemented by the Council for the 2020 summer holidays and from the Christmas holidays 2020 onwards. Vouchers were provided via schools and other key groups following an approach developed by the Children's Services. The following amounts were paid out through the vouchers and schools:

- Summer 2020 £3.2m (delivered through Government commissioned Edenred voucher system)
- Christmas 2020 £1.12m (delivered locally through schools)
- February half-term 2021 £466k (delivered locally through schools)
- Easter and May half-term 2021 £1.6m (delivered locally through schools)
- Summer 2021 £3.2m (delivered locally through schools)

3.1.4 Discretionary Housing Payments

DWP DHP funding of £2,538,308 was received for the year with the Council providing an additional £1m of funds.

£3,194,110 was paid out with decisions made on 3,569 cases resulting in 2,250 awards. 830 of the 3,569 applications referenced Covid19 as a contributing factor for the DHP request and 79% were paid.

During 2020/21, DHP awards that were due to end were reviewed and, where appropriate, extended. A total of 2,148 extensions were carried out. Most cases had more than one extension. These extensions did not require a new application in recognition of the very limited opportunities available to residents to secure cheaper accommodation or secure employment. Because these cases were extended without contact from the resident or landlord, we do not know how many of these would have indicated Covid-19 as a factor in requiring DHP but it is reasonable to assume that a proportion would have done so.

3.1.5 Discretionary Council Tax Payment Scheme (DCTP)

During 2020/21:

- £70,701 was paid out to 308 households impacted by the 2-child limit within the benefit regulations;
- £107,486 was paid out to support 213 care-leaver council tax cases; and
- £149,674 was paid out in support of 831 other Discretionary Council Tax Payment applications. These would have been considered on the individual merits of each case in accordance with the Council's policy.

DCTP is funded by the Council.

3.2 2021/22 Support

3.2.1 Continuation of the £150 Council Tax Hardship Payments

As part of the 2021/22 budget process the Council agreed to continue the award of the £150 hardship payment. This meant that all working age recipients of council tax support received a further award of £150 towards their bill. This is wholly funded by the Council.

To date this has been paid to 38,430 single and family households to a value of £5,681,500 and 1,499 joint-tenant households to a value of £217,947, a total of £5,899,447. Due to churn and transience this is estimated to cost around £6,500,000 for the financial year, although this could increase further if we receive more claims for CTS as furlough ends etc.

This award means that for those households in the lowest bands, their council tax is almost paid for the financial year.

The following table shows the number of working age CTS recipients across the different council tax property bands and the amount that they have left to pay after maximum CTS and the £150 hardship payment has been made.

Impact of CTS and £150 hardship payment	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Total no. of working age households in receipt of CTS	30,324	3,673	1,607	391	123	20	7	0
No. of working age households with 100% CTax charge in receipt of CTS	10,091	1,786	982	239	81	11	3	0
CTax to pay - 100% charge with maximum CTS and £150 award	£60.68	£95.79	£130.90	£166.02	£236.25	£306.48	£376.70	£482.04
No. of Working age households with 75% CTax charge in receipt of CTS	20,233	1,887	625	152	42	9	4	0
CTax to pay- 75% charge with maximum CTS and £150 award	£8.01	£34.34	£60.68	£87.02	£139.69	£192.36	£245.03	£324.03

3.2.2 Support for Carers

The £100,000 budget was retained in 2021/22 but was also fully funded by the Council. This element of the wider WPS service was developed for 2021/22 in consultation with Carers Manchester Contact Point (CMCP), Manchester Carers' Forum and Carers' Commissioning. Access to this budget is now directed through the CMCP and Carers Team.

At 31 August 2021, a total of £27,834 has been paid to 196 cases.

3.2.3 Welfare Provision Scheme

Demand for support from the core WPS remains high. This reflects the continuing impact of Covid on residents and the number of households moving from temporary homelessness accommodation into general needs housing where WPS support is provided.

Spend against reported application reasons up to 31 August 2021 is shown below:

Reason for Application	Number Approved	Value of Awards
Moving Home / Resettlement	689	£308,231
Other Reason	366	£30,845
Carers Emergency Fund	196	£27,834
Disaster	98	£8,674
Travel	6	£225
Total	1,355	£375,809

Based on current demand projected spend indicates that the core WPS budget of £600,000 needs topping up if the present level of support is to be maintained throughout the year. An additional £500,000 of Council contingency funding has been drawn down to cover the projected spend and to offer further contingency if additional pressures arise during the winter months. This will include support for emergency fuel poverty that can be supported by the existing scheme criteria.

3.2.4 Discretionary Housing Payments

The DWP have provided Discretionary Housing Payments funding of £1,969,832 with an additional £1 million funding provided by the Council. At 22 September 2021 we have paid and committed £1,968,499.

At 30 June 2021, decisions had been made on 1,012 new applications of which 537 have been paid. 128 of the 1,012 applications referenced Covid-19 as a contributing factor for the DHP request and 73% of these cases have been paid.

All DHP cases due to end between 1 April and 31 July 2021 have been reviewed and where appropriate extended to the autumn. 378 cases were extended to 13 September and 160 were extended to 29 November 2021. These extensions did not require a new application in recognition of the very limited opportunities available to residents to secure cheaper accommodation or secure employment. Because these cases were extended without contact from the resident or landlord, we do not know how many of these would have indicated Covid-19 as a factor in requiring DHP but it is reasonable to assume that a proportion would have done so.

Based on current spend the full DWP and Council contributions will be used within the financial year. Demand for and spend against the DHP budget is

closely monitored and if need for an additional Council contribution is identified, for example the impact of the ending of the Furlough Scheme, this will be raised at the time.

3.2.5 Discretionary Council Tax Payment Scheme

At 1 September 2021:

- £77,776 paid out to 209 households impacted by the 2-child limit
- £144,668 paid out to support 244 care-leaver cases
- £53,623 paid out in support of 285 other Discretionary Council Tax Payment applications. These have been considered on the individual merits of each case in accordance with the Council's policy.

4.0 Benefits administration

4.1 Caseload

The transfer of cases to Universal Credit continues. This means that although Universal Credit claims increased substantially during the pandemic the number of claims for Housing Benefit administered by the Council continues to reduce. This is because new claims for benefit from working age people are made through Universal Credit and this includes most housing costs. The Council will now only receive new Housing Benefit claims from residents of pension age and people in temporary or supported accommodation.

It should be noted that although residents claim housing costs as part of their UC claim any and discretionary support for rent costs is still directed to the Council's Discretionary Housing Payment scheme.

Following completion of the roll-out of Universal Credit in the summer of 2018 average monthly reductions in the caseload are:

- HB working age caseload 1.28%;
- HB pension age caseload 0.32%; and
- CTS caseload 0.13%.

The pandemic saw the CTS caseload rise from its lowest reported level of 50,609 on 1 April 2020 to a peak of 53,387 at 1 September 2020 before dropping again to 51,937 at 1 September 2021.

The impacts of the pandemic and the ending of the government furlough scheme from October 2021 mean that it is difficult to offer a definitive assessment of the future demand on HB and CTS. However, it is reasonable to expect that the HB caseload will continue to reduce while fluctuations in the CTS caseload may occur during the remainder of the 2021/22.

The following table shows the caseload from March 2019 to the present across Housing Benefit and CTS. It may be helpful to note that not all

residents in receipt of HB or UC have council tax liability and so numbers of CTS cases do not correlate to HB here, or UC figures elsewhere in the report.

	March 2019	March 2020	March 2021	August 2021
Total Caseload HB / CTS	60,479	57,784	59,578	58,291
HB live claims	46,158	39,884	36,575	35,275
Social Housing	35,936	32,160	30,091	29,247
Private	10,222	7,724	6,470	6,028
Under 60 and working	8,674	6,141	4,281	3,966
CTS live claims	52,608	50,609	52,836	51,937
Claiming Universal Credit	7,769	12,250	18,075	18,240

4.2 Changes due to the pandemic

During the spring and summer of 2020, procedures were adjusted to allow residents more time to provide information and evidence needed to support their HB and / or CTS claim. Claims that would have been treated as unsuccessful when applying normal deadlines were instead kept open and further opportunities given to submit the information. The additional time allowed before finalising the cases resulted in longer speed of processing times for the affected cases. This work was managed during July and August 2020, with most cases finalised in August. The decision to prioritise opportunities for residents to make a successful claim during the core period of lockdown and so maximise access to HB and CTS, over focussing on end-to-end processing times, was seen as offering the correct balance.

4.3 Speed of processing

Despite the pressures of the pandemic, Benefits Operations achieved good average speed of processing outcomes helping to ensure that residents received timely financial support:

HB & CTS	2020/21			2021/22		
	Q1	Q2	Q3	Q4	Q1	Aug '21
New claim -avg days	17.48	22.35	19.19	19.18	18.73	17.53
Changes - avg days	13.50	12.46	11.78	5.39	8.56	9.66

5.0 Council Tax Support

Council Tax Support (CTS) is a local means tested support scheme funded by the Council that provides financial support to residents towards their council tax liability.

The Council's scheme provides means tested support to working age residents of up to 82.5% of the council tax that is due. Government has determined that pensioners must still be assessed for means tested support towards their council tax based on 100% of the council tax that is due, resulting in a more generous scheme for residents of pension age.

In Manchester the scheme is broadly split with one third pensioners and two thirds working age residents. This is across both claimant numbers and amount paid.

The table at appendix one provides this data split by council tax band by claimant numbers.

Residents' benefits will be changing all the time as their circumstances change, this includes coming on and off benefits. Examples of other changes include address changes, family composition, income details and work status. The levels of transience within the caseload and the number of people going on and off benefits, along with the high levels of deprivation in the city make the administration of Council Tax Support and the collection of council tax challenging and complex. The Council has worked hard to make the process of claiming CTS as simple as possible. This includes linking into the DWP UC claim process and using claim details.

Council Tax Support costs the Council around £39m per year and any increase in council tax charged results in the same percentage increase in the costs of the scheme.

6.0 Test and Trace Support Payment Scheme

6.1 Background

Government introduced the Test and Trace Support Payment Scheme in late September 2020. The aim of the scheme is to support residents whose earnings are affected by staying at home and isolating for ten days. Eligible residents can apply to their local authority for a one-off payment of £500. The scheme has been extended by the government several times since its inception and on 14 September 2021 a further extension to 31 March 2022 was confirmed. Because of how the budget and information has been incrementally agreed and passed to local authorities, the Council had to be cautious in our administration of discretionary budgets.

The Council had to work quickly to set up a team to administer this scheme ensuring appropriate linkages with public health colleagues. The team was selected from our benefit operations staff.

6.2 Criteria

The £500 Test and Trace Support Payment is for people on a low income who must self-isolate because they have:

- Tested positive for Covid 19; or
- Been identified as a close contact of someone who has tested positive for Covid 19.
- From 16 August 2021 people who are fully vaccinated and identified as contacts are no longer required to self-isolate. This means that fully vaccinated contacts are ineligible for the Test and Trace Support Payment from 16 August 2021.
- Also, from 16 August 2021 anyone under the age of 18 who is a contact is exempt from self-isolation. This means that most parents and guardians will not be eligible for the Test and Trace Support Payment if their child is identified as a contact, as their child will no longer be required to self-isolate.

Residents may be eligible if they are employed or self-employed, cannot work from home, and will lose income as a result. The parent or guardian of a child or young person who is self-isolating may also be eligible for the Test and Trace Support Payment.

A resident must have been told to self-isolate by NHS Test and Trace, and as such they are legally required to do so. If a resident has been notified by the NHS COVID-19 app to self-isolate and applies for the Test and Trace Support Payment, they are also legally required to self-isolate.

In addition to the main scheme the Council has also been provided with funds to provide a discretionary scheme to support residents who have been instructed to self-isolate but do not meet the main-scheme financial requirements. The discretionary criteria were initially agreed across Greater Manchester authorities. As with other schemes, the developing nature of the scheme and late confirmation of funding arrangements resulted in complexity and challenges managing the budget. Although demand has been fluctuating and the budget position was not clear at times the Council has maintained a timely response and a rationale and proportionate approach cognisant of the budget and public health priorities.

6.3 Test and Trace Main Scheme

The main scheme applies to residents who are in receipt of one of the following benefits - Universal Credit, Working Tax Credit, income-based Employment and Support Allowance, income-based Jobseeker's Allowance, Income Support, Housing Benefit and/or Pension Credit.

6.4 Test and Trace Discretionary Scheme

The discretionary scheme is open to residents who:

- Are not in receipt of a welfare benefit covered by the main scheme, and
- Will face financial hardship as a result of not being able to work while they are self-isolating.
- The discretionary scheme is also open to residents who have no recourse to public funds, but they meet the rest of the criteria.

6.5 Payments and Budget position

The table below shows the number of and value of awards made over the lifetime of the scheme, and numbers of applications declined, at 13 September 2021.

Status	Main scheme allocation £1,736,500 (3,473 awards)	Discretionary scheme allocation £2,065,500 (4,131 awards)	Total combined allocation £3,802,000 (7,604 awards)
Approved	2,899 (£1,449,500)	2,804 (£1,402,000)	5,703 (£2,851,500)
Declined (can work from home or no loss of income)	601	157	758
Declined – not asked to isolate by Test and Trace	175	94	269
Declined – not employed/self employed	183	42	225
Declined – not in receipt of benefit	47	22	69
Declined – other reason	2,272	3,745	6,017
Total declined	3,278	4,060	7,338
Pending (email sent for further information)	78	106	184
Total outcomes	6,255	6,970	13,225

In respect of the main scheme the main reasons for a claim being declined using the reason 'other' are as follows:

- The start date of the self-isolation was prior to 28 September 2020.
- No loss of income for s/e people who are getting maximum Universal Credit.
- No reply to request for information.
- Live outside of MCC area and need to claim from another council.

In respect of the discretionary scheme, the largest percentage of refusals are because they do not meet the broad financial eligibility criteria agreed with other Greater Manchester authorities, cognisant of the budgets that were available at the time.

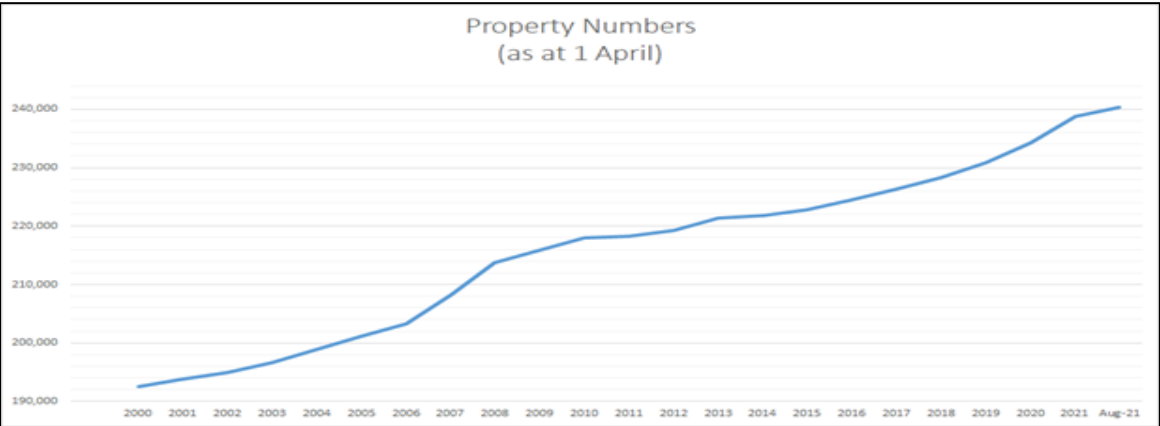
7.0 Performance in the collection of council tax and how we balance collection whilst working in an ethical way and supporting those residents on a low income

7.1 Background

Council tax is essentially a property tax which is levied on the broad capital value of domestic properties. The Valuation Office split all domestic properties into eight bands from A to H, with an amount charged linked to each band. Calculation of the amount payable follows a weighted calculation set by central government. Properties in Band A pay two thirds of the tax levied on Band D properties; those in Band H pay twice the tax levied on Band D.

7.2 Properties in the city

The number of properties within the city has been increasing annually and has increased from 192,588 in 2000, to 238,807 at the end of March 2021, a 20% increase. This had risen further to 240,651 by the beginning of September 2021.



57% of the properties in the city are in band A, with 89% being in bands A-C (inclusive) and less than 5% (1,114 properties) are in the top two bands of G and H.

A full breakdown of properties split into bands and across wards based on March 2021 data is shown as appendix two.

7.3 Council Tax Debit

The following table shows data across the last two financial years including the total number of banded properties, the associated debit, the amount of council tax support that was paid, the 2020/21 hardship award and the remaining balance to be collected.

	Banded properties	Council Tax to be collected	Council Tax Support paid	Balance to be collected
2019/20	234,284	£243,222,000	£38,933,000	£204,289,000
2020/21	238,807	£262,859,000	£49,141,000*	£213,718,000
2021/22	240,651^	£287,019,000	£49,340,000*	£237,679,000

*Includes £6.643 million in 2020/21 and £5.899 million in 21/22 (current snapshot rather than full year) of covid hardship payments.

^At 1 September 2021

7.4 Collection Performance

7.4.1 Background

Council tax collection is measured by the percentage of the collectible debit that is collected in the year that it relates to. Every year the Council sets a target for collection. In recent years the Council has seen an incremental improvement.

The level of deprivation and transience has an impact on collection, and we spend significant activity tracing and chasing residents that have moved property and have not provided a forwarding address.

We also measure the amount of arrears that we collect from previous years. The ultimate collection rate is circa 96.5%, however this takes several years to achieve. This is because we often make plans that extend longer than the financial year and we will stack debt into long term affordable arrangements so that council tax is not paid at the expense of other household bills.

When considering council tax debt our approach in recent years has been to take a holistic approach to recovery, where possible collecting the current year plus an amount towards the arrears. Emphasis is placed on finding a sustainable payment arrangement based on wider household responsibilities (especially property costs and priority debt) with residents who engage with us. Whilst taking this approach recovery levels have improved.

Where the Council does not hold any intelligence on a household's financial status and they fail to engage, there is very little that a council is able to do to recover council tax that is owed other than go through an agreed legal process. The next step if a resident will not engage with us and has not responded to the multiple letters, the summons and the liability order and we do not hold employer or benefit details, is to send the account to the enforcement agents for them to collect. In 2019/20, enforcement agents collected around £3.24 million in council tax owed to the Council.

Ultimately a resident can be made bankrupt or committed to prison for failing to pay their council tax. This is rare and is usually where the household has significant arrears and is failing to engage with the council and or the magistrates' court.

7.4.2 Collection rate and arrears from previous years

The following table shows the collection rates and arrears collection over recent years. 20/21 was significantly impacted by the pandemic, mitigated to some degree by the hardship payments described above.

	2016/17	2017/18	2018/19	2019/20	2020/21
Collection rate	92.66%	93.01%	92.81%	92.73%	90.15%
Arrears collected	£6.2m	£6.8m	£6.2m	£7.2m	£6.4m

7.4.3 Year to date performance 2021/22

Collection in the current financial year is still being affected by the pandemic. The impact of the pandemic on collection rates has been mitigated to some extent by the £150 hardship payment. However, the collection rate is still lower than it was two years ago but the recovery of arrears from previous years is higher, shown in the table below that shows a snapshot of performance as at the end of August.

	31 August 2019	31 August 2020	31 August 2021
In-year collection rate	40.95%	39.41%	40.06%
Arrears collection	£3.97m	£3.15m	£4.65m

Although the collection rate is improving, it is unlikely to reach the same level as the 2019/20 financial year, as the ongoing and historic pressures caused by the pandemic continue to have a detrimental impact on residents' incomes.

7.5 Proportionate and reasonable collection methods

7.5.1 Recovery data

Where possible and based on intelligence about the city over many years, we take a fair and proportionate approach to recovery of the council tax that is due, where possible seeking to engage with residents and agree affordable payment plans.

The table below shows the annual data for the number of council tax accounts, along with the number of reminders and summons issued. It also shows the number of bankruptcies and the number of residents that were committed to prison for non-payment.

This shows that although the number of properties has been rising year on year and until last year, the number of CTS claimants reducing, the number of accounts receiving reminders, summons has been incrementally reducing. Unfortunately, the nature of council tax debt and the importance of the money that is collected to the Council, means that we will always have recovery activity. However, the aim is that we engage with residents in the most effective way and build a relationship that avoids costs and escalation wherever possible.

	2016/17	2017/18	2018/19	2019/20	2020/21
Properties	226,299	228,296	230,896	234,284	238,807
Reminders	122,000	120,300	118,500	110,400	72,000
Summons	59,000	57,800	56,000	52,000	20,500
Bankruptcies	0	7	4	6	1
Committals	1	0	0	0	0

Over 37,000 fewer reminders were issued during 2020/21 compared to 2019/20. The principal reasons for this are increases in the numbers receiving maximum Council Tax Support combined with the payment of £150 hardship payment that was paid out to anyone in receipt of Council Tax Support, around 30,000 residents. This meant that, in many cases, residents had virtually nothing to pay, meaning no reminder was issued.

Summons issued and Liability Orders granted were much reduced during 2020/21. This was mainly because the Magistrates Court was closed for much of the year, and only reopened for online hearings with very limited courts available to all the Greater Manchester local authorities. These restrictions have continued in to 2021/22 with hearings only available once every two months. This caused an inevitable delay in taking recovery action.

Over the last five years there have been 18 residents made bankrupt and one has been committed to prison for non-payment of Council Tax.

7.5.2 Use of enforcement agents

Referrals to Enforcement Agents have fallen from a peak of 54,000 ten years ago to 18,000 in 2019/20. No cases for 2020/21 debt were passed to the bailiff during the 2020/21 financial year.

Referrals to EAs will be higher during 2021/22 as residents with debts from 2020/21 who have not engaged with the Council are passed on, along with those with debts from the current year. Before a case is referred an additional warning letter is sent, reminding them of their situation and urging contact in order to avoid referral to EAs and the additional fees that this will incur.

In recognition of the impact of the pandemic on people's circumstances, EAs are required to specifically consider Covid 19 as a cause of vulnerability. They can delay the first payment and offer longer payment records to reduce the pressure on residents.

7.5.3 Extended payment arrangements and Direct Debit take up

The Council offers a range of payment methods and instalments at no additional cost to the resident. Although the cheapest and most efficient way for the Council is collection by monthly direct debit, other payment arrangements including local payzone and post office payments where cash can still be used are available. Payment plans can also be set for the full twelve months rather than the standard ten-month arrangement.

Direct debit payments have been increasing year on year with many residents opting for a 12 monthly direct debit arrangement. This is partly because of the various sign-up channels being maximised via the Council's website, but also because payment by direct debit is the automatic choice for many people moving into the city.

£135.2m (£130.9m in 2019/20) was collected by direct debit during 2020/21, an increase of 3.3% when compared with the year before. This is due to the increase in the council tax from April 2020, as well as more residents choosing to pay by this method. It should be noted that the amount collected by direct debit as a percentage of the total amount due reduced slightly, indicative of the impact of the coronavirus outbreak.

The table below shows the total council tax due and the amount and percentage collected by direct debit:

	2016/17	2017/18	2018/19	2019/20	2020/21
Total Council Tax due	£164m	£177.9m	£188.5m	£204.3m	£213.7m
Amount collected by DD	£104.2m	£113.2m	£120.8m	£130.9m	£135.2m
% debit collected by DD	63.5%	63.6%	64.1%	64.1%	63.2%

Direct debits for those in receipt of Council Tax Support were suspended during quarter one to allow the allocation of hardship payments; for many residents there was no subsequent Council Tax to pay.

There are 211,028 live council tax accounts with a balance to pay including residents in receipt of some CTS. The table below shows the number of people who have some council tax to pay and the number and percentage paying by direct debit. Following a dip last year, the percentage of residents paying by direct debit is now higher than in March 2020.

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/21 (August)
Accounts with something to pay	196,200	198,000	201,000	204,484	211,028	215,222
DDs	104,500	108,300	110,500	112,271	114,744	118,614
% paying by DD	53.3%	54.7%	54.9%	55.0%	54.7%	55.1%
% change in number Of DDs	4.3%	3.6%	2.0%	1.6%	2.2%	0.7%

7.6 Enforcement agents (EAs)

7.6.1 Reducing referrals to enforcement agents

Over many years we have steadily reduced the number of cases being passed to enforcement agents from 54,000 accounts per year in 2009/10 to 18,000 in 2019/20. This has been achieved through several measures including:

- Vetting cases where residents have failed to engage to see what intelligence is held on our systems.
- Not referring those residents in receipt of maximum CTS that have a balance to pay.
- Improving the checks on those about to be passed to enforcement agents to identify a more effective and less severe recovery method, for example deduction from benefit or from salary.
- Introducing an additional warning letter before a case is sent to EAs, emphasising the costs that could be incurred and urging the resident to engage.
- Improving the intelligence that is held, including taking part in a trial with HMRC where we received employer details for nearly 1,600 residents with Council Tax arrears. These were used to contact the resident and encourage engagement or apply for an attachment of earnings. The trial will be repeated on a larger scale later this year.

7.6.2 Enforcement Agent code of conduct

As well as all fees being covered by legislation, all enforcement agents contracted to the Council must adhere to a strict code of practice which covers:

- The professional standards they must adhere to;
- The procedures they must follow;
- Guidance on how quickly the money should be repaid; and
- When it is inappropriate to take action.

The code also always includes the requirement to operate a body worn camera when dealing with a resident and a robust set of vulnerability criteria that they must adhere to (appendix three).

7.6.3 Management of EA costs

Additional requirements were placed on the enforcement agents to minimise costs charged to residents and to monitor behaviour:

- EAs must write and phone at least seven times before an in-person visit is attempted, keeping costs at £75.
- Where the debt is less than £150, cases are returned without an in-person visit (which would add £235 in costs to the resident's debt).
- There is extensive vulnerability criteria and guidance contained in the Enforcement Agent code of conduct which forms part of the contract with the Council. They are instructed to stop action and return cases to the Council where vulnerability is identified.

7.6.4 Impact of the pandemic on EA work

- All recovery action was suspended between March and September 2020. When it resumed, additional steps were built into the recovery process to minimise costs. This includes longer payment arrangements being offered by Council staff and enforcement agents.
- No 2020/2021 accounts were passed to EAs.
- The Debt Recovery Policy and Enforcement Agent Code of Practice were amended to specifically recognise the impact of the pandemic on residents in the city.

7.7 Discretionary Council Tax Payment scheme

The Council has a discretionary scheme to provide financial help to residents who face pressures additional to those on Universal Credit. Details were provided in sections 3.15 and 3.24.

7.8 Care Leavers' Discount

The Care Leavers' Discount is available to people under the age of 25 who have a Council Tax Liability and were in care at their 16th birthday. Care leavers qualify for a 100% discount if they live alone and a reduced level of help if they live with others. The Unit works closely with colleagues in Children's Services to ensure that discounts are captured. This will often include wider work including writing off costs etc where contact has been late.

The Council also agreed a reciprocal agreement across Greater Manchester local authorities so that all care leavers wherever they are living across GM can access the same level of support.

Other discretionary schemes including DHP and WPS reference care leavers and ex armed forces as special groups that may need tailored and additional support with council tax and discretionary support.

7.9 Manchester Poverty Truth Commission

Officers and members from the Council were involved in the recent Manchester Poverty Truth Commission that was published earlier this year. This included the commissioner role and to take part in a specific session on how the collection of council tax could be improved.

One of the key areas as part of the commission's work was the approach to the collection of council tax. One of the recommendations which is being taken forward is further work within the community.

The Commission suggested piloting a new approach with a different dialogue to find a way that supports early contact and a more supportive and responsive relationship that builds on existing trust, relationships, networks and expertise in our communities.

This included the Council working with the resident to:

- Ensure that the amount being paid is correct
- Ensure that there is a health-check on the account, checking that all discounts and exemptions are being claimed and paid
- Provide specific support to people who could be exempt from council tax due to meeting the specific definition of 'severely mentally impaired'
- Examine whether household income is being maximized and if other benefits should be in payment. Based on current income details, discuss the best way to maintain council tax payments and clear any arrears
- Council staff should consider, where appropriate, discretionary support and withdrawal of some costs if this means that repayment plans can be maintained
- Agree next steps and build on this with regular contact and links that initially can be set up in the community setting.

These principles have been shared across the service and reinforce the requirements of council staff to support and inform the dialogue that we have with residents.

7.10 Working with partners- pilot with the Oasis Centre, Gorton

Following the outcomes from the Poverty Truth Commission, we considered ways in we could improve engagement with residents who may not normally contact us. As part of a pilot we have been looking at ways to improve targeted outreach work with those residents that we have struggled to engage with.

After discussions with the management team at the Oasis Centre, we gave their staff direct access to four named individuals in the council tax back office. On one day a week, they can contact these staff and discuss and resolve issues brought up by the local community who visit the centre.

Although the number of contacts is low, the service has been extremely well received by staff at the Oasis Centre, as well as those residents that have been helped. It is hoped that, once the residents have come to understand and trust the service, that it could be upgraded by having a Council Tax Officer at the Oasis Centre to allow face to face contact.

As well as the above, development staff from the Revenues and Benefits Unit are providing some free training to volunteers at the Oasis Centre to improve their understanding of Council Tax Support and Council Tax exemptions and discounts. It is intended that we evaluate this model and see how we can replicate good practice and learning with other organisations and areas.

The intention is to review the learning from this pilot and to look to extend.

8.0 Performance in the collection of business rates

8.1 Collection Performance

8.1.1 Business Rates in the city

There are 27,267 properties registered to pay business rates in the city. Business rates are charged on most non-domestic properties, including (not exhaustive list):

- shops
- offices
- pubs
- warehouses
- factories
- holiday rental homes or guest houses
- car parking spaces
- advertising units

8.1.2 How business rates are calculated

Since 2017, the ten Greater Manchester authorities, including Manchester, are part of the Greater Manchester 100% of Business Rates pilot. As 1% of business rates is transferred to the Greater Manchester Combined Authority (fire and rescue element) the Council retains 99% of business rates.

Any business rates income in excess of Manchester's assessed funding need is still paid back to central government to be redistributed in the form of tariffs and top ups but the Council now retains all the growth it achieves in its business rates base. Under the new regime Revenue Support Grant and Public Health grant are not received but are met from within the Business Rates income with the assessed funding need adjusted accordingly.

The collection of business rates income and the impact on the budget is not covered within this report and is included in the Council's revenue budget reports.

Business rates are calculated using a property's 'rateable value' (RV). The RV is a property's estimated rental value on the open market and is assessed by the Valuation Office Agency (VOA), an arm of central government. There are specialist valuation methods for things like pubs and larger, unique venues like football stadia, hospitals and airports. The government then decides on the business rates multiplier which is applied to the RV. The business rates multiplier is currently 51.2 pence (49.9 pence for small businesses) so a business with an RV of £100,000 will pay £51,200 in business rates this year.

The last revaluation, conducted by the VOA and which came into effect on 1 April 2017, refers to values as of 1 April 2015. Revaluations usually take place every five years to ensure it reflects relevant market rental values. The next

reevaluation is due in 2023 (delayed by the pandemic) and the frequency may reduce to three years from then

Businesses with an RV of less than £12,000 qualify for 100% Small Business Rates Relief (SBR) and businesses with an RV of between £12,000 and £15,000 get a tapered amount of relief.

8.1.3 Collection Performance

The following table shows the income and collection performance over the past years. The table shows the significant impact that the pandemic has had on business rates collection in the city.

	In year cash collection	Percentage collected
2017/18	£344,644,000	95.66%
2018/19	£356,005,000	96.91%
2019/20	£363,617,000	97.58%
2020/21	£203,087,000*	87.91%

**This figure has been reduced by £148.9 million due to the introduction of the 100% Expanded Retail Discount which meant that retail, hospitality and leisure businesses in the city had nothing to pay for 2020/21 (see below).*

The government introduced the Tax Income Guarantee (TIG) scheme to help mitigate the impact of the pandemic on Council's revenue collection in December 2020.

TIG is calculated by comparing the predicted level of collection for 2020/21 with the actual level of collection for 2020/21. Adjustments are made for retained Enterprise Zone income above the baseline, costs of collection, Section 31 grants received and adjusted for allowable appeals. Central government then funds 75% of any resulting loss. For Manchester, this amounts to £19.219 million.

The table below shows the collection rate at the end of August and compares it with the same period for the last two years:

	31 August 2019	31 August 2020	31 August 2021
In-year collection rate	46.85%	32.74%	38.09%

Current year collection is very volatile as the impact of the reduction in grant relief within the Expanded Retail Discount Scheme (see section 9) from 100% over the first three months is reduced to 66% for the remainder of the year takes effect. Collection should continue to improve but it is unlikely to reach the same levels as 2019/20 by the end of the financial year.

9.0 Covid Business support administered by the Council

In addition to wider support provided by the government to businesses affected by the pandemic, including business loans and furlough and the self-

employed income scheme, the Council has been required to administer several schemes on behalf of the government.

These have included business rates relief (reducing the amount of business rates that are due) and a series of grants; some prescribed and funded by government and others where the council was given an amount of money and was expected to determine criteria based on local economic priorities.

10.0 Covid Related Business Rates Relief

Any business rates relief is paid as a reduction to the amount of business rates payable rather than a cash grant to the business. If the account then goes into credit a refund is paid.

10.1 2020/21 Financial year

10.1.1 Expanded Retail Discount

Since 2019/20, the Government has provided a 'Business Rates Retail Discount' of 33% for retail properties. This was to be increased to 50% in 2020/2. In direct response to Covid, this was then expanded to include properties in the leisure and hospitality sectors and increased to provide full relief (100%) from the business rates that were due to be paid for the financial year. It was renamed as 'Expanded Retail Discount'(ERD). To award the discounts we used the Council's local discretionary powers (under S47 of the Local Government Finance Act) and claimed full reimbursement from the government.

Businesses eligible for the Expanded Retail Discount included the following:

- Shops;
- restaurants, cafés, bars or pubs;
- cinemas or live music venues;
- assembly or leisure properties - for example, a sports club, a gym or a spa; and
- hospitality properties - for example, a hotel, a guest house or self-catering accommodation.

In 2020/21, 4,981 businesses (18.3% of the city's businesses) received this relief and the amount of relief awarded was £148.882m.

10.1.2 Nursery relief

The government also provided a specific discount to childcare providers. This was called Nursery Relief and provided full relief from the business rates that were due to be paid for the financial year. As with ERD scheme above, the amount paid was reimbursed by the government.

To qualify a nursery had to be liable for business rates and:

- included on Ofsted's Early Years Register; and
- be a provider of care and education for children up to 5 years old (early years foundation stage).

In 2020/21, 81 nurseries received this relief and the amount of relief awarded was £0.896m.

10.2 2021/22 Financial Year

On 3 March 2021 the government confirmed that the Expanded Retail Discount and the Nursery Relief would continue to apply in 2021/22 at 100% for three months, from 1 April 2021 to 30 June 2021, and at 66% for the remaining period, from 1 July 2021 to 31 March 2022. This means that eligible businesses will only have to pay 25% of their Business Rates for the whole of the year.

The timing of the award has meant that the Council has had to re-bill the affected businesses in July 2021.

The government confirmed that there would be no cash cap on the relief received for the period from 1 April 2021 to 30 June 2021. From 1 July 2021, relief is capped at £105,000 per business, or £2 million per business where the business is in occupation of a property that was required, or would have been required, to close, based on the law and guidance applicable on 5 January 2021, the date the second national lockdown commenced.

Allowing for national caps and the reduced scheme provision from July, we estimate that £91.5m of business rates relief will be awarded in 2021/22. This estimate has been provided to government and will be fully funded via Section 31 grant with a full reconciliation at year end with any excess award being funded by government and conversely any reduced award being returned.

11.0 Business Grants determined by government

11.1 Background

In addition to relief from business rates payable, the government has also provided for a range of cash grants administered by billing authorities where it prescribed and determined the amount of, and eligibility for, the grants.

These grants have been paid from March 2020 with the final scheme ending on 31 July 2021. The grant periods and amounts have broadly been a direct response to the country moving through the various Covid restrictions and lockdowns. The intention was to provide direct support to those businesses where the government determined that they had to close completely or were significantly impacted by the restrictions. The grants were part of a wider package of business support that included furlough etc.

Initially, the government support took the form of one-off grants in the spring/summer of 2020/21 to small business and those in the retail, hospitality

and leisure sector, with £105.87m being awarded to 8,490 businesses up to the end of September 2020.

From October 2020, there was then a series of Local Restriction Support Grant (LRSG) payments made to eligible businesses as the city moved into tier three restrictions, followed by local restrictions and national lockdowns; and closed with another stage of one-off grants in April 2021 linked to businesses re-opening (Restart Grants).

There was also a one-off Christmas Support Payments where £1,000 was awarded to wet let pubs, and Closed Business Lockdown Payments ranging from £4,000 to £9,000 depending on the size of the business and its RV.

The amount and eligibility of grants paid within these schemes was based on government criteria, including having a liability for business rates. Where possible, the Council only required one application, and payments to businesses were made automatically as new payment periods became due.

To ensure that we paid out to all those businesses that were eligible, we undertook a significant amount of take up activity.

11.2 Summary of grants and dates

Grant	Business type	Eligible from date											
		11-Mar	27-May	10-Jun	05-Aug	28-Sep	23-Oct	01-Nov	05-Nov	02-Dec	31-Dec	05-Jan	01-Apr
Small Business Rate Grant	All businesses in receipt of small business rate relief	SBRG											
Retail Hospitality and Leisure Grant	All businesses in receipt of retail relief	RHLG											
Discretionary Fund Grant	All business not entitled to SBRG or RHLG												
(Sector)	Nightclubs & sexual entertainment venues												
Tier 2 (Open V1)	breakfast, leisure businesses & Tier 3 (Open)												
Tier 3 (ClosedV1)	Pubs, bars, casinos, betting shops, soft play centres, adult gaming												
Additional Restrictions Grant	Not eligible for local and/or national restriction grants and in the hire and supply chain												
National (Closed)	ClosedV1, non-essential retail, leisure, hospitality accommodation, personal care facilities												
Christmas Support Payments	Wet-led pubs												
Closed Business Lockdown Payments	Retail, hospitality and leisure businesses												
Expanded Additional Restrictions Grant	Not eligible for additional restrictions grant or local restrictions support grant												
Restart Grant	Non-essential retail, hospitality, accommodation, leisure, personal care & gym businesses												
Restart ARG	Essential and non-essential retail, and hospitality, accommodation, leisure, personal care & gym, tourism, culture, airport and the supply to ...												

NB this table includes all grants administered during the period including discretionary grants covered in section 12 onwards.

11.3 Payments for business grants determined by government

11.3.1 Background

The table in section 11.4 below shows a breakdown of government allocations, awards to businesses and amounts to be returned across the support schemes from March 2020 to 31 July 2021.

The main thing to note is that the government allocations were based on the property descriptions held by the Valuation Office Agency (Special Category Codes or SCAT codes). Broad assumptions were made on business activity over the pandemic based on these codes. These codes were, and remain, inaccurate in both description and property activity.

The grant funding was therefore a projected estimation of potential spend rather than an accurate picture of eligibility or a target. Unfortunately, the Council does not have any discretion and can only award funds to a business if they meet the criteria determined by government.

11.4 Payment summary against estimated funding

The table below shows that £236.174m Small Business Grant; Retail, Hospitality & Leisure Grant; and various Local Restriction Support Grant (LRSG) has been received by the Council, £193.172m was allocated to businesses to 31 July and £43.002m is returned, or to be returned, to the government. The two LRSG Restart Grant schemes only ended on 31 July 2021.

The Council does not have any discretion with this and can only use the funding to award based on the detailed criteria set by the government. We also cannot use any unspent money on other schemes.

Business Support Scheme	Govt Funding	No Payments	Allocated by MCC	Balance to return to Govt
	£000	count	£000	£000
Small Business Grant	115,600	6,464	64,640	9,730
Retail, Hospitality & Leisure Grant		2,026	41,230	
LRSG Closed (T3)	502	371	336	77
LRSG Sector		64	89	
LRSG Closed Addendum (National Lockdown)	11,187	3,946	7,048	4,138
Christmas Support Payments	250	245	245	5
LRSG Closed version 2	4,791	1,433	3,014	568
LRSG Closed Addendum Tier 4		3,789	1,208	
LRSG Closed Addendum post January	34,359	7,930	21,748	12,611
Closed Bus Lockdown Payment	33,552	3,931	21,061	12,491
Restart Grant Strand 1: Non-essential Retail	35,935	1,224	4,147	3,382

Restart Grant Strand 2: Hospitality, Accommodation, Leisure, Personal Care & Gym		2,618	28,406	
Total SBG, RHL and LRSG	236,174	34,041	193,172	43,002

NB. The number of payments shown in the table above reflects the number of payments made by the Council not the number of businesses that received grants. It may be possible a single business has received several grant payments over the COVID 19 period as local restrictions and national lockdowns were implemented and ended.

12.0 Discretionary Grants where the Council acted as Principal and had some discretion on eligibility.

12.1 Discretionary Schemes

In addition to the main business support grants, the Council has managed three discretionary schemes:

- Local Authority Discretionary Grant Fund;
- Local Restrictions Support Grant (Open) (LRSG Open); and
- Additional Restrictions Grant (ARG)

For these grants the government allocated an amount of money per local authority. Any unspent grant is to be returned to Government. Any excess awarded is not funded by government and will be a pressure on the Council. We have not returned any money within these discretionary grant schemes.

12.2 Discretionary schemes spend

The following table provides a summary of funding and spend across all areas of discretionary spend with further details below.

Business Support Scheme	Govt. Funding	No. Payments	Allocated by MCC	Balance to return to Govt.
	£000	count	£000	£000
Local Authority Discretionary Grant Fund	5,432	958	5,423	10
LRSG Open	7,864	1,919	7,864	0
ARG for businesses with RV	20,920 For all ARG schemes listed	1,159	3,171	Still Live (ends on 31 March 2022)
ARG for businesses with no RV		1,541	5,987	
ARG for Taxi drivers		1,928	675	
ARG for Childcare / Daycare		592	1,503	
ARG for Cultural / Entertainment		88	2,341	
ARG for Charity		110	867	
ARG for Business of Economic Importance		16	1,113	
ARG Restart RV		240	1,277	
ARG Restart Non-RV		344	1,466	
Total LADFG and ARG		34,216	8,895	

NB. The number of payments shown in the table above reflects the number of payments made by the Council not the number of businesses that received a grant. It may be possible a single business received several payments over the COVID 19 period.

An ARG top up grant of £4.311m was provided to the Council on 16 July 2021, as the original allocation of £16.609m was fully applied by 14 June 2021, meeting the government's criteria on which to apply for further top-up funding. This brings total ARG funding to £20.920m.

There is now £1.4m remaining of the £20.9m Additional Restrictions Grant (after other commitments and including the additional £4.3m received in July). The Council has up until the end of March 2022 to allocate these funds and the next steps will be agreed by the Deputy Chief Executive and City Treasurer and the Deputy Leader and will be considered by the Council's Economic Recovery Group.

Further detail on each of the schemes is included in the following sections.

13.0 Local Authority Discretionary Grant Fund

13.1 Background and funding

The Local Authority Discretionary Grant fund was designed to help businesses with no business rates liability, but with fixed property costs, that did not qualify for the Small Business Grant or the Retail, Hospitality and Leisure Grant in the spring/summer of 2020. The level of funding provided was £5.4 million.

13.2 Eligibility and payments

The scheme provided support for start-up and micro businesses, small business in the digital and creative sector, businesses within enterprise zones, charities and independent hospitality and retail businesses.

To qualify, businesses had to show they were a small business, sole trader, micro business or charity with ongoing, fixed costs of more than £1,500 per year. They had to have been trading on or before 11 March 2020 and they had to demonstrate that they had suffered a reduction in income due.

Payments ranged between £2,500 and £25,000 depending on the level of fixed building costs shown. In total, 958 businesses received a total of £5,422,500 with the vast majority receiving £5,000 (839). The government funding was fully spent.

14.0 Local Restrictions Support Grant (Open)

14.1 Background and funding

The Local Restrictions Support Grant (Open) was for ratepaying businesses not required to close due to Tier 2 or 3 restrictions (over the summer of 2020) but were severely impacted. The level of funding provided to Manchester was £7.864m.

14.2 Eligibility and payments

This scheme was retrospectively announced by the government in October 2020 and we were advised that it was to provide support to the hospitality, leisure and accommodation sectors or other affected businesses in the city from 5 August 2020, until they had to close as part of local or national restrictions. They could then receive funding under Local Restrictions Support Grant (Closed).

Due to the timing of when the scheme was launched, payments were made to qualifying businesses where they had been deemed eligible for a Local Restrictions Support Grant (Closed) payment. This meant that businesses only had to submit one application form via the Council's website in order to receive all the funding they were due under both schemes.

Payments made mirrored the split by RV in the main scheme and businesses received payments of between £2,635 and £6,900 based on their size and how they were affected by the various tiers. Payments were made in addition to other grants.

The full allocation of £7.864m was paid to 1,919 eligible businesses.

15.0 Additional Restrictions Grant

15.1 Background and funding

The cumulative government funding for Manchester is £20.920m. This was made up of an initial allocation of £11.698m on 24 Nov 2020, a further £4.911m allocation on 18 January 2021 following national lockdown announcements and a top up amount of £4.311m received on 16 July 2021 as the first two allocations were fully applied by 14 June 2021.

The Additional Restrictions Grant had a main scheme that broadly mirrored the main grants for businesses required to close or severely impacted but not eligible for other grants. This was then followed by several local sub schemes.

15.2 Additional Restrictions Grants for businesses with a rateable value

15.2.1 Eligibility and payments

This part of the discretionary scheme was aimed at businesses that were registered for business rates that were not required to close during the periods of lockdown but were seriously impacted. Initially, this was aimed at businesses in the supply chain to personal care services, hospitality, accommodation or leisure sectors, recognising that demand had significantly reduced.

Grants were paid to these businesses for the period from 23 October 2020 up to 31 March 2021, based on the business RV, along with a one-off payment. After 1 April 2021 support under Additional Restrictions Grant was made in the form of a one-off payment to all recipients of a payment under the scheme outlined above, called a Restart Grant.

The table below shows the maximum a business could have received if they had received all the available parts of the scheme.

Rateable value	ARG 23.10.20 to 31.3.21	One-off payment Paid from 1.2.21	Restart ARG paid from 1.4.21	Maximum Payment
Up to £15k	£7,622.57	£4,000	£5,600	£17,222.57
£15k to £51k	£11,428.71	£6,000	£8,400	£25,828.71
Over £51k	£17,142.57	£9,000	£12,600	£38,742.57

The scheme was extended further from 5 January 2021 to include businesses registered for business rates that were significantly impacted by a downturn in the daytime economy or in tourism or cultural sectors or the airport supply chain, recognising the impact of the significant reduction in visitors to the city centre in particular. Again, grants were paid up to 31 March 2021.

Examples of the grants that a business could qualify for under this scheme are contained in appendix four.

15.3 ARG for Businesses without a RV

15.3.1 Background

This part of the scheme recognised that many businesses that were affected did not conform to the standard operating model of leasing premises and paying business rates. It was designed to support businesses that were not registered for business rates but were still required to close under the periods of lockdown or that were not required to close but were seriously impacted.

15.3.2 Eligibility and payments

This was initially aimed at businesses forced to close or severely impacted and in the supply chain of the hospitality, accommodation or leisure sectors. Grants were paid for the period from 23 October 2020 to 31 March 2021.

From 11 February 2021, the scheme was expanded to offer support to those businesses in the daytime economy whose trade had been significantly affected by the absence of workers, commuters and tourists in the city due to the lockdown restrictions. It also included self-employed company directors or sole traders without fixed property-related costs.

Businesses who received grants under this scheme also received a one-off payment from 1 February 2021 and, as above, a Restart Grant for the period after 1 April 2021.

The table below shows the maximum a business could have received if they had received all the available parts of the scheme.

Fixed costs	ARG 23.10.20 to 31.3.21	One-off payment paid from 1.2.21	Restart ARG paid from 1.4.21	Maximum possible payment
Up to £15k	£7,942.72	£4,000	£5,600	£17,542.72
£15k to £51k	£13,857.28	£6,000	£8,400	£28,257.28
Over £51k	£17, 142.57	£9,000	£12,600	£38,742.57

Examples of the grants that a business could qualify for under this scheme are contained in appendix four.

15.4 Additional Restrictions Grant sub-schemes

In January 2021, the Executive agreed sub-schemes to provide additional support to some key business areas in the city. This was based on the eligible funding at that point.

15.4.1 Cultural Sub Scheme - £2.341m

To be eligible for support under this scheme, a properly constituted organisation had to:

- Have a lease, license or similar arrangement over a building or part of a building in the Manchester area which provides cultural, entertainment or convention facilities, and which includes liability for fixed property costs and/or business rates.
- Have been trading on 5 November 2020 and to still be trading.

In addition, where it is a facility that is managed by a company which operates on a national basis, they had to declare that the funding will be invested entirely in the Manchester-based venue that is eligible for the award.

Grants were paid at the following levels

- Small - (rateable value of £0 to £15,000) received a payment of £13,395.85 or £16,744.80 if they qualified for a heritage premium*
- Medium - (rateable value of £15,001 to £50,999) received a payment of £20,093.76 or £25,117.20 (if they qualified for a heritage premium*).
- Large - (rateable value of £51,000 to £499,999) received a payment of £30,140.64 or £37,675.80 (if they qualified for a heritage premium*).
- Very Large - rateable value of £500,000 or over received a payment of £45,210.96 or £56,513.70 (if they qualified for a heritage premium*)

*The heritage premium was issued to facilities that were listed or which are on the Council's heritage assets list. Any heritage assets operated by a university did not receive the additional heritage premium.

After due consideration, 88 eligible organisations were paid a total of £2,340,923.

15.4.2 Charities sub scheme - £0.867m

Eligibility for support under this scheme was determined based on the following criteria:

- Being a registered charity;
- Having fixed property related costs (rent, mortgage); and
- Being required to close under government restrictions or having been severely impacted.

Charities undertaking religious or political activities were excluded and grants were paid at three levels:

- Small - (rateable value of £0 to £15,000) received a payment of £6,163
- Medium - (rateable value of £15,001 to £50,999) received a payment of £9,245
- Large - (rateable value of £51,000 to £249,999) received a payment of £13,867
- After due consideration, 110 groups were paid a total £867,460.

15.4.3 Strategic business support sub scheme - £1.113m

This scheme focused on businesses that suffered a significant negative impact on trade, which in turn has affected the safeguarding of skills and jobs that are vital to the economic recovery and growth of the city.

Unlike other sub schemes, applications were requested under this scheme. Qualifying criteria included:

- Businesses that employ over 75 staff or businesses with fewer than 75 employees but who provide jobs with skills in high demand, or which attract higher wages

- Businesses that provide well paid and secure work, with good terms and conditions which is crucial in reducing Manchester's high rate of in-work poverty and family poverty, for example businesses that are signed up to the Greater Manchester Good Employment Charter and pay the Manchester Living Wage
- Businesses that provide permanent lower or entry level skilled jobs in high volumes that support local communities
- Businesses in sectors which will support future growth and the creation of opportunities for residents in sustainable industries and support Manchester's 2038 zero carbon commitment
- Specialist or highly skilled businesses that support the Airport supply chain or aviation sector

Grant values were allocated based on the businesses' annual fixed property costs and the size of their operating losses.

Under this scheme, 15 business were given grants totaling £1,113,108.

15.4.4 Nurseries and childcare providers - £1.503m

This scheme focused on supporting the childcare sector in Manchester, which had remained open and responsive to the needs of keyworker and vulnerable children throughout the pandemic and which plays a key role in supporting the local economy.

Eligibility for support under this scheme was determined based on the following criteria:

- They had to remain open; and
- Had to be registered with Ofsted and actively delivering childcare and claiming Govt childcare funding through the Early Years Access & Sufficiency Team in the Autumn term 2020 and Spring term 2021.

Qualifying businesses were paid three separate instalments based on their rateable value:

- Small - (rateable value of £0 to £15,000) received a total payment of £8,000
- Medium - (rateable value of £15,001 to £50,999) received a total payment of £12,000
- Large - (rateable value of £51,000 to £249,999) received a total payment of £18,000

In addition, 172 childminders were each granted a one-off award of £500, a total grant allocation of £86,000, for providing childcare opportunities throughout the pandemic.

In total 311 organisations and individuals received a total of £1,503m under this scheme and, despite the challenges presented by the pandemic, sufficient childcare was maintained in the city for those that needed it.

15.4.5 Licensed Taxi trade - £0.675m to date (further commitment of £0.755m to March 2022)

Taxi drivers are generally self-employed and can access government schemes for financial support due to lost earnings. Any funding included in this scheme was in addition to earnings support, for example furlough, self-employed support etc. One of the criteria set by government was that it should not cover wages or salary payments.

Eligibility for the scheme was determined on the basis that:

- The recipient is an existing vehicle licence holder with the Council (and had no compliance related issues outstanding) and would be granted the relevant amount to cover:
 - the fee for the next annual renewal of their vehicle licence and the requisite number of tests required by the Council (each vehicle is required to be tested 1, 2 or 3 times throughout the year dependent on age)
- As a vehicle licence holder, they are classed as a small business with a fixed asset cost (the vehicle)
- As a vehicle licence holder we know definitively that their business as a transport provider was severely affected between March 2020 and March 2021 by the various lockdowns and restrictions on supply industries i.e. hospitality – this was evidenced in January 2021 in reports to Committee detailing the mileage reductions recorded on licensed vehicles compared to previous years
- The maximum amount that any one recipient could receive in relation to their licence was £482 (average = £300).

Based on assumptions of the existing fleet of vehicle licence holders and age of vehicles, it was estimated that the cost of the scheme would be £1,419,740. To date, after 6 monthly drawdowns we have spent £674,968 and are likely on projections to spend the whole amount by the end of the financial year.

16.0 Current funding position and future schemes

We are now working through a very small number of late cases or cases where reviews have been requested. These are being considered using our discretion where we can, ensuring consistency within the scope of the scheme.

There is now £1.4m remaining of the £20.9m Additional Restrictions Grant (after other commitments and including the additional £4.3m received in July). The Council has up until the end of March to allocate these funds. Officers are in the process of making proposals as to how best this remaining money could be used to support the business community and the city's recovery.

17.0 Conclusions

The Revenues and Benefits Unit has performed well during a challenging period, responding to covid to delivery business as usual and new activity.