

## **Manchester City Council Report for Information**

**Report to:** Resources and Governance Scrutiny Committee – 7 September 2023

**Subject:** Update from the Revenues and Benefits Unit

**Report of:** Deputy Chief Executive and City Treasurer

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### **Summary**

This report provides an update on the activity of the Revenues and Benefits Unit as set out in the March 2023 Scrutiny Report, including final details of recently completed Covid schemes and ongoing cost of living schemes delivered by the service. 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 by the Household Support Fund scheme;
- The financial support provided by the Council Tax Support Fund;
- The financial support provided by the Energy Bills Support Scheme Alternative Funding programme;
- The financial support provided by the Alternative Fuel Payment Alternative Funding 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. The financial support provided to businesses through various Business Rates Reliefs and grants. The report will provide data for the 2022/23 financial year and available data to show activity between 1 April and 31 July of the 2023/24 financial year.

### **Recommendations**

The Committee is recommended to consider and comment on the information in the report.

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### **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.

**Equality, Diversity and Inclusion** - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments

The report provides an update on Revenues and Benefits activity and performance impacting Manchester residents and businesses. Consideration of equality, diversity and inclusion issues for Manchester residents and businesses have been taken into account in the development and delivery of the schemes covered in the report.

<b>Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS/Contribution to the Strategy</b>
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

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

## Contact Officers:

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

Name: Lee Owen  
Position: Head of Revenues, Benefits & Customer Services  
Telephone: 0161 245 7525  
E-mail: lee.owen@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.

[Enforcement Agency Code of Practice 2021/22](#)

Welfare Provision Scheme Policy 2023/24  
[Welfare provision scheme policy | Manchester City Council](#)

Discretionary Housing Payments Policy 2023/24  
[Discretionary Housing Payments policy | Manchester City Council](#)

Update Report from the Revenues and Benefits Unit  
[Resources and Governance Scrutiny Committee – 7 March 2023](#)

[Household Support Fund 4](#)

## **1.0 Introduction**

- 1.1 This report provides an update on the activity of the Revenues and Benefits Unit as set out in the March 2023 Scrutiny Report, including final details of recently completed Covid schemes and ongoing cost of living schemes delivered by the service.
- 1.2 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.

## **1.3 Support to residents**

- 1.3.1 The Council looks 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.
- 1.3.2 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 there are important contextual factors which impact on the level of demand for discretionary support. The Government response to the cost-of-living pressures provides a range of nationally and locally delivered government funded schemes; while increasing inflation and financial pressures indicate a continuing and substantial need for welfare support.
- 1.3.3 The report provides details of the discretionary support that is provided. This includes the business-as-usual schemes, cost of living related schemes and the final position on any Covid schemes not covered in the March 2023 Update.

## **1.4 Council Tax**

- 1.4.1 The council tax that is collected is extremely important and enables the Council to deliver essential services.
- 1.4.2 The pandemic continued to have an impact on residents' ability to pay Council Tax. In addition, the developing cost of living crisis put further pressures on household budgets. The 2022/23 in-year collection rate was 89.22%, which was 0.59% lower than 2012/22's rate of 89.81%, and 3.51% lower than 2019/20's collection rate of 92.73%, meaning reduced levels of revenue for the city.
- 1.4.3 However, the collection rate for 2022/23 was achieved without the input of around £6 million from the Council to help residents on low incomes that was paid in 2020/21 and 2021/22. These payments increased the collection rate by around 2.5% in those years.
- 1.4.4 The Council' 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.

## **1.5 Support to businesses**

- 1.5.1 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.
- 1.5.2 Businesses' ability to pay the business rates liability continues to have been hampered by the pandemic as well as the increase in fuel costs. However, the business rates collection rate for 2022/23 was 97.28%, up 2.49% on 2021/22's collection rate 94.79% and down just 0.3% on 2019/20's collection rate of 97.58%.

## **1.6 Scope**

- 1.6.1 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.
- 1.6.2 This report is split into the following areas:
- Introduction to the Unit
  - Temporary cost of living support schemes provided in 2022/23 and 2023/24
  - Long standing welfare support schemes, including Council Tax Support, the Welfare Provision Scheme and other discretionary schemes
  - Performance in the administration of Benefits including Council Tax Support
  - Support to businesses
  - 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
  - Performance in the collection of business rates.
- 1.6.3 The report will provide data for the 2022/23 financial year and year to date data for the 2023/24 financial year.

## **2.0 Background**

### **2.1 Introduction to the Unit**

- 2.1.1 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.

- 2.1.2 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.
- 2.1.3 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 the Cost-of-Living crisis on our activity**

- 2.2.1 As the impact of Covid on residents and service delivery has receded the impact of the Cost-of-Living crisis has grown.
- 2.2.2 The service picked up significant, additional work as a result of the pandemic, including the development of grant schemes and other support across many areas, including welfare support, council tax and business rates.
- 2.2.3 New and ongoing additional work demands have presented as a result of the Governments and Council's response to the Cost-of-Living crisis.
- 2.2.4 Successful delivery of these schemes has been achieved by careful planning and resource management and the flexibility, commitment and professionalism of our colleagues, but the impact on delivery of our usual services due to the diversion of resources to administer the grant and welfare schemes continues to play out.
- 2.2.5 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 government 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.
- 2.2.6 Further detail on these areas is included in the following sections linked to functional areas.

## **2.3 Making Manchester Fairer & Anti-Poverty Strategy**

- 2.3.1 Making Manchester Fairer is Manchester's response to Professor Sir Michael Marmot's report *Building Back Fairer in Greater Manchester* and is our plan to tackle health inequalities in the city. One of the main drivers of health inequalities is poverty, and so Manchester's new Anti-Poverty Strategy sits within the wider Making Manchester Fairer Portfolio.
- 2.3.2 Due to the nature of Revenues and Benefits' work, many of the households we engage with are facing financial hardship and in some cases poverty. The service therefore has an important role to play in tackling poverty and reducing health inequalities while looking to maximise council tax collection in the long

term to fund essential services. The service has already completed an early review of council tax recovery and enforcement processes with this in mind. Other actions that the Revenues and Benefits service will contribute to over the life of the strategy include:

- Support residents in arrears to enter into a sustainable payment plan and connect them with appropriate support.
- Review our approach to debt recovery to make sure we are avoiding pushing vulnerable residents into further hardship.
- Look at opportunities to pause enforcement action where residents are accessing appropriate help and support.
- Work to ensure that people in crisis are able to maintain their own home, and reduce the risk of homelessness, especially in the private rented sector.

### **3.0 Temporary cost of living support schemes provided in 2022/23 and 2023/24**

3.1 The following sections detail the temporary cost of living support schemes delivered by the Council and administered by the Revenues and Benefits Unit. Some are covered by government grants and others are wholly funded by the Council.

#### **3.2 Free School Meals – Alternative Support**

3.2.1 During 2021/22 government directed schemes providing funding of £15 for each eligible child were delivered by the Council. In 2022/23 the Council used a proportion of Household Support Fund grants to ensure that pupils in school nursery classes and 6th forms received support in addition to children eligible for Free School Meals. Vouchers were provided via schools and other key groups following an approach developed by Children’s Services. The following amounts were paid out:

- Easter 2022 - £1.1m
- May half-term 2022 - £0.62m
- Summer 2021 - £1.65m
- Autumn half-term 2021 - £0.62m
- Christmas 2022 - £1.2m
- February half-term 2023 - £0.6m
- Easter 2023 - £1.25m
- May 2023 half-term - £0.65m
- Summer 2023 - £2.39m

3.2.2 Further FSM details are included in the following HSF section of the report.

#### **3.3 Household Support Fund**

3.3.1 The Government first announced the Household Support Fund (HSF) scheme in September 2021 running for a six-month period from October 2021 to

March 2022. The Council received £6.453m to support residents. No new burdens funding was provided. The full Fund was allocated and taken up.

3.3.2 **HSF 2022/23** - Further government funding for HSF2 and again for HSF3 was announced shortly in advance of each phase. The funding covered six-month blocks from April 2022 to March 2023. Each phase provided £6.453m to administer and allocate to help households who were not eligible for other kinds of help or who needed further support.

3.3.3 **HSF2 April – September 2022**

Government guidance for HSF2 required that at least one-third of the total funding must be spent on families with children and one-third spent on pension age households. The expectation was that the HSF should be used to support households who need it most to receive vital support to meet essential household costs; in particular with food, clothing, energy and water bills.

3.3.4 The Council administered HSF2 in three key parts to support Manchester residents:

**Support to families with children who are eligible for Free School Meals**  
£2.2m of the fund (34%) was directed to this group:

- £15 payment for each eligible child based upon school census data and distributed in late May with a further payment of £40 distributed in the summer.
- The Free School Meal eligibility criteria is used as a proxy measure to identify need and the schools voucher payment mechanism is used as the fastest method of issuing support. The vouchers were distributed via Manchester schools. A reciprocal arrangement applied across Greater Manchester Authorities for children attending schools outside of their local authority area.

**A universal offer to recipients of Council Tax Support and other key groups**

A one-off cash grant was paid to all households in receipt of Council Tax Support (CTS). CTS was used as a broad universal indicator of need and responsibility for household costs. This was issued by BACS payments where bank details are held, or as Post Office vouchers. This consisted of:

- A grant of £160 per pension age household in receipt of Council Tax Support (c.£2.15m or 33% of the fund).
- A grant of £50 per working age household in receipt in Council Tax Support (c£1.7m or 26% of the fund).
- A grant of £50 to care leavers and severely mentally impaired (SMI) residents who receive discounts or exemptions from Council tax (c£120k or 2% of the fund).

**Third sector support offer**

The Council set aside a further £300k for distribution via Citizens Advice Manchester and Macc.



The full HSF2 fund was allocated and taken up.

### **3.3.5 HSF3 October 2022 – March 2023**

Government guidance for HSF3 removed the requirement that at least one-third of the total funding must be spent on families with children and one-third spent on pension age households. The guidance required that the Fund should be used to support households in the most need; particularly those who may not be eligible for the other support government has recently made available.

The Council administered HSF3 across the following elements to support Manchester residents.

#### **Support to families with children who are eligible for Free School Meals**

£2.81m of the fund (43%) was directed to this group. This consisted of:

- A £15 weekly payment for each eligible child for the autumn and spring half-terms and the Christmas holidays, based upon school census data.

#### **Holiday Activity Fund**

- £190k to provide a Holiday Activity Fund (HAF) scheme during the autumn and spring half-terms. Separate HAF funding is provided by the government for the main school holidays.

#### **Support to Care Leavers**

£98k was distributed to this group.

- £10 per week given to all Care Leavers living in their own tenancies between October to March.

#### **Support offered directly to the following household groups**

Funding of £2.66m (41%) was paid out on the following basis:

- a) Households receiving Housing Benefit where no other DWP welfare benefit is in payment, who did not qualify for a government £650 Cost of Living payment
- b) All households of 5 or more people which are in receipt of Council Tax Support
- c) Households where at least one member is in receipt of a disability benefit and where the household size is less than five members, including at least one dependent
- d) Households where the Council Tax Support claimant or partner is above the age to qualify for Pension Credit, but does not receive Pension Credit due to their income, where their weekly income is less than £10 above their Applicable Amount (the minimum weekly amount government says a person needs to cover their living costs) and their household size is less than five members
- e) Households where the Council Tax Support claimant or partner started to receive Pension Credit after the qualifying period 26 April 2022 to 25 May 2022 for the first Cost-of-Living payment of £326 and therefore did not qualify for this payment

- f) Households where the Council Tax Support claimant or partner started to receive Pension Credit after the qualifying period 26 August 2022 to 25 September 2022 for the second Cost-of Living payment of £324 and therefore did not qualify for this payment
- g) Households who have fuel costs but who cannot access the £400 of energy support from the Energy Bill Support Scheme or the equivalence package confirmed on 29 July. This has now been superseded by the new government scheme and only two payments were made very early on in the scheme.
- h) Households who received a nil award of Universal Credit (UC) or were not claiming it during the qualifying period 26 April 2022 to 25 May 2022 for the first Cost-of Living payment of £326 but who received an award of UC shortly after the qualifying period ended and remain on Universal Credit
- i) Households who received a nil award of Universal Credit or were not claiming it during the qualifying period 26 August 2022 to 25 September 2022 for the second Cost-of Living payment of £324 but who received an award of UC shortly after the qualifying period ended and remain on Universal Credit
- j) People who would be entitled to but are not claiming any qualifying benefits and therefore have not received any Cost-of-Living payments

Payments were made directly to the resident's bank account where data held within the Council's Housing Benefit / Council Tax systems. For all other cases those residents identified were contacted by letter, and/or SMS; and/or email to invite an application.

### **Third sector support offer**

The Council set aside £355k to work with advice agencies and the third sector in the city. This includes support for the Manchester Food partnership. It also incorporates funding for Care and Repair for the provision of insulation for hot water tanks and fitting draft excluders, for example.

- Engaging with Citizens Advice Manchester (CAM) and Manchester Community Central (MACC) offers additional assurance that harder to reach communities receive support.
- CAM recently launched their Mobile Advice Unit, increasing their reach and capacity to engage at neighbourhood level
- MACC work with a wide range of voluntary groups across the city

### **Welfare Provision Scheme**

£225k was directed to the Council's Welfare Provision Scheme increasing the service's capacity to meet growing requests for support for energy and wider household costs.

- Cost of living payments to internal Foster Carers of £300, expected to cost £120k in total.

### **HSF3 Review in January 2023**

Demand and spend against HSF3 was reviewed in January 2023. This led to a number of adjustments to ensure that presenting need was supported to the fullest possible extent. This prompted an increase in support for the FSM and WSP budgets (reflected in the figures provided above) and the addition of cost of living payments to foster carers of £300 representing a total cost of £120k.

The full HSF3 fund was allocated and taken up.

### 3.3.6 HSF4 April 20223 – March 2024

Government guidance for HSF4 remained largely in line with HSF3, requiring that the Fund should be used to support households in the most need; particularly those who may not be eligible for the other support government has recently made available.

The main changes with HSF4 are that the Fund and guidance run across 12-months; and there is a requirement that residents can apply for support throughout the life of the scheme.

Drawing upon learning from the earlier HSF schemes HSF4 is being delivered through a mix of direct awards and application-based awards, with a focus on making support simple to access.

The Council is administering the Fund in six key parts to support Manchester residents. Table 1. sets these out at a high level with further details set out beneath. It also compares awards between HSF3 and HSF4. BACS payments to eligible households where we hold their bank details were made by late June.

Payments for households identified under section (iv) in the table will be made / offered in two phases due to HSF4 covering a 12-month period. Phase one covering May to October 2023 and phase two covering November 2023 to March 2024.

Overview of HSF4 Support							
	Cohort	Cases	HSF4 award per household	HSF3 award per household	Awards in year	Estimated spend	Reason for inclusion
ia	School Holiday Meals	40,000	£15 p/w and £55 summer hol	£15 p/w and £40 summer hol	N/A	£6,400,000	Voucher from school COL Costs
ib	Holiday Activity Fund	6,000	N/A	N/A	N/A	£285,000	HAF administered COL Costs
ii	Care Leavers	400	£8 p/w	N/A	N/A	£169,000	BACS COL Costs
iii	CHEM	400	Variable	N/A	N/A	£150,000	CHEM administered COL Costs

iv								
(a)	HB only	104	£300	£325	2	£59,280	BACS/ PO Voucher	No previous COL pymt
(b)	CTS: Household 5+	3,878	£250	£400	2	£1,842,050	BACS/ PO Voucher	Higher COL costs
(c)	CTS: Household <5 + disability + dependents	3,521	£250	£220	2	£1,742,895	BACS/ PO Voucher	Higher COL costs
(d)	CTS: Household <5 + income just too high for Pension Credit	2,250	£150	£150	2	£661,500	BACS/ PO Voucher	Higher COL costs/less COL support
(e)	Pension Credit (PC): Summer COL payment	75	£300	£326	1	£19,125	Invite online claim	Missing COL pymt
	PC: Winter COL payment	75	£300	£324	1	£19,125	Invite online claim	Missing COL pymt
(f)	Universal Credit (UC): Summer COL payment	800	£300	£326	1	£168,000	Invite online claim	Missing COL pymt
	UC: Winter COL payment	800	£300	£324	1	£168,000	Invite online claim	Missing COL pymt
(g)	Entitled but not claiming qualifying benefit	20	Flexible	N/A	2	Accounted for in (iv)(a-f)	Online claim	No previous EG/COL pymt
v	Voluntary Sector	N/K	Up to £400 one-off	Up to £400 one-off	Flexible	£800,000	Mixed approach	COL Costs
vi	Welfare Provision Scheme	N/K	Up to £100 one-off	Up to £200 one-off	Flexible	£200,000	Online claim	COL Costs
	Total	58,000+				£12,683,975		

(Table 1.)

i. **Support to families with children who are eligible for Free School Meals:**

The scheme includes pupils in school nursery classes and 6th forms which is wider than the core FSM scheme. The overall support package covers c40,000 children and consists of:

i(a)

- A £15 weekly payment for each eligible child for the 2023/24 summer, autumn and spring half-terms and the Christmas holidays; a £55 payment covering the summer holiday period. All based upon school census data.
- A £15 weekly payment for each eligible child for the 2024/25 Easter holiday, which falls within the current financial year.

- Money will be distributed to households on a pupil basis via Manchester schools. For children attending schools outside Manchester a reciprocal arrangement will apply with other GM authorities as in previous schemes.

i(b)

- £285k in total to provide a Holiday Activity Fund (HAF) scheme during the summer, autumn and spring half-terms. Separate HAF funding is provided for the main school holidays.

ii. **Support to Care Leavers:**

- To maintain a weekly income of £20 above the JSA rate for all Care Leavers living in their own tenancies, an HSF4 top up of £8.02 per week is being paid.
- Payments administered by the Leaving Care Team.

iii. **Support to communities experiencing racial inequalities, disabled people and inclusion health groups:**

- Targeting residents of the following wards: Gorton & Abbey Hey, Levenshulme, Cheetham, Crumpsall, Clayton & Openshaw, and Moss Side. These wards have been selected as they have a large proportion of private renters, a group which will be impacted heavily by the cost-of-living crisis, and a group that are not due to receive extra financial support from the Government.
- Award amount, variable – based on presenting need.
- Payments administered by the Covid Health Equity Manchester (CHEM) Team

iv. **Support offered directly to the following household groups:**

- (a). Households receiving Housing Benefit where no other DWP welfare benefit is in payment, who do not qualify for a government Cost-of-Living payment.
- (b). All households of five or more people which are in receipt of Council Tax Support.
- (c). Households where at least one member is in receipt of a disability benefit and where the household size is less than five members, including at least one dependent.
- (d). Households where the Council Tax Support claimant or partner is above the age to qualify for Pension Credit, but does not receive Pension Credit due to their income, where their weekly income is less than £10 above their Applicable Amount (the minimum weekly amount government says a person needs to cover their living costs) and their household size is less than five members.

Payments for (a), (b), (c) and (d) will be administered as follows:

- Payment made directly to the resident's bank account where data held within the Council's Housing Benefit / Council Tax systems.
- For all other cases payment will be made by Post Office Voucher.

The Council will write to the following household groups to invite a claim (via the Welfare Provision form). The Council holds data that suggests eligibility for these cases, but additional checks are required to provide assurance.

- (e). Households where the Council Tax Support claimant or partner started to receive Pension Credit after the qualifying period for the summer and winter Cost of Living payments that fall during 2023/24 (yet to be confirmed by government) and therefore did not qualify for this payment.
- (f). Households who received a nil award of Universal Credit (UC) or were not claiming it during the qualifying period for the summer and winter Cost of Living payments that fall during 2023/24 (yet to be confirmed by government) but who received an award of UC shortly after the qualifying period ended and remain on Universal Credit.

Payments for (e) and (f) will be made directly to the resident's bank account using details provided during application process.

- (g). People who would be entitled to but are not claiming any qualifying benefits and therefore have not received any Cost-of-Living payments.
  - Households contacting the Cost of Living Advice Line for support will be advised to claim the benefits their situation indicates they are entitled to where applicable. On confirmation of an award of any qualifying benefit, including Council Tax Support, eligibility for an HSF4 award, based on the household circumstances will be considered.

Recognising that many Manchester households will be impacted by the cost of living crisis the following tried and tested schemes for providing support are also included within the HSF4 response.

- v. **Third sector support offer:**
  - The Council will set aside £0.8m to work with advice agencies and the third sector in the city. This will also incorporate funding for Care and Repair for the provision of insulation for hot water tanks and fitting draft excluders, for example.
- (vi) **Welfare Provision Scheme:**
  - £200k is being directed to the Council's Welfare Provision Scheme increasing the service's capacity to meet anticipated demand for support for energy and wider household costs.
  - This will include support for residents with disabilities and also working residents on low incomes who are identified by the Cost of Living Advice Line.

### 3.3.7 HSF4 Spend to date

Spend so far is as follows:

Overview of HSF4 Spend to Date			
	Cases	HSF4 Award per Household	Spend to date
School Holiday Meals	40,000	£15 p/w and £55 summer hol	£4.29m
Holiday Activity Fund	6,000	N/A	£95k
Care Leavers	400	£8 p/w	£67k
CHEM	400	Variable	Go live in autumn
HB only	79	£300	£23,700
CTS: Household 5+	3,722	£250	£930,500
CTS: Household <5 + disability + dependents	3,488	£250	£872,000
CTS: Household <5 + income just too high for Pension Credit	2,060	£150	£309,000
PC: Summer COL payment	75	£300	Awaiting DWP dates
UC: Summer COL payment	800	£300	Awaiting DWP dates
Entitled but not claiming qualifying benefit	20	Flexible	TBC
Voluntary Sector	N/K	Up to £400 one-off	TBC
Welfare Provision Scheme	N/K	Up to £100 one-off	£31k
Total	58,000+	/	£6,618,200

(Table 2.)

### 3.4 Council Tax Support Fund 2023/24

3.4.1 In December 2022 Government announced a one-off Council Tax Support Fund (CTSF) for 2023/24, with funding allocated to councils based on the share of local council tax support claimants. Manchester received funding of £1,286,349.

3.4.2 The scheme requires local authorities to use the majority of their funding allocation to reduce bills for current working age and pension age Council Tax Support (LCTS) claimants by up to £25 with discretion to use the remaining allocation to support vulnerable households with Council Tax bills.

- 3.4.3 The Council is allocating the CTSF by making £25 payments to reduce the amount of Council Tax owed for all live or new CTS claimants during the 2023/24 financial year. In some cases a lower value reduction is made, this is usually where there is a limited period of Council Tax liability and so the amount of Council tax owed is less than £25.
- 3.4.4 At the end of June 2023 we have awarded £942,161 from the £1,286,349 allocated, leaving a balance of £344,188.
- 3.4.5 The CTSF budget is being monitored month on month with a view to ensuring that the discretionary element available within the total fund provided is fully spent in the year.

### **3.5 Energy Bills Support Scheme 2022/23**

- 3.5.1 The Government provided a £37 billion package of support which included the Energy Bills Support Scheme. This included the following.
- 3.5.2 All domestic energy customers in Great Britain received a £400 grant to help with the cost of their energy bills through the Energy Bill Support Scheme. This was automatically added to customers' energy accounts over six months from October 2022. The Council was not involved in this scheme.
- 3.5.3 Households liable for Council Tax in Bands A-D in England also received a £150 Council Tax Rebate, also known as the Energy Grant, to help with the rising cost of bills. Local authorities also given a discretionary fund to make further payments of up to £150. This was administered by councils.
- 3.5.4 The Council delivered the core scheme element of the Energy Grant between April 2022 and 30 November 2022.
- 3.5.5 This scheme required payment of £150 to every household meeting the following criteria:
- They occupy a property valued in council tax bands A – D on 1 April 2022. This includes property that is valued in band E but has an alternative valuation of band D as a result of the disabled band reduction scheme
  - The property is someone's sole or main residence
  - The property is a chargeable dwelling, or in exemption classes N (solely for full time students, but not a hall of residence), S (where the liable person is under 18), U (where the liable person is severely mentally impaired), or W (where the liable person is a dependant relative who is over 65 or permanently disabled and living in a separately banded unit within a single property such as a self-contained annexe)
  - Only one payment of £150 can be made to each eligible household and the scheme is fully funded by the Government.
- 3.5.6 The £32.448m funding was allocated by Government based on the Council Taxbase Form for Bands A-D returned to government in October 2021.



£32.013m or 98.7% of the funding was paid to 213,423 households under the core scheme. This was paid out as follows.

- Where the Council holds a live Direct Debit instruction a direct payment was made into the liable person's bank account. £17.651m was paid to 117,676 households.
- £12.468m was paid to 83,121 households by Post Office Voucher.
- £1.894m was paid to 12,626 households in the form of a credit to the Council Tax account.

3.5.7 The government allocated a discretionary grant of £1.626m to the Council. This was delivered between June 2022 and 30 November 2022. £1.625m was paid to 10,831 households, representing 99.9% of the grant. This was paid as follows:

- Where the Council holds a live Direct Debit instruction a direct payment was made into the liable person's bank account. £0.510m was paid to 3,403 households.
- £1.098m was paid out to 7,322 households by Post Office Voucher.
- £16k was paid to 106 households in the form of a credit to the Council Tax account.

### **3.6 Energy Bills Support Scheme Alternative Funding - February 2022 to June 2023**

3.6.1 The Energy Bills Support Scheme Alternative Funding (EBSSAF) programme was a one-off £400 non-repayable payment to eligible households who had not received the main Energy Bills Support Scheme (EBSS) payment automatically (section 3.4.2) to help with their energy bills between 1 October 2022 and 31 March 2023 but were still facing increased energy costs (the EBSS scheme was being delivered through domestic electricity suppliers in six instalments from October 2022 to March 2023).

3.6.2 The Council received £1.840m to cover 80% of Government's estimated eligible households, representing 4,601 x £400 payments. Applications for EBSSAF were made via a Gov.UK portal. This was the only means of applying. Residents were also required to provide bank account details to receive payment. No other payment option was offered.

3.6.3 Publicity and support for accessing EBSSAF was the responsibility of Government aside from a requirement that councils published details of the scheme online. However, the Council's Benefits Service took care to work with colleagues in Adults Services to ensure residential care homes and residential care home residents were made aware of the scheme and supported to take up the Government offer. Also, to encourage take up from eligible homes that were part of a heat network, the Revenues and Benefits Unit sent 1,411 reminders to households identified as not already applying for the payment.

- 3.6.4 The Council was responsible for distributing support payments to eligible applicants. No household was eligible for both the EBSS payment and an EBSSAF payment and no discretionary element applied within EBSSAF.
- 3.6.5 Eligible households included those in residential care homes who were not fully funded by the council; those with a commercial landlord or intermediary, such as park home residents; and those in temporary / supported accommodation.
- 3.6.6 The scheme was open to applications up to 31 May 2023. Payments were made to eligible applicants within 30 working days of receiving the application via the government portal. Government guidance required that all payments should be made by 30 June 2023. While maintaining the closing date for new applications Government extended the post application processing deadline twice, for both EBSS AF and AFP AF schemes. The final date for payments to be posted in the local authority financial system is 1 September 2023; the final date for funds to be defrayed from a local authority bank account is 15 September 2023.
- 3.6.7 The Council made a total of 1,838 EBSSAF awards to a total value of £735,200 (39.7% of allocated funding). This low take up is also seen at national level, with an award rate of 36.0% of that provided to local authorities (as at the end of June 2023).

### **3.7 Alternative Fuel Payment Alternative Funding - February 2022 to June 2023**

- 3.7.1 The Alternative Fuel Payment Alternative Funding (AFPAF) scheme was a government funded one-off scheme to pay £200 to households who use alternative fuels to heat their home and can't be paid by their electricity supplier.
- 3.7.2 The Council received £117k to cover 80% of Government's estimated eligible households, representing 585 x £200 payments. The same timescales and broad processes applied for AFPAF as with EBSSAF.
- 3.7.3 The Council made a total of 18 AFPAF awards to a total value of £3,600 (3.1% of allocated funding). Nationally, award levels remain low at 37.9% of funding provided; with two-thirds of awards being passed to homeowners.

## **4.0 Established welfare support schemes**

The following sections detail the established welfare support schemes delivered by the Council and administered by the Revenues and Benefits Unit. Some are covered by government grants and others are wholly funded by the Council.

### **4.1 Discretionary Council Tax Payment Scheme (DCTP)**

#### **Discretionary Council Tax Payments - 2022/23**

- 4.1.1 By 31 March 2023, £346,723 has been paid out to support 499 care-leaver cases. This compares well with 2021/22 when £187,627 was paid out to 349 cases.
- 4.1.2 £49,963 was paid out to 232 households under the core Discretionary Council Tax Payment (DCTP) Scheme. These have been considered on the individual merits of each case in accordance with the Council's policy. This was significantly down on 2021/22 as the immediate impact of the pandemic reduced.
- 4.1.3 A total of 311 cases affected by the 2-child limit were awarded a total of £88,902.

#### **Additional flexibilities - 2023/24**

- 4.1.4 In June 2023, the Council's Executive committee agreed a range of flexibilities in the approach to Council Tax collection and recovery, including a more generous approach to making DCTP scheme payments to residents between now and the end of March 2024. This allows payments of up to £500, or an amount equivalent to three monthly instalments, to be made by staff in the Customer Service Organisation where they believe it will allow residents to continue to meet their regular monthly instalments in the future.
- 4.1.5 All DCTP is funded by the Council.

#### **Discretionary Council Tax Payments for Care Leavers - 2023/24**

- 4.1.6 By 31 July 2023, £345,459 has been paid out to support 457 care-leaver cases.
- 4.1.7 £12,450 has been paid to 128 households under the core DCTP Scheme.
- 4.1.8 £963,820 has been paid to 38,778 households under the core Hardship Fund Scheme.
- 4.1.9 A total of 116 cases affected by the 2-child limit have been awarded a total of £46,153.

## **4.2 Discretionary Housing Payments**

### **Local Housing Allowance rates**

- 4.2.1 In April 2020, as a result of covid, the government 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 have not been increased since and remained at the April 2020 level in April 2023 meaning that the value of the 2020 increases will continue to reduce if further uprating of LHA rates is not applied in future years. This has an impact on ongoing demand for DHP.

4.2.2 Table 3. below shows the current rates for the two areas we use in Manchester. Most people in the city fall within the Manchester Central area.

<b>Central</b>	<b>Shared</b>	<b>One Bed</b>	<b>Two Bed</b>	<b>Three Bed</b>	<b>Four Bed</b>
April 2020	£75.50	£138.08	£149.59	£166.85	£218.63
<b>Southern</b>	<b>Shared</b>	<b>One Bed</b>	<b>Two Bed</b>	<b>Three Bed</b>	<b>Four Bed</b>
April 2020	£82.82	£120.82	£149.59	£172.60	£253.15

(Table 3)

### **Managing demand for Discretionary Housing Payments**

4.2.3 To be eligible for consideration for DHP assistance a resident must already qualify for Housing Benefit or Universal Credit (Housing Element). DHP payments are typically made in the form of short-term awards to ease transitions and to give residents time to seek resolution of their difficulties. Support includes easing the impact of the household benefit cap; mitigating the application of size criteria in the social rented sector; responding to the additional challenges presented by the increases in private rent levels; and assistance for residents in homelessness accommodation to address rent arrears that may otherwise constrain move on options. Each application is considered on the circumstances of the case.

4.2.4 During 2022/23 to ensure the most effective use of DHP we stepped away from clearing outstanding arrears and moved to pay DHP at a level that prevents a further increase in rent arrears. This action has ensured that tenancies are protected while lessening the pressure on the budget and maximising the number of eligible households supported. DHP is still paid out to reduce arrears where this is a determining factor in enabling a move to more suitable and sustainable accommodation or where the resident is facing unusual or extreme circumstances.

4.2.5 Rent increases in the private rented sector in Manchester means that fewer properties are affordable and available to households claiming Housing Benefit or Universal Credit (Housing Element). We are working closely with Housing colleagues on a case-by-case basis to support residents to maintain tenancies and prevent homelessness.

### **Discretionary Housing Payments 2022/23**

4.2.6 DWP DHP funding of £1,396,135 was received and spent with a further £573,005 used from the additional contribution of £1.6m made available by the Council.

4.2.7 In total £1,969,140 was paid out with decisions made on 4,322 cases resulting in 2,101 awards. 975 of the awards were in response to under occupation cases and 154 were to support households subject to the benefit cap.

4.2.8 Of the 4,322 cases dealt with, 2,945 were from UC claimants (68%), 1,236 were from people in receipt of HB (29%) and 141 were from people receiving neither type of benefit and so not eligible for consideration.

### **Discretionary Housing Payments 2023/24**

4.2.9 The DWP are providing DHP funding of £1,396,135, the same budget as last year. An additional £1.5 million funding has been made available by the Council making a total pot of £2,896,135.

4.2.10 At 31 July 2023 we have paid and committed £1,288,100

4.2.11 The full DWP allocation is projected to be spent by the end of August. The profile of DHP expenditure and demand means that typically more of the budget is accounted for in the first few months of the financial year. It is too early to say whether we expect to spend the full allocation from the council. Continuing Cost-of-Living pressures suggest that demand for DHP may increase in the coming months.

### **4.3 Welfare Provision Scheme**

#### **2022/23**

4.3.1 Demand for support from the core WPS remained high during 2022/23, reflecting cost of living pressures and the number of households moving from temporary homelessness accommodation into general needs housing where WPS support is provided.

4.3.2 Spend against reported application reasons for 1 April 2022 to 31 March 2023 is shown below:

<b>Reason for Application</b>	<b>Number Approved</b>	<b>Value of Awards</b>
Moving Home / Resettlement	1,741	£ 770,073
Other Reason	3,287	£246,555
Carers Emergency Fund	873	£ 98,621
Disaster	631	£ 52,796
Travel	35	£ 1,958
<b>Total</b>	<b>6,567</b>	<b>£ 1,170,004</b>

(Table 4.)

4.3.3 In response to presenting need the council allocated an additional £470,000 to the £600,000 core Welfare Provision Scheme budget. £100,000 was allocated from Household Support Fund 3 (details at section 3.2.3) to provide further cash and fuel awards.

4.3.4 The Carers Emergency Fund element of the WPS service was developed in consultation with Carers Manchester Contact Point (CMCP), Manchester Carers' Forum and Carers' Commissioning. Access to this £100k budget is directed through the CMCP and Carers Team.

## 2023/24

4.3.5 In response to recent years' WPS demand the core Welfare Provision Scheme budget is now set at £1.3m. A further £200,000 has been allocated from Household Support Fund 4 (details at section 3.2.4) in anticipation of high demand for cash and fuel support. An additional £650,000 has been allocated from the Residents at Risk Cost-of-Living budget.

4.3.6 Spend against reported application reasons for 1 April 2022 to 31 July 2023 is shown below:

Reason for Application	Number Approved	Value of Awards
Moving Home / Resettlement	480	£235,296
Other Reason	377	£22,111
Carers Emergency Fund	197	£19,873
Disaster	77	£7,211
Travel	11	£360
<b>Total</b>	<b>1,142</b>	<b>£284,851</b>

(Table 5)

4.3.7 To date demand is not showing through at the level anticipated. In the face of rising inflation, continuing high energy and utility costs, and other cost of living pressures it is possible that demand will increase over the autumn and winter months however it is difficult to be confident in projecting future demand. Consideration is being given to increasing the value and extent of support offered. At the same time a degree of caution is required in order to avoid creating a level of demand that may not be sustainable over the longer term.

4.3.8 Options under review include adding a second set of bedding for each household member where a bed is provided; allocation of a winter thermal packs including hats/gloves/draft excluders/window insulation sheets; doubling the maximum award value of cash and fuel award payments; and increasing the Carers Emergency Fund budget from £100k to £150k.

4.3.9 In addition, management are exploring the potential of both aligning comparable Childrens Services (Section 17) payments with the Welfare Provision Scheme which is projected to cost c£270k across the full financial year; and covering a proportion of furniture costs currently held by Homelessness, with an estimated cost of c£300k.

## 4.4 Food Poverty

### 2022/23

4.4.1 Due to substantial funds available from other sources the £100k available was not drawn upon and was rolled over to spend in 2023/24.

### 2023/24

4.4.2 The 2023/24 budget of £100k plus the further £100k from 2022/23 is available for distribution to all wards in the city to alleviate food poverty.

4.4.3 Funding of £3,000 is currently being made available to every ward in the city. This is administered through Neighbourhood Managers in consultation with local Elected Members, with additional advice available, where required, from the Our Manchester Food Partnership Team. The process is due to be repeated during the autumn / winter period, meaning the £200k budget available will have been allocated during the year.

## **5.0 Benefits administration**

### **5.1 Caseload**

#### **Housing Benefit Caseload**

5.1.1 Universal Credit (UC) was first introduced in Manchester in September 2014. This began as an incremental process, widening in scope up to 25 July 2018 where UC 'Full Service' (applying to all new working age claims for most benefits) was in force across the city.

5.1.2 This transition from legacy benefits, including Housing Benefit, has been managed by directing new claims for benefits from working-age people (including most situations where there has been a break in entitlement) onto UC. On 1 August 2018 the Housing Benefit caseload stood at 51,002 with 37,193 working-age claims and 13,809 pension-age claims.

On 1 August 2023 the Housing Benefit caseload was 30,441 with 18,438 working-age claims and 12,003 pension-age claims.

5.1.3 The DWP are now moving to a UC 'managed migration' (UCMM) process to transition working-age people on legacy benefits onto UC. They expect this will be completed during 2024/25, apart from claimants who receive income related Employment and Support Allowance only (without Child Tax Credit), who will be migrated to UC in 2028.

5.1.4 DWP contacted the Council in late June 2023 to invite Manchester to take part in a pilot of the UCMM process in the autumn. Having received assurances from the DWP about levels of engagement and support for Manchester residents the Council confirmed agreement to take part. It is expected that c800 households will be included in the pilot. This offers the opportunity to gain early experience of UCMM and help to shape the final framework and processes when this is introduced next summer.

5.1.5 Based on current caseload figures we estimate c4,980 HB cases would be covered by UCMM in 2024/25, suggesting the working-age HB caseload is likely to stand at c12,000 by April 2025 (it is currently 18,438), considering the gradual reduction in the caseload that will continue in parallel to UCMM. Headline caseload figures from June 2022 to June 2023 are shown in table 6. in Section 5.1.2 below.

5.1.6 The Council will continue to receive new Housing Benefit claims from residents of pension age and working-age people in temporary or supported accommodation.

5.1.7 It should be noted that although most working-age residents claim housing costs as part of their UC claim, applications for discretionary support for rent costs are still directed to the Council and administered through the Discretionary Housing Payment scheme.

### Council Tax Support Caseload

5.1.8 The pandemic saw the Council Tax Support (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. At 30 June 2023 the CTS caseload was 47,799.

5.1.9 The government response to cost-of-living pressures mean that it is difficult to offer a definitive assessment of the future demand on CTS. Moderate fluctuations in the CTS caseload may occur during 2023/24.

5.1.10 Table 6. shows the Housing Benefit and CTS caseload from June 2022 to June 2023. NB 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.

	30 Jun 22	30 Sep 22	31 Dec 22	31 Mar 23	30 Jun 23
<b>Total Caseload HB / CTS</b>	<b>55,060</b>	<b>54,782</b>	<b>54,201</b>	<b>53,764</b>	<b>53,409</b>
<b>HB live claims</b>	<b>32,700</b>	<b>32,102</b>	<b>31,659</b>	<b>31,040</b>	<b>30,441</b>
Social Housing	27,542	27,157	26,864	26,420	26,047
Private	5,158	4,945	4,795	4,620	4,394
<b>CTS live claims</b>	<b>49,067</b>	<b>48,809</b>	<b>48,184</b>	<b>47,746</b>	<b>47,799</b>
Claiming Universal Credit	17,890	18,232	18,180	18,457	18,758

(Table 6)

## 5.2 Speed of processing

5.2.1 While supporting other functions in response to cost-of-living schemes, homelessness and the residual impacts of the pandemic Benefits Operations have maintained good average speed of processing outcomes helping to ensure that residents received timely financial support:

HB & CTS	2022/23				
	2023/24				
	Q1	Q2	Q3	Q4	Q1
New claim – avg days	20.14	20.37	20.61	19.76	20.64
Changes - avg days	10.78	10.42	9.88	4.60	6.43

(Table 7)



### **5.3 Council Tax Support Scheme**

- 5.3.1 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.
- 5.3.2 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.
- 5.3.3 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.
- 5.3.4 The tables at Appendix One provide this data split by Council Tax band by claimant numbers.
- 5.3.5 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 continues to look for opportunities to make the process of claiming CTS as simple as possible. This includes linking into the DWP UC claim process and using UC claim details.
- 5.3.6 Council Tax Support costs the Council around £37m per year (excluding the cost to other major preceptors which increases the total cost of the scheme to £44m per year) and any increase in council tax charged results in the same percentage increase in the costs of the scheme. There is a commitment made as part of the 2023/24 budget process to review the levels of support provided with a view to consulting on increasing the maximum level of support to 85% for 2023/24.

### **6.0 Support to Businesses during the Pandemic**

#### **Covid Business support administered by the Council**

- 6.1 Following on from the variety of schemes operated through 2020/21 and 2021/22, the Council continued to administer two schemes to support businesses and help mitigate the continued impact of Covid.
- 6.2 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.

### 6.3 2020/21 Financial year

#### **Expanded Retail Discount**

- 6.3.1 In 2020/21, 4,981 businesses (18.3% of the city's businesses) in the retail, hospitality and leisure sectors received the 100% Expanded Retail Discount and the amount of relief awarded was £148.882m.

#### **Nursery relief**

- 6.3.2 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.
- 6.3.3 In 2020/21, 81 nurseries received this relief and the amount of relief awarded was £0.896m. In 2021/22, the figure was £0.632m.

### 6.4 2021/22 Financial Year

#### **Expanded Retail Discount**

- 6.4.1 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. From 1 July 2021, relief was capped at £105,000 per business. This means that eligible businesses will only have to pay 25% of their Business Rates for the whole of the year.
- 6.4.2 To 31 March 2022, £76.577m was awarded in Expanded Retail Discount.

### 6.5 2022/23 Financial Year

#### **Expanded Retail Discount**

- 6.5.1 Expanded retail Discount was set at 50% for 2022/23, with a national relief cap of £110,000 per business.
- 6.5.2 To 31 March 2023, £25.919m was awarded in Expanded Retail Discount to around 2,700 businesses.

#### **Covid-19 Additional Relief Fund (CARF)**

- 6.5.3 The fund was available to support those businesses affected by the pandemic but were ineligible for existing support linked to business rates. The relief was available to reduce chargeable amounts in respect of the 2021/22 financial

year only. On that basis, this relief is only payable to businesses that had a business rates liability during this period.

6.5.4 Manchester City Council received £23.993m to distribute to qualifying Manchester Businesses.

6.5.5 The scheme was aimed at supporting businesses who have not been able to submit an appeal to the Valuation Office Agency (VOA) to reduce their business rates because of the pandemic (under Material Change in Circumstance) following a change in the rules by the Government.

6.5.6 The following property types were not eligible:

- shops, restaurants, cafes, drinking establishments, cinemas and live music venues
- those used for assembly and leisure
- hotels, guest and boarding premises and self-catering accommodation

6.5.7 There were two application windows for businesses to apply for this support – the first opened in January 2022 and closed on 15 April 2022. The second application window opened from 1 June 2022 and ran until 15 July 2022. Take up of this scheme by businesses was slow across all Council's despite considerable local publicity, but the Council paid out £16.4 million to 2,023 businesses who applied.

6.5.8 This left £8 million which was distributed to a further 4,026 businesses that appeared to meet the qualifying criteria.

6.5.9 The Council was successful in distributing £23.991m (99.99%) of the original allocation of CARF by the final deadline of 31 March 23.

<b>Award type</b>	<b>Number of properties</b>	<b>Value</b>
100% CARF for 21/22	2,023	£16,447,077.34
Maximum £5k awards	939	£4,395,000.00
30.58% awards	3,087	£3,010,237.44
<b>Totals</b>	<b>6,049</b>	<b>£23,852,314.78</b>

Total CARF allocation	£23,993,116.00
Less awards so far	£23,852,314.78
Total remaining	£140,801.22
Projected CARF spent	£23,993,113.00*

(Table 8)

\*assumes we will not be able to award all of the remaining funds due to liability changes that will take place before 31 March 2023.

6.5.10 The council has worked hard to make sure the available funding has reached businesses.

## **7.0 Business Grants determined by government**

7.1 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.

7.2 These grants were paid from March 2020 by the Revenues Service, with the final scheme ending on 31 March 2022. The grant periods and amounts were broadly a direct response to the country moving through the various Covid restrictions, lockdowns and impact of the Omicron variant. 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.

7.3 A total of £198.8m was paid out to Manchester Businesses under the various schemes.

## **8.0 Discretionary business grants where the Council acted as Principal and had some discretion on eligibility**

### **8.1 Discretionary business grant schemes**

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

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

8.1.2 For these grants the Government allocated an amount of money to each local authority. Any unspent grant had to be returned to Government. Any excess awarded was not funded by government and would be a pressure on the Council. We have returned £10k relating to Local Authority Discretionary Funding Grant, and £3k from Additional Restriction Grant. This represents just 0.05% of the discretionary funding given by the Government.

8.1.3 A total of £40.5 million was paid out under these schemes.

8.1.4 The closing dates on these schemes, imposed by central government, have had the unintended consequence of depriving businesses of support because they were not entered into the Rating List by the VOA. Larger businesses may have missed out on hundreds of thousands of pounds of grants and reliefs due to administrative hold-ups at the VOA.

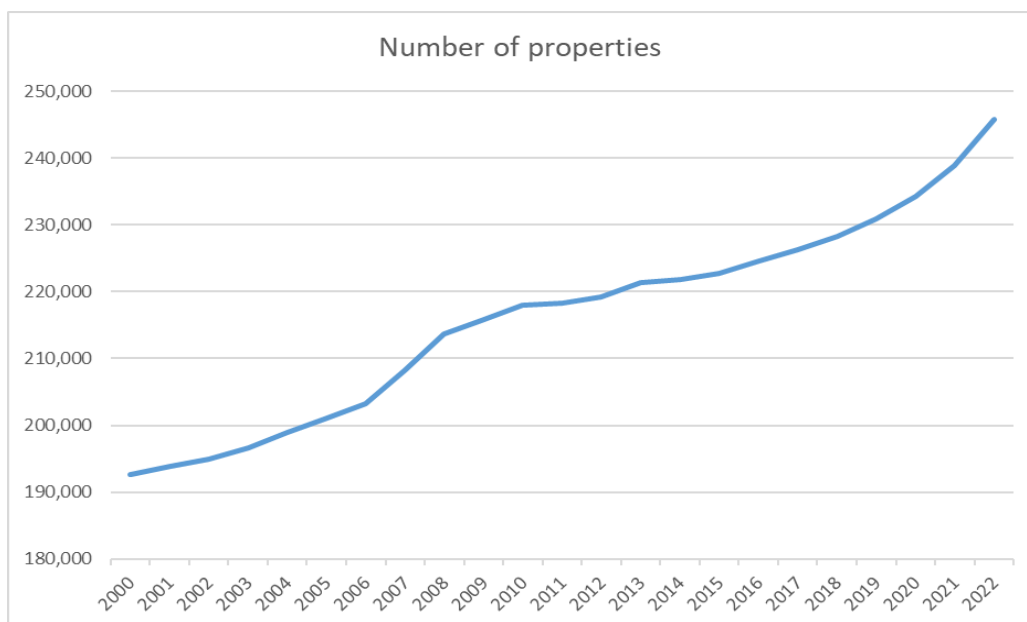
## 9.0 Performance in the collection of council tax and how we balance collection whilst working in an ethical way and supporting those residents on a low income

### 9.1 Background

9.1.1 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.

### 9.2 Properties in the city

9.2.1 The number of properties within the city has been increasing annually and has increased from 192,588 in 2000, to 246,402 at the end of June 2023, a 27.9% increase.



(Chart 1)

9.2.2 56% of the properties in the city are in band A, with 95% being in bands A-D (inclusive) and less than 1% (1,406 properties) are in the top two bands of G and H (June 2023).

9.2.3 A full breakdown of properties split into bands and across wards based on March 2023 data is shown as appendix two.

### 9.3 Council Tax Debit

9.3.1 The following table shows data across the last four 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	243,478	£281,417,000	£49,025,000*	££232,392,000
2022/23	245,844	£296,033,000	£42,504,000	£253,529,000

(Table 9)

\*Includes £6.643 million in 2020/21 and £5.899 million in 2021/22 (current snapshot rather than full year) of covid hardship payments.

### 9.4 Collection Performance

#### Background

- 9.4.1 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. The Council had seen an incremental improvement over recent years until the pandemic in 2020.
- 9.4.2 The level of deprivation and transience in the city has an impact on collection rates, with significant activity associated with tracing and chasing residents that have moved property and have not provided a forwarding address.
- 9.4.3 The amount of arrears that collected from previous years is also measured. The ultimate collection rate is circa 96.5%, however this takes several years to achieve. This is because payment plans often 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.
- 9.4.4 When considering council tax debt, a holistic approach is taken 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.
- 9.4.5 This has been even more important over the last six months due to the increased cost of living and staff were reminded at the start of the financial year that residents are facing significant financial pressures and that this should be taken into account when establishing sustainable arrangements.

9.4.6 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.

9.4.7 The next step, if a resident will not engage and has not responded to the multiple letters, the summons and the liability order and where we do not hold employer or benefit details, is to send the account to the enforcement agents for them to collect. Since May 2021, Enforcement Agents have collected £3.147 million in council tax owed to the Council.

9.4.8 Ultimately a resident can be made bankrupt (if they owe over £5,000) or committed to prison for failing to pay their council tax. This is very rare and is usually where the household has significant arrears and is failing to engage with the council and or the magistrates’ court. For bankruptcies, the resident would have to have significant equity (over £25,000 at least) before action was initiated).

**Collection rate and arrears collection from previous years**

9.4.9 The following table shows the collection rates and arrears collection over recent years. Arrears collection has increased significantly when compared to previous years. This is likely to be because of residents repaying Council Tax that was not paid in year during 2019/20 and 200/21 when collection performance dropped because of the Covid-19 outbreak. No recovery action has been taken against residents in receipt of maximum Council Tax Support. This will have contributed to the lower collection rate compared to 2019/20.

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
<b>Collection rate</b>	93.01%	92.81%	92.73%	90.15%	89.81%	89.22%
<b>Arrears collected</b>	£6.8m	£6.2m	£7.2m	£6.4m	£9.1m	£9.6m

(Table 10)

\*This is 0.59% behind collection at the end of March 2022. However, collection in that year benefited from a £5.899 million input from the Council, equivalent to a 2.5% increase in the rate. In the absence of this injection, the current collection rate would be 1.91% better than last year.

**Exchanging information with HMRC**

9.4.10 We have completed the second trial using information supplied by HMRC on earnings and employers to encourage residents to contact us, including 92 residents earning over £40,000. We tried to contact by phone and email, and all residents are written to, letting them know we have their employment details and will make an earnings attachment if they do not respond. This has proven to be very successful with far more residents responding than when reminders and summons are issued.

9.4.11 To date we have collected £1.3 million from arrangements and attachments put in place as a result of the trial.

9.4.12 Negotiations are currently underway with the Cabinet Office and HMRC to roll this out nationally allowing us to integrate information about earnings and employers into our recovery processes. Manchester will be one of just two authorities who will be able to use this process regularly starting in the autumn of 2023 to test the systems in place.

**9.5 Proportionate and reasonable collection methods**

**Recovery data**

9.5.1 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 due, seeking to engage with residents and agree affordable payment plans. It is only in the absence of information about, and engagement by, residents that a referral to Enforcement Agents is considered.

9.5.2 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.

9.5.3 Although the number of properties has been rising year on year and the number of CTS claimants reducing, pre-pandemic there was a downward trend in the number of accounts receiving reminders and summons. Recovery activity was significantly reduced during 2020/21 and 2021/22, but the number of summons issued in 2022/23 was still below pre-pandemic levels, despite there being some catching up on residents who were treated more leniently during the pandemic

9.5.4 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. No summons have been issued to residents in receipt of maximum Council Tax Support.

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
<b>Properties</b>	228,296	230,896	234,284	238,807	243,478	245,603
<b>Reminders</b>	120,300	118,500	110,400	72,000	107,580	106,534
<b>Summons</b>	57,800	56,000	52,000	20,500	39,574	50,542
<b>Bankruptcies</b>	11	5	7	0	1	0
<b>Committals</b>	0	0	0	0	0	0

(Table 11)



9.5.5 There are still limited court slots being made available for Liability Order hearings. This slows down our attempts to take prompt recovery action.

9.5.6 Over the last six years there have been 24 residents made bankrupt and none have been committed to prison for non-payment of Council Tax.

### **Extended payment arrangements**

9.5.7 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 on request.

### **Direct Debit take-up**

9.5.8 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.

9.5.9 £168.4m (£149.6m in 2021/22) was collected by direct debit during 2022/23, an increase of 12.6% when compared with the year before. This is due to the increase in the council tax from April 2022, 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 on collection.

9.5.10 The table below shows the total council tax due and the amount and percentage collected by direct debit at the end of December:

<b>Q4</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Total Council Tax due to the Council	£188.5m	£204.3m	£213.7m	£232.4m	£253.5m
Amount collected by Direct Debit	£120.8m	£130.9m	£135.2m	£149.6m	£168.4m
% of total debt collected by DD	64.1%	64.1%	63.2%	64.4%	66.4%

(Table 12)

9.5.11 There were 215,640 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 at the end of December. Following a dip last year, the percentage of residents paying by direct debit is now higher than in March 2020.

<b>Q4</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
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Residents with something to pay	201,000	204,484	209,834	212,816	215,640
DDs	110,500	112,271	114,774	123,448	126,127
% Paying by DD	54.9%	55.0%	54.7%	58.0%	58.4%
% change in number of DDs	2.0%	1.6%	2.2%	6.0%	0.7%

(Table 13)

### **Improving engagement**

9.5.12 We have recently signed contracts with a company to improve engagement with residents who are struggling with their Council Tax. This will use new technology to reach out to non-payers and encourage them to make contact with the Council using a variety of digital communication channels and will replace our use of texts. The company has had considerable success working with other Councils and we are optimistic that this will increase engagement. Once contact is made, we are more able to work out a sustainable arrangement and signpost resident to other organisations who may be able to support them.

### **9.6 Additional flexibilities**

9.6.1 A report went to the Executive Committee on 28 June 2023 recommending further flexibilities in the way we collect and recover Council Tax during the cost-of-living crisis. These are all aimed at helping residents at least maintain their normal monthly instalment for the current year's Council tax.

#### **Costs for those on maximum CTS**

9.6.2 It was agreed that where residents on maximum CTS made contact with the Council, we would look to write off any outstanding summons costs other than the most recent one. Someone with arrears for multiple years will have multiple sets of summons on their accounts. Removing all but one will reduce the outstanding debt they have to repay, encourage them to make a repayment arrangement for the debt and reduce a disincentive to return to work.

#### **Costs for those who engage with the Council**

9.6.3 Staff have been empowered to proactively write off summons costs if they believe it will help a resident who has engaged make and maintain a repayment arrangement involving at least making their normal monthly instalments.

#### **Longer arrangements**

9.6.4 Staff can put far less emphasis on clearing the current year's council tax by March 2024. Any balance outstanding at the end of March 2024 can be spread over the following 12 months.

## **A more generous approach to DCTP**

- 9.6.5 Payments under the DCTP scheme previously required a detailed application outlining why someone was in exceptional hardship. Up until the end of March 2024, staff in the Customer Service Organisation and Council Tax back office have been empowered to make a payment under the DCTP scheme of an amount up to three times the resident's normal monthly instalment (up to a maximum of £500).
- 9.6.6 The aim of these payments is to give residents who may be facing a short term crisis some help which will allow them to maintain their normal monthly payments at least up to the end of March 2024. Payments can cover one, two or three instalments as the officer feels appropriate.

## **An informal breathing space**

- 9.6.7 Where appropriate, residents will be allowed a period of time where they will not be required to make payments towards an arrears they have, so long as they maintain their normal monthly instalments through the breathing space period. There is no limit to the length of the breathing space up to the end of March 2024.
- 9.6.8 Residents can access this scheme in three ways:
- By referral from their Councillor. A briefing note has been circulated to all Councillors explaining how they can do this.
  - By referral from a recognised advice agency. A briefing was held for such agencies on 16 August 2023 outlining how they can do this
  - Where they are engaging with recovery staff who think that it would be appropriate.
- 9.6.9 Residents will have to complete a means enquiry form to access the scheme, detailing income, expenditure and other details so that we can decide whether it is appropriate.

## **9.7 Enforcement agents (EAs)**

### **Reducing referrals to enforcement agents**

- 9.7.1 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 11,900 in 2022/23 (although referrals were suspended for a period while recovery staff helped clear a backlog of correspondence). 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, most recently by analysing information about residents' payment habits and only issuing cases where residents are clearly paying all their other liabilities, or where there is no information. This has reduced the number of cases passed significantly over the last 6 months.

### **EA code of conduct**

9.7.2 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.

9.7.3 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).

### **Management of EA costs**

9.7.4 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, with costs restricted to £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).
- Costs are set by Central Government and have not increased since 2013.
- 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.

9.7.5 The Council is keen to avoid the use of Enforcement Agents where at all possible, but when residents do not respond to any of the multiple communications issued by the Council and where we hold no information about them, there is no other effective means of collection than a referral to Enforcement Agents.

## **9.8 Care Leavers' Discount**

- 9.8.1 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.
- 9.8.2 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.
- 9.8.3 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.

## **9.9 Working with partners**

### **Pilot with the Oasis Centre, Gorton**

- 9.9.1 We continue to work closely with the Oasis Centre, providing direct access to our staff for their case workers. They see this access as invaluable in helping local residents deal with Council Tax and Benefit issues. Following the outcomes from the Poverty Truth Commission, we considered ways in which 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.

### **Acorn**

- 9.9.2 Following representations from Acorn that the language used in our recovery letters is intimidating and counterproductive, we have agreed to review our reminders and summons, and the information that goes out with them. Acorn have been invited and agreed to contribute to this review, as well as colleagues from Citizens Advice and other identified key representatives/stakeholders from across the Council.

## **10.0 Performance in the administration collection of business rates**

### **10.1 Business Rates in the city**

- 10.1.1 There are 27,409 properties registered to pay business rates in the city. Business rates are charged on most non-domestic properties, including (not an exhaustive list):
- shops
  - offices
  - pubs
  - warehouses
  - factories

- holiday rental homes or guest houses
- car parking spaces
- advertising units

## 10.2 How business rates are calculated

10.2.1 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 premises such as 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.

10.2.2 The most recent business rates revaluation has just been completed. The previous one was in 2017 and the frequency of valuations will now increase to every three years.

10.2.3 The 2023 Revaluation has resulted in Rateable Values increasing by 6.85% nationally (including those properties on the Centra List) and 8.75% in Manchester based on VOA national data and that held locally when the revaluation was announced in November 2022. The increase in Manchester is higher than the national average, partly due to:

- A higher proportion of business rates relate to office space. Office space in the city has seen an average increase of 26% compared to a national increase of 10%. This makes up 31% of the city's business rates base, compared to 21% in England; and
- RV decreases in the accommodation, leisure and retail sectors being dampened as the city has a lower holding than the national average at 30% compared to a national profile of 40%.

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

10.2.5 Businesses in the retail, hospitality and leisure sectors received 50% relief during 2022/23. For 2023/24, the figure is 75%

10.2.6 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 the growth in business rates achieved over the business rates baseline.

10.2.7 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.

### **10.3 Collection Performance**

10.3.1 At the end of March 2023, £339.24 million of the current year's Business Rates had been collected, 97.28% of the total amount due. This compares favourably to the years of the pandemic (2.44% more than at March 2021 and 9.32% more than at March 2020). It is 0.35% behind the figure at the end of March 2019.

### **11.0 Conclusions**

11.1 The Revenues and Benefits Unit has performed well during a prolonged challenging period, responding to covid to deliver business as usual and undertaking significant new activity.

### **12.0 Recommendations**

The Committee is recommended to consider and comment on the information in the report.