

CABINET

15 February 2016

Title: Council Tax Discretionary Relief Policy	
Report of the Cabinet Member for Finance	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
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Summary	
<p>The Council has legislative powers under section 13A of the Local Government Finance Act 1992 to grant discretionary relief for Council Tax payers where they are experiencing an extreme financial need or where an event or natural disaster has caused financial hardship.</p> <p>By Minute 51 (iii) of its meeting on 18 November 2014, the Cabinet recommended that Assembly create a budget of £50,000 for the application of this relief. The creation of a hardship fund was approved by Assembly on the 21 January 2015. At that time the specific criteria and policy were in development. To administer this relief a policy has now been developed and is set out at Appendix A.</p> <p>The purpose of this policy is to grant relief to Council Tax payers that are in financial difficulty and to award a 100% discount for a period no greater than two months in any financial year. The relief is granted on the understanding that this would allow the Council Tax payer an opportunity to regain control of their finances.</p> <p>To qualify the Council Tax Payer must fulfil the following criteria:</p> <ul style="list-style-type: none">• Be in receipt of Council Tax Support• Provide proof that financial assistance is required• Provide proof that an attempt has been made to resolve any financial difficulties by way of other advice services <p>The impact of this policy is that an estimated 375 Council Tax payers may potentially benefit from this relief with an average reduction in Council Tax of £130 each. The estimated budget breakdown is shown in Appendix B.</p>	

Recommendation(s)

The Cabinet is recommended to:

- (i) Approve the Council Tax Discretionary Relief Policy as attached at Appendix A to the report;
- (ii) Agree that budget provision of £50,000 be made in 2016/17 to support the policy and to note that the adequacy of the budget shall be reviewed each year.

Reason(s)

To support the Council's priority of "Enabling social responsibility" through the introduction of a scheme aimed at protecting the most vulnerable in the community experiencing extreme financial hardship.

1. Introduction and Background

- 1.1 Section 10 of the Local Government Finance Act 2012 introduced a new power under section 13A of the Local Government Finance Act 1992 to enable Local Authorities to award discretionary relief to cases of hardship.
- 1.2 The introduction by the Government of changes to Council Tax benefit arrangements has led to increased financial pressure on some Council Tax payers. As a result many are unable to maintain payment of their Council Tax within the financial year.
- 1.3 A smaller number have fallen into severe financial difficulty which has been further compounded by other cost-of-living increases.
- 1.4 In such cases the Council is required to continue to recover unpaid Council Tax. Although discretion is exercised when determining whether enforcement action would be appropriate there is currently no discount or reduction that can be applied and so the debt remains.
- 1.5 In some cases a Council Tax payer may fall into severe financial hardship as a result of an extreme event or natural disaster. Again whether the use of enforcement action would be appropriate is considered but there is no discount or reduction that can be applied.
- 1.6 This policy has been written to address the issues above.

2. Proposal and Issues

- 2.1 The adoption of this policy and allocation of budget will allow the application of relief to qualifying Council Tax Payers for a period no greater than two months.
- 2.2 The policy will allow Council Tax Payers an opportunity to regain control of their finances so they may continue paying Council Tax and reduce their arrears.

2.3 An award will be granted where the Council Tax Payer is able to demonstrate hardship. This will be defined as being unable to meet basic and essential needs. The following are examples of basic and essential needs:

- Heating
- Food
- Hygiene

2.4 Expenditure that does not relate to basic and essential needs will not be taken into account when assessing basic and essential needs. The list below, which is not exhaustive, shows examples of non basic and essential expenditure:

- Rental charges for TV, satellite and internet;
- Phone charges for mobile and landline where they are considered to be excessive;
- Credit cards;
- Store cards;
- Catalogue loans.

2.5 The more specific criteria adopted in the revised policy will exclude the following types of Council Tax payers:

- Landlords;
- Housing associations;
- Council Tax payers that have not made an application for Council Tax support;
- Council Tax payers in receipt of 100% Council Tax Support;
- Occupants of properties in multiple occupation (HMO).

2.6 Set out at Appendix B is the estimated number of Council Tax payers that may potentially benefit from this relief. The estimate is based upon Band C properties as this represents the highest number of properties with the borough.

2.7 The determination of applications will be made by the Revenues Manager or their designated officers, in accordance with the policy. Appeals will be considered by a Council officer delegated to do so by the Strategic Director of Finance and Investments.

3. Options Appraisal

3.1 The proposals have been developed in the context of the legislative powers given to Local Authorities.

4. Consultation

4.1 There are no requirements to consult on the introduction of any discretionary arrangements. The availability of the Fund and eligibility criteria will be widely publicised.

5. Financial Implications

Implications completed by: Kathy Freeman, Divisional Director - Finance

- 5.1 The discretionary relief fund will operate at a cost of £50,000 to the Council per annum.
- 5.2 It is proposed that the cost of discretionary relief fund will be met from within the Collection Fund and offset against the overall income collected from Council Tax.
- 5.3 The policy is to support households with up to two months of Council Tax per year. Estimated at £130 for two months, the discretionary relief fund could support up to 375 households each year.
- 5.4 Payments from the discretionary relief fund will have a budget set each year that will be monitored month by month to ensure adjustments can be made where required. For 2016/17 this will be set at £50,000.

6. Legal Implications

Implications completed by: Dr.Paul Feild Senior Governance Solicitor

- 6.1 Section 13A(1) of the Local Government Finance Act 1992 as amended by the Local Government Act 2012, enables billing authorities to establish a Council Tax “hardship” reduction scheme. This report relates to those people who will be assisted under the Councils discretionary scheme.

7. Other Implications

- 7.1 **Risk Management** – There is a risk that these changes to the policy will have an impact upon collection rates. In addition the demand from Council Tax payers may exceed the allocated budget. To mitigate this it will be made clear to Council Tax payers that this is not an annual “top up” but an opportunity to regain control of their finances and make payment as required.
- 7.2 **Corporate Policy and Customer Impact** - An Equalities Impact Assessment (EIA) has been completed and is attached at Appendix C.

Public Background Papers Used in the Preparation of the Report: None

List of appendices:

- **Appendix A** – Policy
- **Appendix B** – Budget impact
- **Appendix C** – EIA