



Council Tax Discretionary Hardship Reduction (Covid-19) Policy

**Section 13A(1)(c) Local Government Finance
Act 1992**

Reviewed June 2021

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1 Introduction and Purpose of Policy Document

- 1.1 This policy sets out the Council's approach to the awarding of a Discretionary Hardship Reduction under Section 13A(1)(c) of the Local Government Finance Act 1992, in certain circumstances for people affected by coronavirus (Covid-19). It has been designed to ensure that all customers making an application are treated in a fair, consistent and equal manner.
- 1.2 This policy has been written to:
- a. Set guidelines for the factors that should be considered when deciding to award or refuse an application.
 - b. Set out the delegated authority to award the Discretionary Hardship Reduction in appropriate circumstances.
 - c. Establish an appeals procedure for customers dissatisfied with a decision.
 - d. Safeguard the interest of the local taxpayers by ensuring that funds that are allocated for the award of this Discretionary Hardship Reduction (Covid-19) are used in the most effective and economic way.

2 Background

- 2.1 The Council's Local Council Tax Reduction Scheme (LCTRS) offers means tested support in the form of reduced Council Tax bills. Since the national Council Tax benefit scheme was abolished in 2013, Durham's LCTRS is one of a small minority in England, and the only one in the North East, which offers an equivalent support to the old benefit scheme, with working age residents able to receive reductions of up to 100% of their Council Tax charge. As more residents' finances are affected by coronavirus (Covid-19), the scheme will continue to assist those:
- Working age residents who are already in receipt of LCTRS, who have a reduction in income and may qualify for an additional reduction in their Council Tax bill, and;
 - Who make new claims for LCTRS as a result of a drop or disruption in their income.
- 2.2 The LCTRS is an important route to continue to deliver meaningful support to those affected by coronavirus (Covid-19) over the coming months. Before special support is considered through the Discretionary

Hardship Reduction (Covid-19) Policy, residents will be expected to investigate whether help would be available to them under the LCTRS. Residents can check whether they would receive LCTRS and be given an estimated award by using the online calculator on the Council's website at <https://www.durham.gov.uk/counciltaxreduction>.

- 2.3 The level of support available under LCTRS is based on a household's income and savings. If a household's savings are over £16,000 or if total income is significantly above their 'applicable amount' then no LCTRS can be awarded. The 'applicable amount' is the minimum income which a household is deemed to need to meet their basic needs, excluding housing costs and Council Tax. It is calculated based on a number of factors such as the household's size, disabilities and caring responsibilities. The figures used mirror those used by the Department for Work and Pension benefits such as Universal Credit, Job Seekers Allowance and Employment and Support Allowance.
- 2.4 Some residents may find themselves in compromised financial situations as a result of coronavirus (Covid-19) but have no entitlement to LCTRS or to other governmental support schemes.
- 2.5 In response to the challenges posed by the coronavirus (Covid-19) pandemic, the Government announced and provided a £500 million Hardship Fund so local authorities could support financially vulnerable people and households who are struggling to meet their Council Tax payments.
- 2.6 The Government expected local authorities to primarily use their grant allocation to reduce the Council Tax liability of individuals in their area. Funding was allocated to local authorities based on their proportion of the national caseload of working age LCTRS recipients.
- 2.6 The Government's strong expectation was that local authorities provide all recipients of working age LCTRS (who still had an amount to pay) during the financial year 2020/21 with a further reduction in their annual Council Tax bill of a minimum of £150, using their discretionary powers.
- 2.7 Where a taxpayer's liability for 2020/21 was, following the application of LCTRS, less than £150, the Government expected their liability to be reduced to nil. Where a taxpayer's liability for 2020/21 was nil, no further reduction to the Council Tax bill was to be made.
- 2.8 There was no need for any recipient of LCTRS to make a separate claim for a reduction under the scheme. The Council assessed who was eligible for this support and automatically awarded it to those Council Tax payers.

- 2.9 Having allocated grant to reduce the Council Tax bill of working age LCTRS recipients by a further £150, the Government stated that local authorities should establish their own local approach to using any remaining grant to assist those in need. This included, but was not restricted to, providing additional relief through existing discretionary discount/hardship policies (adapted where necessary in order to capture those most likely to be affected by coronavirus (Covid-19)).

3 Council Tax Discretionary Hardship Reduction (Covid-19) Policy

3.1 Introduction

- 3.1.1 Councils have the power to reduce the amount of Council Tax a person must pay to such an extent as they see fit. This includes the power to reduce an amount to nil, and, may be exercised in relation to cases or by determining a class of property in which liability is to be reduced to an extent provided for by the determination.

3.2 Legislation

- 3.2.1 The ability to reduce a Council Tax charge is included in Section 13A of the Local Government Finance Act 1992, as amended by Local Government Act 2003, section 76. Section 76 gives councils the right to make a discretionary reduction in Council Tax in circumstances that it deems appropriate.

3.3 Durham County Council Policy

- 3.3.1 The Council adopted the following policy with effect from 1 April 2020 and will continue to do so until 31 March 2022:
- a. Where, following the application of LCTRS, a taxpayer's liability for 2020/21 or 2021/22 is nil, no further reduction to the Council Tax bill will be made.
 - b. Where following the application of LCTRS a taxpayer's liability for 2020/21 or 2021/22 is £300 or less, the Council will reduce their liability to nil.
 - c. Where following the application of LCTRS a taxpayer's liability for 2020/21 or 2021/22 is greater than £300, the Council will reduce their liability by £300.
- 3.3.2 Some residents who find themselves experiencing severe financial hardship as a result of coronavirus (Covid-19) but who have no

entitlement to LCTRS or to other governmental support schemes may receive help towards reducing their Council Tax liability by the award of a Discretionary Hardship Reduction (Covid-19).

3.3.3 Applications for this type of reduction will only be considered in individual cases where severe financial hardship as a result of coronavirus (Covid-19) can be demonstrated and all routes for existing help that the Council and Government already provide have been explored, exhausted and taken up.

3.3.4 Where an application is successful, the reduction will be applied directly to the Council Tax account.

3.4 Criteria

3.4.1 Each application will be assessed on its individual merits.

3.4.2 This reduction is not available for empty property charges. Customers should contact the Council Tax Collections Team to discuss other flexible options, such as deferring payments or repayment arrangements for empty property charges.

3.4.3 The following will be considered:

Is the customer currently in receipt of LCTRS?

All existing LCTRS working age claimants will automatically receive an award of up to £300.

If the customer is not currently in receipt of LCTRS, will they now qualify?

New claimants should be signposted to the online calculator and application form and encouraged to check their entitlement and make a new application for LCTRS as soon as possible. Following the assessment of their claim for LCTRS the award of the additional top up support outlined in this policy will be applied.

Has the customer explored other methods of maximising their income?

Customers should be signposted to apply for Employment and Support Allowance, Universal Credit or appropriate welfare benefits. Customers should also be encouraged to contact their mortgage provider or landlord and other organisations to whom they owe debt, as many are now offering support and arrangements for repayment.

Do the customer's current financial circumstances demonstrate an inability to pay their Council Tax, or in doing so would cause extreme hardship?

In cases where entitlement to LCTRS is not applicable, customers can make an application for support under the Discretionary Hardship Reduction Policy. The customer will be required to submit a Discretionary Hardship Reduction (Covid-19) application. Officers will review the completed financial statement issued with the application form to establish the level of hardship and their eligibility for support. Should the reduction be warranted then a discretionary award of £300 can be made, in line with the top up provided to LCTRS working age claimants.

If the circumstances are short term, would a flexible payment arrangement or deferring instalment be more appropriate?

Extended payment arrangements / deferred instalment plans should be explored with the customer as part of the application for Discretionary Hardship Reduction.

- 3.4.4 All awards of Discretionary Hardship Reduction (Covid-19) are only intended as short-term assistance for exceptional circumstances. Any award will not be considered as a way of reducing Council Tax liability indefinitely or for reducing arrears.

3.5 The Application

- 3.5.1 All applications for Discretionary Hardship Reduction (Covid-19) under this policy should be made by completing the online digital application form and financial statement. However, a paper copy can be made available upon request.

- 3.5.2 It is the responsibility of the Council Tax payer applying for this reduction to provide enough information and evidence to support their application. If the Council Tax payer applying does not or will not provide the required evidence; the application will be terminated.

- 3.5.3 Further information may be requested to support an application. Where a request for further information is made, the information must be provided within 10 working days of receipt of the request. Failure to provide information within the timescale will result in the application being terminated.

3.6 The Decision-Making Process

3.6.1 Upon receipt of an application and all supporting information a standard decision-making process will be followed:

- Applications will be considered by the Finance Team within 10 days (or as soon as is practicable) of receipt of a signed application, financial statement and all supporting information.
- The applicant will be advised in writing of the decision within 10 days (or as soon as is practicable) of receiving the information to allow the assessment of the application and a revised Council Tax demand notice will be issued where appropriate.

3.7 Review of Decision

3.7.1 If the applicant is dissatisfied with the decision, the Council will accept a request for a re-determination.

- Re-determination of the decision will be made by a Senior Officer (not previously involved with the application) within the Finance Service.
- Requests should be made in writing stating the reasons why it is believed that the decision should be reviewed.
- The Council will consider whether the Council Tax payer has provided any additional information that will justify a change to its original decision.
- The Council will notify the Council Tax payer of its final decision within 21 days (or as soon as is practicable) of receiving a request for a re-determination.
- Whilst every effort will be made to meet the deadline outlined above, failure by the Council to do so does not qualify the claimant for the Discretionary Hardship Reduction (Covid-19).
- If an applicant remains dissatisfied with the refusal of their application, they have the right to appeal to the Valuation Tribunal for England (VTE). They have two months to do this from the date of the Council's response.

Valuation Tribunal
2nd Floor
120 Leaman Street

London
E1 8EU

Telephone: 0303 445 8100
E mail: appeals@valuationtribunal.gov.uk

3.8 The Award

- 3.8.1 Any award will be for a definitive amount of £300.
- 3.8.2 Where an application is successful, an award letter will be issued as confirmation, as well as an amended bill showing revised instalments.
- 3.8.3 Where an award has been made and subsequently the Council Tax account goes into credit at any point during the financial year, the credit (where it less than the award) will remain on the account and allocated to offset any previous year outstanding Council Tax balances. If there are no previous years' balances, the credit will be reviewed at the end of the financial year and where appropriate, transferred to the new financial year to reduce the balance.
- 3.8.4 Any credit on the Council Tax account as a result of this award will not be refunded.

4 Advice and Support

Every attempt should be made to provide as much support and advice to applicants as possible. The following provides information on support and assistance for our customers:

Durham County Council

- Can provide general information and advice on Council Tax discounts, disregards and exemptions, including single person discount
- Can discuss any difficulties you have paying your Council Tax or Housing Benefit overpayment. We can discuss a payment plan to help with your overall household budgeting
- Can talk through any reduction you've had in your income to see if you may be entitled to Council Tax Reduction.
- Can provide advice on claiming a Discretionary Housing Payment if you are having difficulties in paying a shortfall in your rent

www.durham.gov.uk
Tel: 03000 260000

Welfare Rights

Have specialist officers who can help you if you need:

- To understand what benefits you may be entitled to
- Support with making a benefits claim
- Support to make an appeal against a benefit decision
- Representation at an appeal

www.durham.gov.uk/welfarerights

Tel: 03000 268 968

Welfare Assistance

You may be able to get help from our welfare assistance scheme. This can be to help you stay or get into housing, or with your daily living expenses.

www.durham.gov.uk/welfareassistance

Tel: 03000 267 900

Free School Meals

Free school meals are available to all children in reception, year 1 and year 2. They are also available to primary and secondary children whose parents/carers receive certain benefits.

www.durham.gov.uk/freeschoolmeals

Free Independent Debt Advice

Citizens Advice County Durham are a local charity who provide debt and other advice to thousands of people every year. Their services are free, confidential and impartial, so if you're struggling with your Council Tax bill, or any other debts, they can provide guidance, money advice and debt solutions.

www.citizensadvicecd.org.uk

Tel: 0300 323 2000 (Monday to Friday 9am to 4pm)

Other sources of debt advice

You can find further details of the financial help and support offered by the Council, as well as information on other organisations who can offer free assistance.

www.durham.gov.uk/debtadvice

5 Debt Respite Scheme

The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 make provision for those individuals in problem debt, the right to legal protections from creditors, effective from 4 May 2021.

A standard Breathing Space Moratorium gives eligible individuals with problem debt legal protection from creditor action for up to 60 days. A Mental Health Crisis Breathing Space has some stronger protections than the standard Breathing Space and is only available to a person for whom an Approved Mental Health Professional (AMHP) has certified is receiving mental health crisis treatment. This lasts as long as the person's mental health crisis treatment, plus 30 days (no matter how long the crisis treatment lasts).

In order to qualify for a Breathing Space, a customer must first seek debt advice from a regulated debt advice provider (DAP). The DAP will assess the customer's circumstances and determine the most appropriate course of action, and where applicable, the customer's eligibility for Breathing Space.

Citizens Advice County Durham, amongst others, are a regulated DAP and can provide further assistance.

www.citizensadvicecd.org.uk

Tel: 0300 323 2000 (Monday to Friday 9am to 4pm)