



# **Council Tax Discretionary Hardship Reduction Policy**

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

June 2021

# Contents

- 1. Introduction and Purpose of Policy Document**
- 2. Council Tax – Discretionary Hardship Reduction Policy**
  - 2.1 Introduction
  - 2.2 Legislation
  - 2.3 Durham County Council Policy
  - 2.4 Criteria
  - 2.5 The Application
  - 2.6 The Decision-Making Process
  - 2.7 Review of Decision
  - 2.8 Recovery of a Hardship Reduction Award
  - 2.9 Fraud
- 3. Advice and Support**
- 4. Debt Respite Scheme**

## **1. Purpose of Policy Document**

- 1.1 This policy sets out the Council's approach to the awarding of discretionary hardship reduction in respect of Council Tax liability (charge). It has been designed to ensure that all customers making an application for reduction are treated in a fair, consistent and equal manner.
- 1.2 This policy has been written to:
  - Identify a range of factors that should be considered when making the decision to award or refuse an application. There will be factors not identified in the policy that it may be appropriate to include in the decision-making process.
  - Identify the appropriate officers that are authorised to award reduction should an application be deemed suitable.
  - Ensure a fair and unbiased appeal procedure is in place that will be applied should a customer formally challenge a decision.
  - Ensure the interests of the local taxpayers are safeguarded by ensuring that any reduction awarded is targeted effectively.

## **2. Council Tax Discretionary Reduction Policy**

### **2.1 Introduction**

- 2.1.1 Councils have the power to reduce the amount of Council Tax payable 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. There is a cost to the Council in respect of any hardship reduction awarded and is met by the Council's collection fund.
- 2.1.2 This policy incorporates the Localised Council Tax Support Scheme and Council Tax Technical Changes introduced from 1<sup>st</sup> April 2013.

### **2.2 Legislation**

- 2.2.1 Council Tax hardship awards are included in Section 13A Local Government Finance Act 1992 as amended by Local Government Act 2003, section 76. This gives councils the authority to make a discretionary payment of Council Tax reduction where it is satisfied that the taxpayer would sustain exceptional hardship if it did not do so.

### **2.3 Durham County Council Policy**

- 2.3.1 Durham County Council has not defined any specific class of property on which to award a section 13A discount.
- 2.3.2 Applications for a reduction will usually only be considered in individual cases where severe hardship or extenuating circumstances can be demonstrated.

2.3.3 Where an application is successful, the award will be credited directly to the Council Tax account.

## 2.4 Criteria

2.4.1 Each hardship application will be assessed on its individual merits. When assessing applications, the following considerations will be made:

- All awards are intended as short-term assistance and awards will not normally extend beyond a twelve-month period. They are not to be considered as a method of reducing Council Tax liability indefinitely or repeatedly. Hardship reduction or remission will be the exception and not the rule.
- Council Tax hardship reduction will not be awarded for any reason other than to reduce Council Tax liability.
- Reduction is not to be granted in order to prevent recovery action being instigated by the Council or to stop bankruptcy or committal to prison proceedings commenced by the Council or any other body. However, consideration will be given to such action being suspended if there is a hardship application decision pending.
- The applicant must detail the reasons for the application, explaining the specific circumstances and hardship being experienced.
- There must be evidence of hardship or personal circumstances that justifies a reduction in Council Tax liability. There is no definition in the legislation for 'hardship' and as the scheme is aimed at covering unforeseen events it is not possible to list precise criteria.
- Exceptional circumstances for hardship under the Council Tax regulations will usually be circumstances that are outside the control of the household and beyond normal risks faced by a household. The householder(s) must demonstrate that they have done all they can to mitigate those risks and are taking action to minimise them.
- Although the Council may make an award in respect of hardship, any such award is funded by the Council and the impact on other Council Tax payers must be considered.
- The applicant must be able to demonstrate that all reasonable steps have been taken to reduce and/or discharge their full Council Tax liability prior to application including exploring entitlement to all other reductions, discounts, exemptions, reductions, discretionary payments and valuation office appeals.
- The applicant does not have access to other assets that could be realised and used to pay Council Tax.
- Application for hardship reduction should be one of last resort. Applicants will be expected to have explored and secured any lawful entitlement to other benefits, incomes and reductions in preference to claiming hardship reduction. This particularly includes an application for Council Tax Reduction.

- The liable person for an unoccupied domestic property has made their best efforts to sell or let the property and to levy a Council Tax charge would cause them exceptional financial hardship.
- The Council's finances allow for a reduction to be made.
- The amount outstanding must not be the result of wilful refusal to pay or culpable neglect.

2.4.2 Hardship reduction will normally be awarded for a short, fixed period depending on the nature and likely duration of the hardship. In all cases reduction will end in the following circumstances:

- At the end of the hardship reduction award period.
- There is a change of liable person.
- The Council Tax payer enters any form of formal insolvency.
- The Council Tax payer's financial circumstances significantly improve.
- At the end of any fixed period notified to the Council Tax payer at the time of the award.

## **2.5 The Application**

2.5.1 All applications will be made in writing or electronically from the Council Tax payer, their advocate/appointee or a recognised third party acting on their behalf, using the relevant form. All necessary supporting information and a full financial statement should be included.

Applications and supporting documentation can be emailed to [revenuesenforcement@durham.gov.uk](mailto:revenuesenforcement@durham.gov.uk).

Postal application forms and supporting information can be sent to:

Durham County Council  
Revenues and Benefits  
PO Box 238  
Stanley  
Co Durham  
DH8 1FP

2.5.2 Further information may be requested by the Council from the applicant in order that a robust decision can be made. If the applicant does not supply the requested information within a specified period, the application will be deemed defective and the applicant will be informed. The application may be reopened if the applicant demonstrates 'good cause' as to why the information could not be supplied at the time. No costs will be borne by the Council in the provision of this evidence.

## **2.6. The Decision-Making Process**

2.6.1 Upon receipt of a signed application and all supporting documentation /information standard decision-making process will be followed:

- Initial applications will be considered by an Enforcement and Insolvency officer within 28 days of receipt of a signed application and all supporting information. This will include a review of findings, financial implications and initial recommendations. A senior officer will assess the review and agree the recommendations.
- Recommendations will be forwarded to Assistant Payments Income & Support Manager within 7 days for agreement.
- These will be submitted to Head of Transactional Services for approval/refusal within 7 days.
- Once a decision has been approved the Council Tax payer will be notified in writing of the decision within 28 days and a revised Council Tax demand notice (bill) will be issued where applicable.
- Whilst every effort will be made to meet the deadlines outlined above, failure by the Council to do so does not qualify the claimant for reduction.

## **2.7. Review of Decision**

2.7.1 The Council will accept a request from the applicant for a re-determination of its decision.

- Re-determination of the decision will be by the Corporate Director of Resources.
- Written requests should be made within 28 days of the decision stating reasons why the decision should be reviewed.
- In the case where the applicant has been notified of a decision and they exercise their rights to appeal, payment cannot be withheld pending an appeal decision. In the event that an appeal is successful, any interim overpayment will be refunded.
- Considerations will include any additional information provided by the applicant that may justify a change to its original decision.
- The Council will notify the Council Tax payer of its final decision within 21 days 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 reduction.
- If a claimant remains dissatisfied with the outcome of the redetermination, they may appeal to the Valuation Tribunal for England (VTE), see below for contact details. The applicant has two months from the date of the redetermination decision to do this. Any application for appeal made outside of the two month time frame may be considered at the discretion of the chair of the Tribunal's discretion.

Valuation Tribunal  
2nd Floor  
120 Leaman Street  
London  
E1 8EU

Telephone: 0303 445 8100  
E mail: [appeals@valuationtribunal.gov.uk](mailto:appeals@valuationtribunal.gov.uk)

## **2.8 Recovery of a Hardship Reduction Award**

2.8.1 If an award is subsequently cancelled, the amount awarded will be withdrawn from the applicant's Council Tax account and will be payable as the Council Tax due under the regulations.

## **2.9 Fraud**

2.9.1 The Council reserves the right to withdraw any award made under this scheme where fraud or error has occurred.

2.9.2 The Council reserves the right to withdraw any award where the applicant has failed to provide, or, has knowingly provided false or misleading information.

## **3. Advice and Support**

3.1 Every attempt should be made to provide as much support and advice to applicants as possible. The following provides key contact details for our customers, who should be signposted and encouraged to engage accordingly:

### **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](http://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](http://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](http://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](http://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](http://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](http://www.durham.gov.uk/debtadvice)

## 4. 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](http://www.citizensadvicecd.org.uk)

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