

**REPORT OF:** CENTRAL SERVICES  
HEAD OF CENTRAL SERVICES

**TO:** THE EXECUTIVE

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## LOCALISATION OF SUPPORT FOR COUNCIL TAX DRAFT HARDSHIP RELIEF SCHEME

### PURPOSE OF REPORT

1. The purpose of this report is to seek the Executive's approval to a draft Hardship Relief Scheme for Council Tax to coincide with the introduction of a localised scheme of Council Support from April 2013.

### RECOMMENDATIONS

2. That the Executive recommends to Council that:-
  - a) Subject to confirmation of funding arrangements from the Major Preceptors, the Council Tax Hardship Relief Scheme provided at [Appendix A](#) is approved for 2013/14;
  - b) a budget of £30,000 is set aside to meet the cost to the Council of granting relief in 2013/14;
  - c) subsequent revisions of the Scheme are agreed by the Executive within the Council's budget and policy framework;
  - d) the operation of the Scheme is reviewed during 2013/14 and the outcome of that review used to inform a revision of the Scheme where it is considered necessary prior to approval of the Executive.

### REASONS FOR RECOMMENDATION

3. To provide hardship relief for those in need of assistance with the payment of their Council Tax liability.

### ISSUE

## Background

4. The Executive will be aware from a report elsewhere on the Agenda for this meeting of the Government's proposals to abolish Council Tax Benefit at the end of March 2013. In its place, the Council will be required to introduce a localised scheme of support for Council Tax. At the same time, the Government will reduce the funding available for local support schemes by 10% and will also prescribe that those of state pension age should remain unaffected by any changes.
5. The draft Council Tax Support Scheme is based on various principles which, in summary, will mean that, for working-age claimants, support will be calculated broadly as now using existing Council Tax Benefit parameters but each award will be reduced by 20%.
6. As the Council has c4,500 working age claimants currently in receipt of between 90% to 100% benefit, it is inevitable that, in the event Councillors agree to proceed with the proposed Scheme, there will be some claimants who may suffer severe financial hardship and may not be able to pay their Council Tax in full. In view of this, a draft Hardship Relief Scheme has been developed.

## Draft Hardship Relief Scheme

### Key Policy Principles

7. A draft Council Tax Hardship Relief Scheme has been prepared and is provided at [Appendix A](#) for the Executive's consideration.
8. The key policy principles of the Scheme are as follows:-
  - Only persons in receipt of full Council Tax Support (and therefore liable to pay 20% of the full Council Tax liability) may apply for Hardship Relief.
  - The provision of relief is only intended as short term assistance;
  - No award of relief will exceed 6 months; within that period, those entitled to Relief under the Scheme will be expected to make an attempt to improve their financial circumstances so that they are able to pay their Council Tax;
  - Whilst there will be no limit on the number of applications for Hardship Relief, where an entitlement to relief has expired, no application will be accepted within the following 6 months;
  - Backdated claims for Hardship Relief will not be permitted;
  - The amount of Hardship Relief will depend on an individuals circumstances but will not exceed 100% of the net Council Tax liability after any exemptions or discounts;
  - Any relief awarded will be treated as a discount on the Council Tax payable; no money will be given to claimants.

## Procedure for Dealing with Applications

9. In relation to dealing with applications, the following procedure will apply:-
- relief will be granted from the date the Council receives a properly completed application;
  - all applications for relief will initially be considered by the Revenues and Benefit Manager (Liberata). Following a review of the application and supporting evidence, a recommendation will be made to the Client Manager for approval/refusal;
  - Once a decision is made, a notification letter will be sent to the Customer. In normal circumstances, notification of decisions will be sent within 14 days of receipt of a properly completed application.

## Appeals

10. Under present legislation, there is no right of appeal against the Council's decision to use its discretionary powers for Council Tax Relief. However, it is proposed that, in accordance with concept of natural justice, the Council will accept a written request from a Council Taxpayer for a re-determination of its decision. In this respect, the Head of Central Services will review the decision and will provide notification of the outcome of the review within 14 days of the receipt of appeal from the Taxpayer.

## ***Funding of Hardship Relief***

11. As the Executive may be aware, as a Billing Authority, the Council collects Council Tax for Lancashire County Council, Lancashire Police Authority, Lancashire Fire and Rescue Authority (all referred to as Major Preceptors) and Town and Parish Councils (referred to as Local Preceptors). Broadly, 85% of Council Tax is collected on behalf of Major/Local Preceptors, the balance collected being for the Council.
12. Most Council Taxpayers will not distinguish between the amounts paid to the various Preceptors; the expectation is that, if Hardship Relief is awarded, it will apply to the whole Council Tax liability. However, the provision of a Hardship Relief Scheme for Council Tax will be a discretionary matter for Councils and therefore will have to be funded at their own expense.
13. Initial discussions with Major Precepting Authorities have indicated that there is a willingness to contribute towards the cost of Hardship Relief for Council Tax although only Lancashire County Council and the Police and Crime Commissioner (PCC) have confirmed support. If a Scheme is adopted and awards made, it is proposed that the level of award is scaled to provide only for the costs where Major Preceptors have agreed to provide financial support to Pendle. So, for example, if the Council, County Council and the PCC agree to provide funding, Hardship Relief will be scaled to 95% of the Council Tax liability.
14. It is not possible to estimate with any degree of accuracy what the likely financial impact of the proposed scheme will be. Assuming most claimants currently in receipt of full benefit are in a Band A property (annual Council Tax liability of £1,050) but in receipt of the maximum 80% support, the net liability would be c£210 for the year. If 30% (say, 1,800) of those claimants obtained full relief for at least 6 months, the estimated cost would be c£126k (of which the amount related to the Council's share of Council Tax would be c£28k).

15. From the Council's perspective, setting aside current budget constraints, in the context of a comparison of the cost of maintaining benefits as now (estimated to be c£130k) against a reduction in benefits combined with a hardship relief scheme, there is merit in the approach (though the latter does exclude any impact on collection rates arising from the award of lower levels of benefit). **In view of this, an amount of £30k has been assumed in the Council's budget for 2013/14 to meet the cost of hardship awards.**

## **IMPLICATIONS**

### **Policy**

16. There is currently no policy for the provision of hardship relief for Council and therefore the introduction of the Hardship Relief Scheme for Council Tax requires consideration and approval by Council. It is proposed to obtain this approval at the same time the Council considers approval of the Localised Scheme of Support for Council Tax.

### **Financial**

17. The financial implications are as generally given in the report but are subject to change if the proposed Scheme is changed.

### **Legal**

18. Section 13A of the Local Government Act 1992, as amended by Section 76 of the Local Government Act 2003, provides a Billing Authority such as Pendle with the power to reduce or remit Council Tax where it is considered that 'hardship' would otherwise be caused.

### **Risk Management**

19. There is a risk that implementing the Localised Scheme of Council Tax with a 20% reduction in support for payment of Council Tax will mean that some residents suffer severe financial hardship. To mitigate this risk, the draft Hardship Relief Scheme for Council Tax has been developed.
20. Demand for the draft Scheme is difficult to predict and therefore quantify in financial terms. It is proposed to cap the budget provision at £30k to mitigate this risk.

### **Health and Safety**

21. There are no Health and Safety implications arising from this report.

### **Climate Change**

22. As with health and safety implications, there are no climate change implications arising directly from this report.

### **Community Safety**

23. There are no community safety issues arising directly from the contents of this report.

## **Equality and Diversity**

24. A Full Equality Impact Assessment has not been undertaken on the Scheme as it is intended to mitigate the impact of any equalities issues that might arise out of the implementation of the Localised Council Tax Support Scheme.

## **APPENDICES**

Appendix A – Draft Council Tax Hardship Scheme for 2013/14

## **LIST OF BACKGROUND PAPERS**

Papers held in Financial Services