

Report of	Meeting	Date
Chief Executive (Introduced by the Executive Member for Resources, Policy and Performance)	Executive Cabinet	21 March 2013

## **EXCEPTIONAL HARDSHIP POLICY (OUTSIDE THE COUNCIL TAX SUPPORT SCHEME)**

### **PURPOSE OF REPORT**

1. To seek approval of the Executive Cabinet for the attached new Exceptional Hardship policy.

### **RECOMMENDATION(S)**

2. The Executive Cabinet is asked to approved the attached Exceptional Hardship policy which sets out the way Chorley Council would deal with requests for a reduction in Council Tax liability under Section 13A (1) ( c ) of the Local Government Finance Act 1992.

### **EXECUTIVE SUMMARY OF REPORT**

3. Council Tax legislation was amended under Section 76 Local Government Act 2003, effective from April 2004, to allow Councils the discretion to reduce the amount a Council Tax Payer is liable to pay to nil, by way of allowing a discretionary discount or exemption in specific ad-hoc cases.
4. Chorley Council does not currently have a policy for dealing with any such requests. Chorley Council is therefore at risk of an ombudsman challenge if it does not have a policy in place.
5. We also expect that we will receive applications reduction in Council Tax liability under this rule from April 2013 when the Council Tax technical changes come into force.
6. The attached Council Tax Exceptional Hardship Policy details how we would deal with an application for a reduction in liability under Section 13A (1) ( c ) of the Local Government Finance Act 1992.
7. The granting of hardship relief is wholly discretionary and a reduction or remission of council tax on grounds of hardship is the exception rather than the rule.
8. The policy sets the formal approach to be used with criteria providing guidance for officers should such cases arise.
9. The cost of granting relief in such cases is borne 100% by the Council.
10. Any requests for Council Tax liability reductions for Council Tax Support customers will not be dealt with under this policy but instead will be dealt with under the Discretionary Hardship Policy within the Council Tax Support Scheme. The cost of reductions for Discretionary Hardship awards within the Council Tax Support scheme are not borne 100% by the Council.

11. The criteria for being awarded an Exceptional Hardship award is summarised below:
- Each case will be considered on ‘its merits’, however the following criteria should be met for each case;
  - Requests for reductions in Council Tax liability must be in writing from the customer, their appointee, or a recognised third party acting on their behalf;
  - The tax payer must be able to satisfy the billing authority that they are not able to meet their full council tax liability or part of their liability;
  - There must be evidence of hardship or personal circumstance that justifies a reduction in Council Tax liability;
  - The Council must be satisfied that the customer has taken reasonable steps to resolve their situation prior to application;
  - The Council’s finances must allow for a reduction to be made;
  - The customer must not have access to other assets that could be realised and used to pay Council Tax;
  - All other eligible discounts/reliefs must have been awarded to the customer;
  - Relief will not be granted in order to prevent recovery action being instigated by the Council or to stop bankruptcy or committal proceedings commenced by the Council or any other body;
  - Receipt of an application for relief will not negate in any way the taxpayer’s obligation to pay the council tax as demanded;
  - The taxpayer must show that the current circumstances are unlikely to improve in the following 12 months, making payment of the council tax impossible;

<b>Confidential report</b> Please bold as appropriate	Yes	No
--	-----	----

<b>Key Decision?</b> Please bold as appropriate	Yes	No
--	-----	----

<b>Reason</b> Please bold as appropriate	1, a change in service provision that impacts upon the service revenue budget by £100,000 or more	2, a contract worth £100,000 or more
	3, a new or unprogrammed capital scheme of £100,000 or more	<b>4, Significant impact in environmental, social or physical terms in two or more wards</b>

**REASONS FOR RECOMMENDATION(S)**

**(If the recommendations are accepted)**

12. In January 13, the amended Corporate Debt Recovery policy was approved, the Council Tax Support scheme (CTS) and, as part of the CTS scheme a Discretionary Hardship policy within the CTS scheme was approved which is for Tax Payers who are receiving CTS but who are still suffering exceptional hardship.
13. As a separate issue, Section 13A (1)(c) of the LGFA 1992 – (under the section Billing Authority’s power to reduce amount of tax payable) also states that we can also reduce, to such extent as the billing authority thinks fit, the amount of tax payable for any tax payer. This means that any tax payer could ask for a reduction in liability whether they receive CTS or not. This is not a new rule – but Chorley does not currently have a policy in place for dealing with requests for a reduction in liability under this discretionary power.

14. It is recommend that the attached Exceptional hardship policy to deal with non CTS claimants is approved which sets out how we would deal with any requests made under this Section. This is only for Council Tax Payers (not receiving Council Tax Support) who can show that they are suffering extreme financial hardship.
15. If we do not have a policy in place for dealing with requests under Section 13A (1)(c ) we may be subject to challenge from the ombudsman. It is expected that this year (with the Ctax Technical reform) we will get some applications for reductions in Council Tax Liability under this rule. Chorley has already had one appeal in advance of the April 13 bill from a tax payer (not on CTS) who has a second home in Chorley and who is already considering applying for a discretionary reduction in liability under this rule.

### ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

16. The alternative is to not have a policy in place but any applications would still need to be considered because it is set in legislation that customers can ask for us to use our discretionary powers to reduce liability where necessary.

### CORPORATE PRIORITIES

17. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	x
Clean, safe and healthy communities	x	An ambitious council that does more to meet the needs of residents and the local area	x

### IMPLICATIONS OF REPORT

18. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	x	Customer Services	
Human Resources		Equality and Diversity	
Legal	x	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

### COMMENTS OF THE STATUTORY FINANCE OFFICER

19. The report details that as the scheme is discretionary under the current regulations the whole cost of any awards would need to be funded by the Council. To date, the Council has not received any applications of this nature, so at this stage I believe the financial risk of expense would be small. We may need to review this after 12 months in the light of the experience we have and are better able to understand the impact of changes to the welfare and council tax charging system.

### COMMENTS OF THE MONITORING OFFICER

20. It is desirable to have such a policy as it assists in providing consistent decision making. This policy falls outside the Council's policy framework and can be adopted by the Executive Cabinet.

GARY HALL  
CHIEF EXECUTIVE

**Background Papers**

<b>Document</b>	<b>Date</b>	<b>File</b>	<b>Place of Inspection</b>
Council Tax Exceptional Hardship Policy (Section 13A(1)(c) LGFA 1992	16 Feb 2013	***	***

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Julie Riding	5421	16 Feb 2013	***