

Solihull Metropolitan Borough Council
Council Tax
Discretionary Reduction in Liability Policy
S13A(1)(c) Local Government Finance Act 1992

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1 Introduction and Legislation

1.1 Section 13A (1)(c) of the Local Government Finance Act 1992, provides the Council with additional discretionary powers to enable it to reduce the council tax liability where statutory discounts, exemptions and reductions do not apply.

1.2 These discretionary awards can be given to:

- Individual Council Taxpayers;
- Groups of Council Taxpayers defined by a common set of circumstances;
- Council Taxpayers within a defined area: or
- To all Council Taxpayers **within the Council's area.**

1.3 This policy is basically divided into the following areas namely:

- (a) The Council Tax Hardship Fund – this part of the policy covers the recent initiatives by Central Government to assist taxpayers who are suffering financial hardship due to the onset of the Corona virus (COVID-19);
- (b) Granting of reductions **under the Council's Discretionary** Reduction Fund - this part of the policy applies to circumstances where the applicant experiences exceptional hardship;
- (c) Crisis – this part of the policy deals with all cases where a reduction in liability is claimed where the taxpayer experiences a crisis (other than mentioned in (a) to (c)); and
- (d) Other circumstances – this part applies where the application is made other than for (a) to (c) above.

1.4 The relevant legislation (S13 (1) (c) of the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012), states the following:

Reductions by billing authority

(1) The amount of council tax which a person is liable to pay in respect of any chargeable dwelling and any day (as determined in accordance with sections 10 to 13);

- (c) in any case, may be reduced to such extent (or, if the amount has been reduced under paragraph (a) or (b), such further extent) as the billing authority for the area in which the dwelling is situated thinks fit.

1.5 The provisions stated in (c) above, allows the Council to reduce the Council Tax liability for any **taxpayer in addition to any application for Council Tax Reduction under the Council's scheme. This is** a general power that has always been available to the Council.

1.6 When deciding on whether to grant a reduction in liability, the Council will consider each application based on individual circumstances. Principles of reasonableness will apply in all cases with the authority deciding each case on relevant merits.

1.7 The period of any reduced liability will be considered in conjunction with the circumstances of the Council Taxpayer except where specified by Central Government.

2 The COVID-19 Council Tax Hardship Fund

2.1 Central Government have announced a number of recent initiatives to assist taxpayers who are suffering financial hardship due to the onset of the Corona virus (COVID-19) and have provided funds to the Council under S31 of the Local Government Act 2003 with the proviso that all monies are paid

strictly in accordance with S13A (1) (c) of the Local Government Finance Act 1992 and in line with their guidance issued on 25th March 2020.

- 2.2 **The funds named by Central Government as the 'Council Tax Hardship Fund' relate to the 2020/21 financial year only and are designed to meet the immediate needs of all taxpayers who are currently claiming Council Tax Reduction (CTR) under S13 A (1) (a) of the Local Government Finance Act 1992. The funds are primarily designed to assist working age applicants with payment of their Council Tax.**
- 2.3 **This is particularly important given that working age applicants are required to make a 'minimum payment' of Council Tax of 15% under the Council's working age scheme**
- 2.4 It is essentially down to individual authorities to determine how to use the funds however, Central Government through the Ministry of Housing, Communities and Local Government (MHCLG) state that, in order to retain the funding, Councils must look to use monies as directed by them.
- 2.5 The scheme guidance issued by MHCLG states the following:
- (a) **The Government's strong expectation is that billing authorities will provide all recipients of working age local Council Tax Reduction during the financial year 2020/21 with a further reduction in their annual council tax bill of £150, using their discretionary powers to reduce the liability of council taxpayers outside of their formal scheme design;**
 - (b) **Where a taxpayer's liability for 2020/21 is, following the application of Council Tax Reduction, less than £150, then their liability would be reduced to nil;**
 - (c) **Where a taxpayer's liability for 2020/21 is nil, no reduction to the Council Tax bill will be available;**
 - (d) There should be no need for any recipient of Council Tax Reduction to make a separate claim for a reduction under this scheme. The billing authority should assess who is eligible for support from the hardship fund and automatically rebill those council taxpayers;
 - (e) Whether or not a taxpayer has been affected by COVID-19, directly or indirectly, should not be taken into account in assessing eligibility for this reduction;
 - (f) The Government recognises that existing support mechanisms vary locally, including CTR schemes, discretionary Council Tax discount/hardship schemes and local welfare schemes;
 - (g) Having allocated grant to reduce the Council Tax bill of working age Council Tax Reduction recipients by a further £150, billing authorities should establish their own local approach to using any remaining grant to assist those in need. Billing authorities will want to revisit their broader approach at intervals during the financial year, in order to ensure expenditure for 2020/21 remains within their allocation;
 - (h) In determining any broader approach to delivering support, authorities are best placed to reflect on the financial needs of their most vulnerable residents. In doing so, they may wish to consider using their remaining grant allocation as part of wider local support mechanisms including further Council Tax relief as part of this policy or additional support through the **Council's Discretionary Crisis Fund.**
 - (i) The Government is keen to ensure that support is provided as quickly as possible to individuals who are eligible. It therefore considers that there is a strong case for councils to provide the **support 'up front' to enable the maximum benefit to be delivered promptly. However, the Government recognises that in some cases, authorities may consider that the most effective assistance could be profiled across the year.**

The Council's Policy in respect of the Council Tax Hardship Scheme (COVID-19)

- 2.6 The Council is keen to support all taxpayers within the area and, as such, will implement the scheme strictly in accordance with Central Government guidelines by taking the following actions:
- (a) An amount of up to £150 will be credited to the Council Tax account of all working age applicants who are in receipt of Council Tax Reduction on 1st April 2020 (it should be noted that where any residual liability of any taxpayer is less than £150, then an amount will be granted to ensure that the liability is reduced to zero). There will be no requirement for any taxpayer to apply for this initial award and it shall be automatically applied to their account; and
 - (b) Where the taxpayer is not entitled to Council Tax Reduction on 1st April 2020 but subsequently becomes entitled, the Council will also award an amount as in (a) above. It should be noted that the Council will look to administer the scheme strictly in line with the guidance and **'Frequently Asked Questions' provided by MHCLG.**
- 2.7 In line with Central Government guidance, the funding shall be used initially for (a) above and any residual monies shall be used for cases falling with section (b).

3 Discretionary Reduction Fund.

- 3.1 Any Council Taxpayer may **apply for a reduction in liability under the Council's Discretionary Reduction Fund.** Applications will be accepted under this part of the policy for taxpayers who are experiencing severe financial hardship.
- 3.2 As part of the process of applying for additional support, all applicants must be willing to undertake all of the following:
- (a) Make a separate application for assistance;
 - (b) Provide full details of their income and expenditure;
 - (c) The taxpayer is able to satisfy the Council that they are not able to meet their full Council Tax liability or part of their liability;
 - (d) Accept assistance from either the Council or third parties such as the Community Advice Hubs or similar organisations to enable them to manage their finances more effectively including the termination of non-essential expenditure;
 - (e) Identify potential changes in payment methods and arrangements to assist the applicant;
 - (f) Assist the Council to minimise liability by ensuring that all discounts, exemptions and reductions are properly granted;
 - (g) The taxpayer is able to demonstrate that all reasonable steps have been taken to meet their full Council Tax liability (for example - applications for employment or additional employment)
 - (h) The taxpayer has sought to maximise their income through the application for other welfare benefits, cancellation of non-essential contracts and outgoings and identifying the most economical tariffs for the supply of utilities and services generally
 - (i) The taxpayer has no access to assets that could be realised and used to pay the Council Tax
- 3.3 The Council will be responsible for assessing applications against this policy and an officer will consider the following factors when applying this policy:
- (a) Current household composition and specific circumstances including disability and/or caring responsibilities;
 - (b) Current financial circumstances;
 - (c) Determine what action(s) the applicant has taken to alleviate the situation;
 - (d) Consider alternative means of support that may be available to the applicant by:
 - i. re-profiling council tax debts or other debts;
 - ii. applying for a Discretionary Housing Payment for Housing Benefit or Universal Credit Housing Element;(where applicable);

- iii. maximising other benefits;
- iv. determining whether in the opinion of the decision maker the spending priorities of the applicant should be re-arranged.

4 Crisis

- 4.1 The Council will consider requests for assistance from Council Taxpayers who, through no fault of their own, have experienced a crisis or event that has made their property uninhabitable. The request will be considered where they remain liable to pay council tax and for which they have no recourse for compensation nor have recourse to any statutory exemptions or discounts or where the crisis or event is not covered by any insurance policy.
- 4.2 All such requests must be made in writing detailing the exact circumstances of why a reduction in the liability is required and specifying when the situation is expected to be resolved. The Council will consider applications on a case-by-case basis.

5 Other Circumstances

- 5.1 The Council will consider requests from Council Taxpayers for a reduction in their liability based on other circumstances, not specifically mentioned within this policy. However, the Council must be of the opinion that the circumstances relating to the application warrant further reduction in their liability for Council Tax having regard to the effect on other Council Taxpayers.
- 5.2 No reduction in liability will be granted where any statutory exemption or discount could be granted.

6 Changes in circumstances

- 6.1 The Council may revise any **discretionary reduction in liability where the applicant's** circumstances or situation has changed.
- 6.2 As part of this policy, it is expected that the taxpayer agrees that they must inform the Council immediately either by phone, email or in writing about any changes in their circumstances which might affect the claim/award made under this policy. Failure to do so may result in the withdrawal of the reduction granted for the year and the requirement to repay any outstanding amount to the Council.

7 **Duties of the applicant and the applicant's household**

- 7.1 A person claiming any reduction in liability must:
 - Provide the Council with such information as it may require to make a decision;
 - Tell the Council of any changes in circumstances that may be relevant to their ongoing claim; and
 - Provide the Council with such other information as it may require in connection with their claim.

8 The award and duration of a reduction in liability

- 8.1 Both the amount and the duration of the award are determined at the discretion of the Council and will be done so on the basis of the evidence supplied and the circumstances of the claim.
- 8.2 The start date of such a payment and the duration of any payment will be determined by the Council. In any event, the maximum length of the award will not exceed the end of the financial year in which the award is given.
- 8.3 In the case of Government funded reductions, the Council shall bear in mind Central Government guidance when considering the period to grant a reduction.
- 8.4 In all other cases the duration and level of any Council Tax discretionary reduction will be determined individually. In determining the period of award, examples are given below of the types of factors that may be appropriate for consideration:
- If the need is likely to be short-term; or
 - If the customer is able to take steps to reduce their financial hardship.
- 8.5 The awards are normally only intended to be short term awards due to the limited fund available. It is not intended that the reduction will be a long-term solution.
- 8.6 Decisions on awards over £1000 will be recommended for approval to the Cabinet Member for Resources. Decisions on awards less than £1000 will be agreed by the Head of Service of Income and Awards.

9 Payment

- 9.1 In line with legislation, any award shall be granted as a reduction in the liability of the Council Taxpayer thereby reducing the amount of Council Tax payable

10 Reductions in Council Tax liability granted in error or incorrectly

- 10.1 Where a reduction in liability has been granted incorrectly or in error either due to a failure to provide the correct or accurate information to the Council or some other circumstances, the Council Taxpayers account will be adjusted and billed in the normal way.

11 Notification of a reduction in liability

- 11.1 The Council will notify the outcome of each application in writing. The notification will include the reason for the decision and advise the applicant of their appeal rights.
- 11.2 If a Council Taxpayer is aggrieved by the **Council's decision a written request for a review of its decision** can be submitted if it is made within 2 months of the original decision. If the original decision is upheld and the council tax payer remains aggrieved, there is a further right of appeal to the Valuation Tribunal.

12 Appeals

- 12.1 **Appeals against the Council's decision may be made in accordance with Section 16 of the Local Government Finance Act 1992.**

12.2 The Council Taxpayer must, in the first instance, write to the Council outlining the reason for their appeal. Once received the council will then consider whether any additional information has been received which would justify a change to the original decision and notify the Council Tax payer accordingly.

12.3 Where the Council Taxpayer remains aggrieved, a further appeal can then be made to the Valuation Tribunal. This further appeal should be made within 2 months of the decision of the Council not to grant any reductions. Full details can be obtained from the Councils website or from the Valuation Tribunal www.valuationtribunal.gov.uk

13 Fraud

13.1 The Council is committed to protecting public funds and ensuring funds are awarded to the people who are rightfully eligible to them.

13.2 An applicant who tries to fraudulently claim a reduction in liability by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under The Fraud Act 2006.

13.3 Where the Council suspects that such a fraud may have been committed, this matter will be investigated as appropriate and may lead to criminal proceedings being instigated.

14 Complaints

14.1 **The Council's** Corporate Complaints and Customer **Feedback Policy and Guidance'** (available on the Councils website) will be applied in the event of any complaint received about this policy.

15 Policy Review

15.1 This policy will be reviewed annually and updated as appropriate to ensure it remains fit for purpose. However, a review may take place sooner should there be any significant changes in legislation.