



**NEW FOREST DISTRICT
COUNCIL**

**Council Tax Discretionary
Reduction in Liability Policy**

Contents

1. Introduction.....	2
2. Legislation.....	2
3. Finance.....	3
4. The COVID-19 Hardship Fund.....	3
5. The Flood Recovery Framework.....	5
6. Reductions in council tax liability in other cases.....	7
7. Delegated Powers.....	7
8. Notification.....	8
9. Review of decisions.....	8
10. Duration of reduction.....	8
11. Changes in circumstances and misrepresentation.....	9
12. Policy review	9

NEW FOREST DISTRICT COUNCIL

S13A (1) (c) POLICY TO REDUCE COUNCIL TAX LIABILITY

1. Introduction

- 1.1 The following policy outlines the Council's approach to granting discretionary reductions in liability for Council Tax under S13A (1) (c) of the Local Government Finance Act 1992 (as amended). The Council has the ability to the reduce liability for Council Tax in relation to individual cases or class(es) of cases that it may determine where national discounts and exemptions cannot be applied.
- 1.2 This policy is divided into three main areas, namely:
- (a) **The COVID-19 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) **The Flood Recovery Framework** – this part of the policy covers situations outlined by Central Government where any parts of the Council's area were to be designated as a designated flood area; and
 - (c) **Reductions in Council Tax liability in all other circumstances** - this part of the policy applies to all other circumstances where an application is made to the Council for a reduction in Council Tax liability under S13A (1) (c) of the Local Government Finance Act 1992.

2. Legislation

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

Reductions by billing authority

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);

- (a) in the case of a dwelling situated in the area of a billing authority in England, is to be reduced to the extent, if any, required by the authority's council tax reduction scheme;
- (b) in the case of a dwelling situated in the area of a billing authority in Wales,
.....
- (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.

- 2.2 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.

3. Finance

- 3.1 Any amounts granted under S13A (1) (c) are normally financed through the Council's general fund and do not form part of the collection fund. In certain circumstances, Central Government provides funding directly to the Council to compensate for specific events such as the COVID-19 crisis and in the case of severe flooding. Where this is available, the Council will look to use all funding provided.
- 3.2 Any additional assistance, outside of the funding, would fall to be paid by the Council itself.

4. The COVID-19 Hardship Fund

- 4.1 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 their guidance issued on 25 March 2020.
- 4.2 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 primary designed to assist working age applicants with payment of their Council Tax.
- 4.3 This is particularly important given that working age applications are required to make a "minimum payment" of Council Tax of 10% under the Council's working age scheme
- 4.4 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.
- 4.5 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. These may include, but are not restricted to:
 - i. Council Tax relief using existing discretionary discount/hardship policies (adapted where necessary in order to capture those most likely to be affected by COVID-19);
 - ii. Additional support outside the Council Tax system through Local Welfare or similar schemes; and
 - iii. A higher level of Council Tax Reduction for those working age Council Tax Reduction recipients whose annual liability exceeds £150.
- (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)

4.6 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 £200 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. Where the liability for 2020/21 is less than £200, after Council Tax Reduction and other discounts, a hardship payment will be granted such that the liability will reduce 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. Where a taxpayer has a hardship amount of less than £200 and their circumstances change during 2020/21, a further amount can be granted, to increase the total hardship payment to a maximum of £200. Where a taxpayer is jointly liable and both are in receipt of Council Tax Reduction, the £200 will be the total hardship payment to be applied to the council tax account.
- (b) Where the taxpayer is not entitled to Council Tax Reduction on 1st April 2020 but subsequently becomes entitled during 2020/21, the Council will reduce any liability by an amount up to £200 in a similar manner to (a) above.
- (c) Following the award of £200 to those in receipt of Council Tax Reduction a further award may be made to provide additional support in a similar manner to (a) above.
- (d) In any other cases where any taxpayer is experiencing financial hardship due to the COVID-19 crisis, an application for assistance may be made to the Council; and
- (e) At the discretion of the Council, and if funds remain, after (a), (b), (c) and (d) above, the Council will consider the use of any residual funds for other welfare projects within the limits determined by Central Government.

4.7 In line with Central Government guidance, the funding (where available) shall be used in the following order (a); (b); (c); (d); (e)

5. The Flood Recovery Framework

5.1 In a severe weather event with significant wide area impacts, local authorities may need central support to help their communities and businesses return to normal. Building on these principles, a core package of business and community recovery support has been developed by Central Government to serve as a framework for flood recovery funding when needed.

- 5.2 It will be for Government Ministers to determine when this support will be made available. Weather incidents with localised impacts will not usually trigger a recovery support package.
- 5.3 In relation to Council Tax, Central Government have developed a Council Tax discount package that is available under S13A (1) (c).

Who is eligible for a council tax discount?

- 5.4 Where the Council Tax Discount Scheme is activated following severe weather, MHCLG will refund eligible local authorities for granting discounts in the following circumstances:
- (a) 100% discount for a minimum of 3 months, or while anyone is unable to return home if longer, for primary residences whereas a result of the relevant weather event:
- Flood water entered into the habitable areas; or,
 - Flood water did not enter into the habitable areas, but the local authority regards that the residence was otherwise considered unliveable for any period of time. AND
- (b) 100% council tax discount on temporary accommodation for anyone unable to return to their home, in parallel with the discount on their primary residence where applicable.
- 5.5 Second homes and empty homes will not be eligible.
- 5.6 Instances where households might be considered unliveable could include:
- where access to the property is severely restricted (e.g. upper floor flats with no access);
 - key services such as sewerage, draining, and electricity are severely affected;
 - the adverse weather has resulted in other significant damage to the property such that it would be, or would have been, advisable for residents to vacate the premises for any period of time, regardless of whether they do vacate or not;
 - flooded gardens or garages will not usually render a household eligible but there may be exceptions where it could be demonstrated that such instances mean effectively that the property is unliveable.
- 5.7 It will be for the Council to determine eligibility under the scheme.

Properties affected by multiple instances of flooding

- 5.8 Residences impacted in multiple flood events will not be precluded from repeat support where this is made available by Government in respect of separate weather events.
- 5.9 Where the scheme is activated for two separate instances of flooding within 3 months of each other, the two discount periods will run concurrently. For example, if the second flood event occurred after 2 months, flooded properties already

receiving support could be eligible for another 3 months' discount, making the total period of reimbursement 5 months.

Funding

- 5.10 In such cases, Central Government will make payment to the Council via a Section 31 grant.

The Council's Policy in respect of the Flood Recovery Framework

- 5.11 The Council shall operate the scheme strictly in accordance with Central Government guidelines.

6. Reductions in council tax liability under S13A (1) (c) in other cases

- 6.1 Reductions are at the discretion of the council and an applicant does not have a statutory right to a reduction. Where the Council receives an application for a reduction in liability in any other case (other than listed within the Central Government sponsored scheme specified above), all applications will be treated on their individual merits.

- 6.2 In such cases, the Council will require the applicant (where appropriate) to:

- Make a formal application for Council Tax Reduction in an appropriate format;
- Consider potential changes in payment methods and payment arrangements;
- Assist the Council to minimise liability by ensuring that all discounts, exemptions and reductions are properly granted;
- Maximise their income through the application for other welfare benefits;
- Have taken all reasonable steps to resolve their situation prior to application;
- Provide evidence of exceptional financial hardship or exceptional personal circumstance that would merit a reduction in the Council Tax liability; and
- Not have access to assets, capital or other financial remedy that could be used to meet the Council Tax liability;

- 6.3 The circumstances affecting the ability to meet Council Tax liability must not be intentional by the applicant and must be deemed to be out of the applicant's individual control.

7. Delegated Powers

- 7.1 This S13A (1) (c) policy has been formally approved via a Portfolio Holder decision. However, the Service Manager – Revenues and Benefits is authorised to make technical scheme amendments to ensure it meets the criteria set by the Council and, for certain defined schemes, Central Government guidance.

- 7.2 The decision whether to make an award will be undertaken by either the Benefits Manager or the Revenues Manager.

8. Notification

- 8.1 In the case of the Council Tax Hardship Scheme (COVID-19), all eligible taxpayers will be notified of the decision to apply any reduction as soon as possible after it has been made and any award will be by means of a discount being applied to the relevant Council Tax account.
- 8.2 In all other cases, the Council will issue a written decision letter to the applicant within one month of the request or as soon as practicable thereafter. This will include:
- the level and period of the award, if relevant;
 - full reasons of the decision;
 - how it will be paid; and
 - information about how to ask for a review of the decision

9. Review of decisions

- 9.1 Notwithstanding any reductions applied automatically to the Council Tax account, where any application is refused, the applicant will be notified that they can ask for the decision to be reviewed. Any request for a review must be made, in writing or by email, within one month of the decision letter.
- 9.2 The Service Manager – Revenues and Benefits shall undertake the review and shall respond within two months and will have regard to any further evidence supplied.
- 9.3 If the applicant is dissatisfied with the outcome of the review, they can, within two months of the Council's reply, appeal to the independent Valuation Tribunal Service to consider their case.

10. Duration of Reduction

- 10.1 The duration of any award will depend of the circumstances of each case. However, in all cases the following principles will apply:
- (a) Where the reduction is applied under a Central Government Scheme, the reduction shall be applied to the Council Tax account for the period specified in Government guidance;
 - (b) In all other cases,
 - (i) the application for the reduction can only relate to the current Council Tax financial year in which the application is made unless the delay was due to an exceptional circumstance; and
 - (ii) If an application is successful, the award period will be specific to the applicant's circumstances, but it cannot exceed a period greater than the financial year it has been awarded in or exceed the total Council Tax charge for that period.

11. Changes in circumstances and misrepresentation

- 11.1 Any taxpayer claiming a discretionary reduction in liability must notify the council of any changes in circumstances that may be relevant to their claim. A reduction in liability under S13A (1) (c) can be recovered if it has been made as a result of misrepresentation or failure to disclose a material fact, either fraudulently or otherwise. It can also be recovered as a result of the subsequent application of a national discount or adjustment in banding by the Valuation Office Agency
- 11.2 Changes of circumstances that subsequently negate the need for a reduction in liability under this policy will be recovered by the Council. Where this occurs, the Council shall notify the taxpayer accordingly.
- 11.3 Reductions in liability are not transferable following a change in address.
- 11.4 The Council reserves the right to recover any reductions in liability as a result of a change in legislation or regulation.
- 11.5 The Council is mindful that it is important to protect public funds and, as such, will take action to prosecute any case where the applicant acts fraudulently in applying for a reduction in Council Tax liability.

12. Policy Review

- 12.1 This policy will be reviewed on a regular basis 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.