



# **Pendle Borough Council**

## **Reduction in Council Tax Liability**

### **S13A (1) (c) Local Government Act 1992 Policy**

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## 1.0 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 basically divided into three main 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) **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) **Granting of 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 other than in respect of (a) and (b) above.

## 2.0 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**

(1) The amount of council tax which a person is liable to pay in respect of any chargeable dwelling and any day;

(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 (Support) under the Council's scheme. This is a general power that has always been available to the Council.

### 3.0 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.

### 4.0 The Council Tax Hardship Fund (COVID-19)

- 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<sup>th</sup> 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 (Support) 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 awards for working age applications are reduced by 20% 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 £150 will be credited to the Council Tax account of all working age applicants who are in receipt of Council Tax Reduction (Support) on 1<sup>st</sup> 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 (Support) on 1<sup>st</sup> April 2020 but subsequently becomes entitled, or in such other cases where any taxpayer is experiencing hardship due to the COVID-19 crisis, an application for assistance may be made to the Council. In such cases, the Council will either contact the taxpayer directly (on receipt of a new claim for CTR) or will accept applications directly from taxpayers.

4.7 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).

## 5.0 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.

## 6.0 Applications for S13A (1) (c) reduction in other cases

- 6.1 Where the Council receives an application for a reduction in liability in any other case (other than listed within the Central Government sponsored schemes specified above), all applications will be treated on their individual merits.
- 6.2 Application forms will be provided to customers, upon request (Appendix 1). The form will also be made available on the Council's website. It is the applicant's responsibility to complete and submit the application form together with all supporting evidence.
- 6.3 Where information or evidence requested has not been received within one calendar month of the application being submitted, the Council will determine the application on the basis of the evidence and information in its possession. The Council may refuse to award discount where the lack of this information and evidence renders the Council unable to make an informed decision regarding the applicant's circumstances.
- 6.4 When determining an application under these provisions, consideration will be given as to whether:
- The applicant has explored entitlement to Council Tax Reduction (Support), discounts or exemptions; this must have been done prior to an application being made;
  - There is evidence of hardship or personal circumstances that justify a reduction in Council Tax Liability;
  - The application has been made as a last resort and which will only be granted in **exceptional or unforeseen circumstances** that threaten a taxpayer's ability to discharge their liability for council tax and may threaten their ability to stay in their home;
  - The Council Taxpayer has access to assets or savings above the limits set by Government for other welfare benefits (as where this is the case these assets could be realised and used to pay Council Tax); and
  - The Council Tax account is in arrears. Where the account is in arrears the Council must be satisfied that non-payment was not due to wilful refusal or culpable neglect to pay the tax.

Other considerations will include:

- The applicant's Council Tax payment history;
- There is a financial implication to awarding discounts under S13A as the Council has to fund the cost of all awards from its own or government resources. Therefore, awards must meet the underlying principle of representing value for money for all local Council Taxpayers; and



- Whether applicants in receipt of Housing Benefit and Council Tax Reduction (Support) have applied for assistance under the Discretionary Housing Payments scheme.
- 6.5 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.

## **7.0 Awards of the Reduction**

- 7.1 In deciding whether to make a Section 13A(1)(c) award, the Council will have regard to the applicant's circumstances. As a result, applicants may be asked to supply reasonable supporting evidence. This may include, but is not limited to:
- Income & expenditure statements including details of any savings or capital;
  - Utility and household bills;
  - Medical evidence; and
  - Sources of credit such as credit cards, loan arrangements and overdraft facilities.
- 7.2 The amount of relief to be awarded will be at the Council's discretion and will take into consideration the amount of debt and the extent to which the award criteria are met.

## **8.0 Delegated Powers**

- 8.1 This S13A (1) (c) policy has been approved by the Council. However, the S151 Officer 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.

## **9.0 Notification**

- 9.1 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.
- 9.2 In all other cases, the Council will issue a written decision letter to the applicant within 14 days of the request or as soon as practicable thereafter. This will include:
- the level of the award, if relevant;
  - full reasons for the decision;
  - how it will be paid; and
  - information about how to ask for a review of the decision.

## **10.0 Review of Decisions**

- 10.1 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 21 days of the decision letter.
- 10.2 The review request must:
- be signed by the applicant or their representative; and
  - include full reasons why the review has been requested.
- 10.3 The Council shall undertake the review and shall respond within two months (in accordance with legislation) and will have regard to any further evidence supplied.
- 10.4 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. The Tribunal will consider these appeals on their merits and is not restricted to inquiring whether the billing authority has exercised its discretion lawfully and reasonably. The Tribunal may substitute its view for that of the Authority.

## **11.0 Duration of Reduction**

- 11.1 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.

## **12.0 Changes in circumstances and misrepresentation**

- 12.1 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
- 12.2 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.
- 12.3 Reductions in liability are not transferable following a change in address.
- 12.4 The Council reserves the right to recover any reductions in liability as a result of a change in legislation or regulation.
- 12.5 As a public body spending public money, the Council has a zero-tolerance policy towards fraud in all its forms. An applicant who tries to fraudulently claim a reduction may commit an offence under the Fraud Act 2006. If the Council suspects that fraud may have occurred, the matter will be investigated as appropriate and this could result in criminal proceedings.

## **13.0 Equalities Statement**

- 13.1 The Council is committed to equality and fairness. Equality is about ensuring that people are treated fairly and given fair chances. It is also about ensuring that people receive fair outcomes in the standard of service they receive from the Council. This incorporates everyone, regardless of their race, gender, age, religion or beliefs, sexual orientation and/or disability.

## **14.0 Policy Review**

- 14.1 The policy will be reviewed annually, or sooner if appropriate, to take account of operational adjustments and or changes to legislation.

## Appendix 1

### Section 1: Your details

Your Council Tax reference number (if you know it):

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Your Title:

Your surname:

Your first name(s):

Your date of birth:

Your full address:

--

Postcode:

Preferred telephone number:

Email address:

--

Address of property for which this reduction is being applied:

--

Postcode:

Postcode:

**If someone else is helping you with this form, please give their details:**

Their surname:

Their first name(s):

--

Their full address:

--

Postcode:

Their preferred telephone number:

Relationship to you:

--

### Section 2: about your current circumstances

To help us make a decision we need information about your current financial circumstances and what in particular has caused you hardship. For each answer, if you have any documents to support the information you have provided, please provide it with this form. Originals will be returned to you. Please answer each question with as much detail as you can.

Do you own any other properties? If so please provide the addresses:

--

Have you applied for Council Tax Support, if not, why not?

--

Is the property undergoing any major structural renovations?

--

Is the property occupied? If not by you, please provide the occupant's details:

What are the current circumstances which are causing you hardship?

How long do you expect these circumstances to continue?

What have you done to improve this situation?

Are you receiving financial assistance from any other source? If yes, please provide full details:

Please provide any additional information you think will support your claim:

### ***Section 3: statement of income and expenditure***

Please provide details of all people living with you:

Name	Date of Birth	Relationship to you

Please provide details of all income for you and your partner if you have one:

Type of income	You: £ per month	Your partner: £ per month
Wages		
Job seeker's allowance (JSA)		
Employment Support Allowance (ESA)		
Incapacity Benefit		
Income Support		
Working Tax Credits		
Child Tax Credits		
Child Benefit		
Pension Credit		
Saving Credit		
Maintenance payments		
Disability Living Allowance		
Universal Credit		
Any other income		

***Please provide proof of all income listed above.***

Please provide details of all expenditure for you and your partner combined if you have one:

Type of expenditure	Amount per month
Rent/Mortgage	
Council Tax	
Water Rates	
Gas	
Electricity	
Food/household expenses	

TV Licence	
Building and Contents insurance	
Telephone bills (including all mobile phones)	
Sky or cable television	
Internet or broadband	
Car payments	
Car insurance	
Petrol	
Other travel expenses	
Medication	
Clothing	
Credit cards	
Loans	
Store cards	
Hire purchase agreements	
Socialising (including cigarettes)	
Child care	
Child maintenance	
Student loans	
Any other insurance (inc. life, ill health etc.)	
Any other expenditure (please specify below)	
1.	
2.	
3.	
4.	
<b>Total Expenditure:</b>	£

***Section 4: Declaration by Applicant***

I declare that the information I have given on this form is true and correct. I understand that I may be prosecuted if I try to get a Council Tax Hardship Reduction / Relief dishonestly. I authorise Pendle Borough Council to make the enquiries necessary to verify the details I have given on this form.

Your signature:	
Date	