

## **Council Tax Hardship Scheme**

### **Introduction**

Council tax hardship awards are included in Section 13A Local Government Finance Act 1992 as amended by Local Government Act 2003, section 76.

Section 76 gives Councils the authority to make a discretionary payment of council tax where it is satisfied that the taxpayer would sustain exceptional hardship if it did not do so.

The granting of a hardship payment is wholly discretionary and the only requirement being that the council must consider every case on its merits. Guidance to officers exercising this discretion is that reduction or remission of council tax on grounds of hardship should be the exception rather than the rule.

Other ways of reducing or remitting the council tax must be considered. Relief is not to be granted where the amount is outstanding as a result of wilful refusal or culpable neglect on the part of the taxpayer.

Relief is not to 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.

The policy adopted is restrictive, it specifies the maximum amount of relief that can be given to any taxpayer and takes into account the fact that no specific budget exists to fund the relief.

### **What is hardship for the purposes of this scheme?**

The legislation does not give a firm definition of hardship however the following is to be adopted.

- a) the taxpayer has been adversely affected by a natural disaster which renders the dwelling uninhabitable for example flooding, fire or subsidence; and
- b) the taxpayer can satisfy the billing authority that they are not able to meet their full Council Tax liability or part of their liability.

- c) the taxpayer can demonstrate that all reasonable steps have been taken to meet their full Council Tax liability including applications for alternative lines of credit and benefit
- d) the taxpayer can prove that the current circumstances are unlikely to improve in the following 12 months making payment of the Council Tax impossible.
- e) the taxpayer has no visible realisable assets, does not own property, is not in employment and has no other funding except for that available through public funds
- f) enforced payment of their full council tax liability would result in severe hardship as defined by insufficient money being available for basic needs such as food or medical prescriptions.
- g) Council tax hardship awards will be capped to a maximum award to the equivalent band D charge for the financial year in which the application was received.
- h) Council tax hardship awards will be granted only on the basis that money is available in the relevant revenue budget for the financial year in which an application is received.
- i) **Temporarily, additional council tax hardship awards will be granted in accordance with Government guidance and the Councils delegated decision to support people in financial difficulty as a result of COVID-19.**

## **FINANCIAL CONSIDERATIONS**

- a) 100% of the cost of any reduction or remission of council tax is borne by local taxpayers. The costs are therefore met by reducing the tax base and increasing the council tax paid by other residents.
- b) There is no specific budget provision and as stated above the cost of all council tax hardship awards are borne by Newcastle City Council.
- c) **Additional funding for 2020/21 has been provided to specifically support people in financial difficulty as a result of COVID-19.**

## **Purpose & criteria of policy**

The aim of this policy is to ensure all taxpayers making applications for this relief are treated in a fair, consistent and equal manner.

This policy;

- a) Sets guidelines for the factors that should be considered when deciding to award or refuse relief

- b) Establishes a framework to ensure applications are dealt with in an efficient manner
- c) Sets out the delegated authority to award relief in appropriate circumstances
- d) Establishes an appeals procedure for claimants that are dissatisfied with the Council decision.
- e) Seeks to safeguard the interest of local taxpayers by ensuring that funds allocated for the award of Council Tax hardship relief are used in the most effective and economic way.

### **Application process**

Applicants liable for council tax should submit a written request and return it with:

- The main reason for applying;
- Their income and expenditure;
- Evidence to support their claim;
- Contact details;

For council tax hardship awards which are granted in accordance with Government guidance and the Councils delegated decision to support people in financial difficulty, as a result of COVID-19, in these circumstances an application is not necessary.

### **Purpose of scheme**

The scheme's aim is to award relief towards council tax payable by the applicant who is suffering financial hardship.

The award may be all of the council tax outstanding, if this is less than the relevant band D charge for the year in which the application was received, or a percentage of the total council tax outstanding, but relief must not exceed the stated band D equivalent figure for the year in question.

Awards in excess of band D charges can be made to those people specifically affected by COVID-19 only.

### **Award arrangements**

These powers are exercised as part of the delegation to the Revenues & Benefits Managers within the Council's charter.

### **Disputes and review process**

A request for review may only be made by the original applicant. Reviews will be considered by the Revenues, Benefits and Exchequer Service Manager.

This review process does not affect a taxpayer's legal rights.

Each application will be considered individually on its merit.

**Action to recover unpaid council tax whilst a decision is pending**

Receipt of an application for relief will not negate in any way the taxpayer's obligation to pay the council tax as demanded.