

## **Appendix 14: Council Tax Reduction Scheme 2021/22**

### **Council Tax Reduction Scheme**

The Government announced as part of the Spending Review in 2010, that it would localise support for Council Tax from 2013/14. Councils were required to establish local Council Tax Reduction schemes (CTRS) to be implemented on 1 April 2013. CTRS was referred to locally as Council Tax Support (CTS) and more recently as Council Tax Reduction (CTR).

The new scheme for 2020/21 saw a move to an income-based grid scheme (also commonly referred to as a banded scheme) without the complexities of a full means test required by our previous scheme.

The Council currently provides Council Tax Reduction (CTR) to around 14,360 claimants, of which 8,560 are of working age. Residents who are of state pension age (a minimum 66 years of age for both men and women) are protected under the Government scheme, in that the calculation of the support they receive is set by Central Government. For working age applicants however, the Council Tax Reduction they receive is determined by the Local Authority.

We last consulted on our Council Tax Reduction Scheme in the autumn of 2019. The new scheme for 2020/21 saw a move to an income-based grid scheme (also commonly referred to as a banded scheme). The scheme aimed to rebalance the distribution of the available funding to ensure that the most financially deprived customers received a greater level of support than the previous scheme allowed. The scheme was approved at the Full Council meeting of 23 January 2020 - minute 57 (d) (a) (Council Tax Support Scheme).

There were three main drivers for proposing changes to our local scheme from April 2020 and these were:

- The need to redistribute the funding available so that the most financially deprived receive the help they need.
- The introduction of Full-Service Universal Credit in the borough from November 2018.
- The need to simplify the scheme so customers are able to understand it.

The Covid-19 pandemic has brought many challenges to our residents including financial changes which makes analysing the impact of the CTR scheme from April 2020 difficult.

The Council Tax collection rates for working age residents who have been in receipt of CTR are 0.39% lower at the end of November 2020 (52.28%) compared to the end of November 2019 (52.67%).

However the non CTR customer collection rate has decreased by 2.48% when comparing the same period (73.37% v 70.89%). As the collection rate for customers in receipt of CTR has not decreased as much as our non CTR customers, it would suggest that the changes to the policy from April 2020 have not adversely affected the most financially vulnerable residents.

The Council Tax Reduction Hardship Assistance policy has also assisted those residents who needed extra financial help to adjust to the changes or those working age recipients of CTR who require extra assistance.

Another contributory factor in helping the most financially vulnerable in 2020/21 is the Covid-19 Council Tax Hardship grant provided by the Ministry of Housing, Communities and Local

Government (MHCLG). We have used this grant to reduce the Council Tax liability of working age customers by up to £150. For some working age customers i.e. those who receive 90% CTR under our new scheme have received 100% assistance with their Council Tax in 2020/21.

The MHCLG is making available a £670 million Council Tax Support fund to Local Authorities for 2021/22, with Telford & Wrekin Council due to receive £1.739 million (subject to final confirmation). MHCLG have indicated that it is not another hardship fund but is in recognition of the anticipated extra cost of Local Council Tax Reduction schemes due to higher unemployment as a result of the pandemic.

As there have been no major changes in Government Policy we are not proposing any local changes to the scheme for 2021/22 except for the up-rating of amounts within the income grid. The scheme will take effect from 1 April 2021 and is attached as Appendix 14A.

A full Equality Impact Assessment of the proposed scheme for 2020/21 was undertaken and has been refreshed for 2021/22.

### **Council Tax Reduction Hardship Scheme**

Since 2013 a Council Tax Reduction Hardship Assistance fund has been approved each year by Cabinet which has been invaluable in providing additional support to the most financially vulnerable customers. Within the budget strategy for 2021/22 funding has been identified for the scheme to continue, allowing for additional tailored financial support. The Council Tax Reduction Hardship Assistance Policy is attached as Appendix 14B.

### **Review of the Scheme**

The Council will continue to monitor the impact of the changes to the CTR scheme from April 2020 via Council Tax collection figures and the CTR Hardship applications received. Although the policy has to be considered by Full Council every 12 months it is our intention that the scheme will remain unchanged unless there are technical changes required, or there are any unexpected and unintended consequences resulting from the changes to the proposed new scheme.

### **Appendices**

- |                |   |
|----------------|---|
| Appendix 14A - | Council Tax Reduction Scheme Policy for 2021/21 under S13A (1) (a) and Schedule 1a of the Local Government Finance Act 1992 can be downloaded at <a href="http://www.telford.gov.uk/CTR202122">www.telford.gov.uk/CTR202122</a> |
| Appendix 14B - | Council Tax Reduction Hardship Assistance Policy from April 2020.   |



# **Telford & Wrekin Council**

## **Council Tax Reduction Hardship Assistance Policy**

**Effective from 1 April 2020**

## **1. Introduction and aim of policy**

This policy applies to all applications for Council Tax Reduction Hardship Assistance (CTRHA).

From 1 April 2013 Council Tax Benefit was abolished and replaced by local schemes designed individually by Local Authorities. From 1 April 2020, the Telford & Wrekin scheme will be called Council Tax Reduction.

As part of this Council's Council Tax Reduction scheme a cash limited fund is available to provide Council Tax Reduction Hardship Assistance to aid and assist the most impoverished individuals and families.

The aim of the policy is to ensure that the funding is used in the most appropriate way to provide additional financial assistance with their Council Tax liability to the most vulnerable customers who, without it, are likely to experience financial hardship and increased levels of unmanageable debt.

We have a duty to act fairly, reasonably and consistently. This policy gives the outline of when a CTRHA award will and will not be granted.

## **2. Operation of the scheme**

Procedural requirements dictate that, in every case, the applicant must complete the appropriate CTRHA application form giving details of income and expenditure to show that they require further help with their Council Tax costs. When an applicant has difficulty completing the application then assistance will either be given over the telephone, at an office based appointment or through a home visit.

The Council will use any other available information, including information collected on any Housing Benefit, Council Tax Reduction or Universal Credit award details when considering the claim for CTRHA. However, the applicant should provide such available evidence as necessary in support of their claim, for example, a letter from a doctor, evidence of necessary exceptional expenditure, etc. We may request further evidence in support of the application.

A decision maker will speak with the applicant where it is deemed the applicant will benefit from further advice or additional information is required. This may be during a home visit, office interview or via telephone. The purpose of this conversation will be to give the applicant the opportunity to discuss fully their reasons for their application and will allow for the decision maker to consider income, expenditure and family circumstances. This method of approach has two distinct advantages;

- It enables us to gather as much information as possible to assist with the final decision making process. In doing so it will identify possible entitlement to other welfare benefits or services which the applicant is entitled to which may improve their financial situation.
- It will enable the officer to identify areas and recommend steps that the applicant can take to improve and alleviate their hardship immediately or during the award.

In both the above scenarios a successful award of another benefit, or action that the customer can take themselves, should help improve their financial situation and will

reduce or negate the need for a CTRHA award meaning that extremely limited funds available within the scheme can be diverted to other cases of hardship.

There may be occasions where it may be deemed unnecessary to speak with the applicant including where there is a short term need because a known change, such as the award of an age-related benefit or change in household, will end the need for assistance or where another officer of the Council e.g. social worker or partner organisation e.g. CAB is providing support and advice to the applicant.

The amount and duration of the award is at the discretion of officers from the Benefits Service with delegated responsibility for this function. However an applicant cannot receive a greater amount of CTRHA award than the shortfall in the daily Council Tax liability after taking into account any Council Tax Reduction entitlement. The exception to this is one off lump sum costs to clear previous year debts where the amount of shortfall does not determine the amount of the lump sum payment.

The expenditure on CTRHA will be monitored closely. Each month, expenditure will be reported within the Welfare Services monthly update.

### **3. Factors to Consider**

#### **Conditions that must be met for Council Tax Reduction Hardship Assistance**

For a CTRHA award to be considered the applicant must:-

- Be entitled to Council Tax Reduction, or would have been entitled if they were not subject to the Governments Benefit Cap (£384.62 per week for couples and/or families, £257.69 per week for single customers); or was entitled to Council Tax Reduction in 2019/20 but changes to the scheme from April 2020 have resulted in no entitlement;
- Have a Council Tax liability; and
- Require further assistance with the shortfall between the daily amount of Council Tax charged and the daily amount of Council Tax Reduction they are entitled to.

#### **Council Tax Reduction Hardship Fund cannot pay for the following:**

- Clearing Council Tax balances caused as a result of a fraudulently claimed discount or exemption
- Council Tax penalties, sanctions, or suspensions;
- Charges incurred as a result of action taken to recover overdue Council Tax, such as liability orders, court costs, fines etc.

The Council recognises that changes to the Council Tax Reduction Scheme from April 2020, in particular the removal of the protected scheme, will have an impact on residents and there will be a need to provide some residents with additional financial assistance whilst they adjust their finances.

Consideration will be given to applications from ex-armed Forces Personnel, as part of the Council's commitment to the Armed Forces Covenant, where additional help is

likely to increase the chance that they will be able to sustain a stable and secure home.

A direct contact will be made with those who are in receipt of a War Disablement or War Widows / Widowers Pension and who have been affected by the removal of the protected scheme from April 2020, to invite an application for Council Tax Hardship Assistance. Whilst *all* income is usually taken into account when calculating entitlement to Council Tax Reduction Hardship Assistance War Disablement and War Widows / Widowers Pensions will not be included within the calculation of household income in recognition of the special circumstances that the payment is made under.

## **4. Decision Making**

Whilst recognising the need for individual consideration of the circumstances of each case, consistency is also important. Each case needs to be looked at on its own merits and all customers need to be treated equitably and fairly when the scheme is administered. We therefore need to consider in each case:

- If the applicant is entitled to any other welfare benefits that they are not currently claiming.
- If the applicant is entitled to any other Council Tax exemptions that could reduce the amount of their liability e.g. Disabled Band Relief.
- The financial, medical or social needs and circumstances of the applicant, their partner and any other persons in the household.
- The income and expenditure of the applicant and other members of the applicant's household.
- The amount of any savings and capital held by the applicant and other members of the applicant's household.
- Any exceptional circumstances such as, the ill health or disability of the applicant or a member of the applicant's household. Examples include the need for an extra room because of a health problem affecting a member of the household, a requirement for the household to live where they do because of the need for access to medical or support services, specific extra health-related expenses such as non-prescription medicine and the nature of a health problem means the choice of housing is restricted either temporarily or permanently.
- The level of debt of the applicant and family and options to re-negotiate non-priority debts.
- The possible impact of not making such an award, e.g. the addition of further costs, or inability to meet other demands
- The probable consequences of council tax arrears for the applicant or family members, especially if any of them are vulnerable by reason of age, sickness or disability.
- Any other special circumstances

**Examples of the kind of situations where further help may be given include:**

- Where there has been a significant change in the applicants and/or family circumstances which means the Council Tax charge is no longer affordable.
- Where there are significant debt issues.
- An unexpected crisis that has had an impact on finances.
- Where a change in the annual Council Tax Scheme has resulted in a reduction in entitlement and the applicant needs a period of time to adjust their finances to be able to afford their liability.

**These are only examples - the list is neither exhaustive nor prescriptive**

The decision maker will not normally award CTRHA in cases where the applicant has demonstrated they have sufficient surplus income or capital to be able to meet their Council Tax liability themselves.

The authorised decision maker decides how much to award based on all the circumstances. This may be any amount up to the difference between the weekly Council Tax liability and Council Tax Reduction entitled to.

## 5. Period of award

The duration and level of CTRHA award will be determined individually for each customer by the decision maker. CTRHA awards are only intended to be short term awards due to the limited fund available. It is not intended that the fund will be a long-term solution to changes in the Council Tax Reduction Scheme. In determining the period of award, examples are given below of the types of factors that may be appropriate for consideration;

- To allow a reasonable timeframe for the applicant to take steps to ease their financial hardship for example the date a contract for non-essential expenditure ends or to allow time for a debt re-payment plan to be entered into.
- If there is a known change e.g. when a debt is due to be paid off, or when a claim for another welfare benefit is likely to be decided.
- If there is a known change to the household and when that is likely to happen.

Where possible we aim for a decision to be made within 14 days of receipt of all relevant information. If the claim is successful, CTRHA awards will be made direct to the relevant Council Tax account.

The amount of any CTRHA award is entirely at the discretion of the delegated officers from the Benefit Service. A successful claim **does not** imply that a further award will be made at a later date, even if the applicant's circumstances have not changed.

The start date of a CTRHA award will usually be the most appropriate of:

- The day the Council receives the relevant claim; or
- The day of a relevant change in circumstances giving rise to the need for the CTRHA award.

However the decision maker may decide that a different date is appropriate based on the particular circumstances of the claim. Due to the expected pressure on the CTRHA fund, a claim will not usually be backdated more than 3 months although, where someone is at risk, then backdated awards may be made which cover the

period of Council Tax arrears. In such cases, some Council Tax Reduction must have been in payment for the period concerned or would have been in payment had it not been for the changes to the Council Tax Reduction Scheme from April 2020. Claims may be made in advance of a change in legislation.

Most awards will be short term awards, typically not more than 4-6 months, however the length may vary depending on the customer's circumstances.

When CTRHA period comes to an end, if a customer wishes to reapply they will usually be required to complete a further application or review form to renew their award. It may be possible to extend an existing CTRHA period for up to eight weeks if the customer has confirmed their circumstances have not changed but whose circumstances are likely to change within the next eight weeks e.g. have been offered a job, moving house, a known change in income etc.

Where a customer has not taken steps to ease their own financial circumstances, for example;

- they have not taken steps to apply for additional income that may be available; or
- have not reduced or have increased non-essential expenditure;

then further applications are likely to be refused. A further award may be made if there is a commitment from the applicant they will take steps to ease their financial circumstances. If, after two periods of award, the customer has not taken the advice given in previous awards it is unlikely that a future award will be made.

A previous successful award does not guarantee that subsequent awards will be granted.

## **6. Notification**

The Benefits Service will notify the customer of the outcome of their application within 3 working days of making the decision.

Where the application is successful, the notification will advise:

- the amount of CTRHA award granted, if any
- the period of the award
- the requirement to report any relevant change
- recommendations of the steps that the applicant may take during the period of the award to resolve or improve their personal situation

Where the application is unsuccessful, the notification will state clearly the reasons for the decision.

All notifications of decisions on claims shall offer the opportunity for the customer to seek a review of the decision made.

## **7. Changes in circumstances**

It remains the duty of the applicant to notify the Benefit Service of any change in circumstance that may be relevant to the continuation of their CTRHA award.

A CTRHA award may be revised where the applicant's circumstances have changed. Incorrect awards of CTRHA can be recovered where the payment has

been made as a result of a misrepresentation or failure to disclose a material fact or as a result of an error. The Council will normally recover a CTRHA award where the applicant's own actions contributed towards the overpayment and recovery of the award would enable us to reallocate those sums within the current financial year. However, we will consider the circumstances of each overpayment on its merits, being mindful of the impact that recovery may have on the ongoing financial vulnerability of the applicant.

Incorrect CTRHA awards may be recovered via the person's Council Tax account.

### **Fraudulent claims**

The Benefit Service is committed to the fight against fraud. Any applicant who tries to fraudulently claim a CTRHA by providing a false statement or evidence in support of their application may be liable for prosecution.

## **8. Officer Roles**

**Decision Maker** (Discretionary Awards Officer or equivalent) – will where appropriate speak with the applicant, either over the phone, in the applicant's home or arrange an office based meeting. They will consider all the information available to them and calculate whether the customer can afford the shortfall between their Council Tax Reduction and their Council Tax liability. The decision maker will also give advice on how the customer can ease their own financial circumstances.

The Decision Maker will decide whether to make an award and the length of any award. They will write to the applicant detailing their decision.

The Service Delivery Manager with responsibility for Benefit and Welfare Services has the authority to delegate decision making powers to another suitably experienced officer if there should be a need.

**Appeal Officer** – any appeals received will be decided by the Quality Assurance and Appeals Team.

The Service Delivery Manager has the authority to delegate this function to another suitably experienced officer.

## **9. Appeals**

CTRHA are not payments of Housing Benefit or Council Tax Reduction and are therefore not subject to the statutory appeals mechanism, although the route of Judicial Review is available. The Benefits Service will operate the following policy for dealing with appeals against any decision on a claim: –

- A applicant, or person acting on their behalf, may request a review of the decision. A request for a review shall be made in writing and must be delivered to the council by any method which is acceptable for a CTRHA claim. Any request for a review must be made within one calendar month of the customer being notified of the decision.

- The decision will be reviewed internally by the Quality Assurance and Appeals Team, who will not have been responsible for the original decision, and they will issue their written decision.
- Where the designated Officer carrying out the internal review decides not to revise the original decision, they will notify the appellant of the outcome of the review, setting out the reasons for confirming the original decision.
- In exceptional circumstances only, officers may extend the time limit for a review to be requested.

## **10. Publicity**

The Benefits Service will seek the co-operation of all teams within the Council, landlords and voluntary sector organisations to ensure publicity is suitably targeted to ensure it is those who are most in need that apply for the extra assistance.

## **11. Addendum for 2021/22 Only**

In response to the Covid-19 pandemic the Ministry of Housing, Communities and Local Government (MHCLG) has provided Councils with a Council Tax Support Grant for 2021/22. Unlike the Council Tax Covid-19 Hardship fund provided for 2020/21 which was prescriptive in its expectations the funding is not ring-fenced. It has been provided to contribute towards the cost of expected increases in working age Council Tax Reduction caseload. There is no expectation that an individual's Council Tax will be further discounted.

The Council however will use some of the funding to give a one-off further reduction of £100 to the Council Tax liability of working age Council Tax Reduction customers who are entitled to Council Tax Reduction on 1 April 2021.

Where possible the Council will apply the deduction to the annual Council Tax bill for 2021/22. The following principles will be followed:

- A further reduction of the annual council tax bill of up to £100 will be made for the financial year 2021-22 for customers in receipt of working age Council Tax Reduction on 1 April 2021.
- Where a taxpayer's liability for 2021-22, following the application of relevant discounts including Council Tax Reduction, is less than £100, then their liability will be reduced to nil. Where a taxpayer's liability for 2021-22 is nil, no reduction to the council tax bill will be available.
- There is no need for a recipient of Council Tax Reduction to make a separate claim for the £100 reduction and it will be applied automatically.
- Whether or not a taxpayer has been affected by COVID-19, directly or indirectly, will not be taken into account in assessing eligibility for the reduction.
- Where individuals are jointly and severally liable for Council Tax and one or more of the individuals are entitled to working age Council Tax Reduction a

reduction of up to £100 will be applied to the liability of the whole property (regardless of how many of the individuals are in receipt of Council Tax Reduction).