



PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	18 JUNE 2015
REPORT OF THE:	FINANCE MANAGER (s151) PETER JOHNSON
TITLE OF REPORT:	COUNCIL TAX DISCRETIONARY RELIEF POLICY
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 This report sets out the Council's proposed framework for delivering its powers to grant discretionary relief to reduce council tax under provisions set out in Section 13A (1) (c) of the Local Government Finance Act 1992.

2.0 RECOMMENDATION(S)

- 2.1 It is recommended that:

- (i) Approval be given to introduce the attached Council Tax Discretionary Relief Policy (Appendix A), incorporating powers to grant relief under section 13A(1)(c) of the Local Government Finance Act 1992.
- (ii) Delegated authority be given to the Finance Manager to determine such applications for Council Tax Discretionary Relief where they relate to cases of exceptional hardship.
- (iii) Agree that application of Council Tax Discretionary Relief to a class of case is determined by the Policy and Resources Committee, the application of the relief is then delegated to the Finance Manager as under (ii)

3.0 REASON FOR RECOMMENDATION(S)

- 3.1 Section 2(7) of Schedule 1A to the Local Government Finance Act 1992 Act (inserted by Sched. 4 to the 2012 Act) requires that a council tax reduction scheme "must state the procedure by which a person can apply to the authority for a reduction under section 13A(1)(c)".

4.0 SIGNIFICANT RISKS

- 4.1 Any award of a discount under Section 13A (1) (c) is funded entirely at the Council's cost. Members agreed to contribute £6k to a Council Tax Support Hardship Fund when setting the 2013/14 budget.
- 4.2 There have been no awards under Section 13A (1) (c) (formerly Section 13A) since November 2005. People who were potential recipients have received alternative help such as Council Tax Benefit/Support, exemptions, discounts, or Discretionary Housing Payments.

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 The award of Section 13A (1) (c) reductions as outlined in this report is most closely linked with the corporate aim of Active Safe Communities. Consultation takes place on an annual basis regarding the Local Council Tax Support Scheme.

REPORT

6.0 REPORT DETAILS

- 6.1 Councils can reduce the amount of council tax payable by granting locally defined discounts under provisions contained in Section 13A of the Local Government Finance Act 1992. Section 13A(1)(c) allows for a discretionary reduction which can be used in relation to any individual case or by determining a class of case for which the charge should be reduced. The discount must be funded from the Council's Revenue Budget (General Fund) and can amount to anything up to 100% of the council tax charge.
- 6.2 The Council has not had cause to consider granting discretionary discount for any individual case and does not currently have a policy for doing so.
- 6.3 This Authorities Council Tax Reduction Scheme limits support to working age claimants to a maximum of 91.5% of Council Tax liability, the Authority may receive individual discretionary relief referrals. To enable the Council to administer and determine these potential referrals the Council needs to introduce clear guidelines under which individual requests for discretionary relief can be determined.
- 6.4 Powers granted under Section 13A allow the billing authority to reduce the Council Tax payable either for specific classes of cases, as determined by the billing authority, or for individual cases. The billing authority has the power to either reduce or cancel the Council Tax payable.
- 6.5 The intent behind this legislation was to allow billing authorities to create local discounts or exemptions to cater for local circumstances, for example flooding.
- 6.6 The Local Government Act 2012 inserted a new section 13A in the Local Government Finance Act 1992, and this creates two discounts:
- (i) Local Council Tax Support schemes under 13A(1) (a) and (b); and
 - (ii) 13A(1)(c) which is effectively the original 13A discounts that we can use to increase reductions already given under our Local Council Tax Support schemes.

- 6.7 The implications under 13A(1) (a) and (b) are considered and agreed by Full Council on an annual basis when deciding the Local Council Tax Support scheme to replace Council Tax Benefit from 1 April 2013.
- 6.8 The Collection Fund (Council Tax Reductions) (England) Directions 2013 legislate that from 1 April 2013, only discretionary discounts under section 13A(1)(c) will continue to be borne solely by Ryedale District Council.

Section 13A(1)(c) Procedures

- 6.9 We currently have 25,033 domestic properties in Ryedale and could therefore receive many applications for reductions. It is not viable for members to consider each individual application. We need to be able to process applications quickly while ensuring consistency in approach and giving due consideration to the financial implications. We must also bear in mind many of the applicants may supply sensitive information they may not wish to be shared.
- 6.10 The system of delegation detailed below should ensure that proper and consistent consideration is given to all applications, the financial implications are considered and that Members have the final say in deciding on creating specific classes of reductions.

Procedure for creating and deciding applications for specific classes of reduction

- 6.11 Where the Section 151 Officer in conjunction with the Chair of Policy and Resources Committee decide that consideration should be given to creating a specific class of reduction a recommendation will be made to the Policy and Resources Committee. The Policy and Resources Committee will have the delegated power to create, amend or cancel any specific class of reduction.
- 6.12 Once a specific class of reduction has been agreed by the Policy and Resources Committee individual applications for that class are to be considered by the Revenues and Benefits Section. The Section 151 Officer will have the delegated power to decide individual applications within an agreed class of reduction.

Procedure for deciding individual one-off applications for reductions

- 6.13 The power to decide individual one-off applications (that is all applications other than those to create a specific class of reduction or for a reduction under a specific class) is delegated to the Section 151 Officer.
- 6.14 The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 set out a prescribed procedure in which an application may be made for a discretionary reduction and this requires the Council to introduce a policy for considering such applications.
- 6.15 The Council will exercise its discretionary power to reduce Council Tax by considering applications in accordance with the attached policy (Appendix A).
- 6.16 Consideration will be given to reducing council tax for an individual applicant where they can show exceptional financial hardship. Each case will need to be considered

on its own merits, taking into account the circumstances of the applicant, although a consistent approach will need to be taken to ensure fairness.

- 6.17 Should the Council identify the need to determine a specific class of case to which discretionary relief should be granted it will bring a separate report to the Policy and Resources Committee for approval.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

- a) Financial
Any relief awarded under Section 13A (1) (c) will be charged in it's entirety to this Council's General Fund. Members agreed to transfer £6k per anum into a Council Tax Hardship Fund when setting the 2013/14 budget. The Council will draw down from this fund to mitigate the cost of any relief awarded.
- b) Legal
There are no legal implications regarding this report.
- c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
Adoption of this policy, as required by legislation, will ensure that all applicants for relief under the terms of this policy are treated equally.

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Background Papers:



Discretionary s13a(c) relief

Introduction

Section 13A of the Local Government Finance Act 1992 (as amended by section 76 of the Local Government Act 2003) gives power to a billing authority as follows:

- (1) Where a person is liable to pay Council Tax in respect of any chargeable dwelling and any day, the billing authority for the area in which the dwelling is situated may reduce the amount which he is liable to pay as respect the dwelling and the day to such extent as it thinks fit.
- (2) The power under subsection (1) above includes power to reduce an amount to nil.
- (3) The power under subsection (1) may be exercised in relation to particular cases or by determining a class of case in which liability is to be reduced to an extent provided by the determination.
- (4) However, the Council will consider claims on individual cases. There are financial implications to awarding any discounts other than those currently available under the statutory legislation and the financial burden of Section 13A discounts has to be met through an increase in the general level of council tax for other payers.

Discretionary Scheme

- There must be evidence of hardship or personal circumstance that justifies a reduction in Council Tax liability.
- The circumstances under consideration may include those outside of the customer's control.
- The customer must not have access to assets or savings that could be realised and used to pay Council Tax.
- The taxpayer must satisfy the council that all reasonable steps have been taken to resolve their situation prior to application.
- Applications will be granted in exceptional circumstances and where other eligible discounts, reliefs, exemptions, Discretionary Housing Payments, Valuation Office/Valuation Tribunal action or appeals have been considered.
- If the Council Tax 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.

How to apply

- An application should relate to the current council tax year, unless the liable person has just received an account following late valuation for a previous year(s).
- The application must be in writing by the taxpayer or by someone authorised to act on their behalf, when the liable person is incapable of applying due to health reasons.
- The Council will request any reasonable evidence including the applicant's financial circumstances (household income and expenditure) in support of an application.

Separate applications must be made in respect of different dwellings and/or council tax accounts. No costs will be borne by the Authority in the provision of this evidence.

- The request must set out the circumstances upon which the application is based and any hardship or personal circumstances concerning why the relief is required.
- Where information or evidence requested has not been received within 21 days 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 lack of this information and evidence does not enable the Council to reach an informed decision regarding the applicant's circumstances.

Decision

- The council will make a decision on the application by delegated authority.
- If relief is granted it will not continue beyond the end of the council tax period for which it is claimed.
- The relief is intended as short-term assistance only and must not be considered as a way of reducing Council Tax long term.
- If there is a change in circumstances which means that it is no longer appropriate for an award to be made, the council may end or adjust the award as appropriate.
- The Council will provide a written notice of its decision to the applicant or their representative within 21 days of receiving sufficient information to make a decision. The decision notice will detail:
 - The amount of the award (if appropriate)
 - The period of the award (if appropriate)
 - Provide details of how the award (if any) will be made
 - Details of how to ask for reconsideration or obtain information about the decision

If you do not agree with our decision

Under Section 16(1)(b) of the Local Government Finance Act 1992, there is a right of appeal if a customer applying for a discretionary reduction under Section 13A is aggrieved by the Council's decision. The appeal must be made in writing to the council tax office and give your reasons for appeal.

The council will then consider whether the customer has provided any additional information against the required criteria that will justify a change to its decision.

If the original decision is upheld and the customer remains aggrieved, or the council does not make a determination within 2 months, there is a further right of appeal to the Valuation Tribunal.