

# **Council Tax Support Discretionary Hardship Payments Scheme Policy Framework**

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# **Discretionary Council Tax Hardship Fund - Policy Framework**

## **Section 1: Introduction**

1.1 In October 2010 the Government published the White paper “Universal Credit: welfare that works”. The White Paper detailed the Government’s proposals for wide-ranging welfare reform which have subsequently been included within the Welfare Reform Act 2012. Included in these proposals was the abolition of Council Tax Benefit from April 2013.

1.2 The Local Government Finance Bill detailed that Local Authorities will have devolved powers to design their own schemes for Council Tax Support for which they would be provided with funding and imposes a duty to have a localised Council Tax Support scheme in place by 31 January 2013.

1.3 The Government department responsible for Localised Council Tax Support funding is the Department for Communities & Local Government (DCLG) and not as previous the Department for Work and Pensions (DWP).

1.4 As a result of a 10% reduction in Government funding, this shortfall in budget places additional pressure on Local Authorities and may mean that a less generous support scheme is produced. As a consequence some citizens of Birmingham may experience financial difficulty in meeting their Council Tax Liability.

1.5 This document sets out the Council’s policy for administering the Discretionary Council Tax Hardship Fund (DCT Hardship Fund) to give Birmingham City Council the discretion to reduce the amount of council tax payable.

## **Section 2: Purpose and Principles of the Scheme**

2.1 The purpose of the Discretionary Council Tax Hardship Payment is to assist those people who will experience financial difficulty as a result of the Council Tax Support scheme.

2.2 This scheme aims to provide short term financial assistance with payment of Council Tax. The objectives being to:

- Alleviate poverty
- Help those who are helping themselves
- Support work incentives
- Supporting the vulnerable

2.3 This scheme is a cash limited discretionary fund to support people to meet their council tax liability where they are able to demonstrate hardship. The test of hardship will be determined by the applicant's individual circumstances and financial ability to make payment.

2.4 The process will be administered by the Benefit Service.

2.5 Each application will be considered on its own merits.

2.7 Where appropriate we will continue to utilise the Council's on-going support mechanisms for debt management, maximising benefit or referrals to specialist advocacy services.

### **Section 3: Discretionary Council Tax Support Hardship Payment.**

3.1 An award of Discretionary Council Tax Hardship payment will be considered to meet the costs of council tax liability where the applicant is able to demonstrate hardship.

3.2 For the purpose of claimants being treated as being in hardship, this is where they cannot meet their immediate basic and essential needs. Basic and essential needs are defined as those listed below, they are in line with Universal Credit regulations but this does not constitute an exhaustive list.

Heating  
Food  
Hygiene

In assessing basic and essential needs we will take into consideration the claimants age, health and status. Expenditure which does not relate to basic and essential needs will not be taken into account when assessing hardship and examples of these items are listed below, however, this is not an exhaustive list;

Rental charges for TV, Satellite and Internet  
Telephone charges for mobile and landline considered unreasonably high  
Credit cards  
Store cards  
Loans, other catalogue debts

Additionally applicants in genuine hardship will also be entitled to apply for assistance under the Council's local welfare provision scheme for help with costs for basics such as food and white goods and the Discretionary Housing Payment scheme for help with accommodation costs.

3.3 The application should relate to current Council Tax Year unless the liable person has recently received a Council Tax Demand for previous year.

3.4 Criteria for applying for Discretionary Council Tax hardship payment are:

- The applicant has an outstanding balance on their council tax liability
- There must be evidence of hardship or personal circumstances that support Discretionary Council Tax Hardship payment
- The applicant has taken reasonable steps to resolve their situation prior to application i.e have made efforts to access alternative source of support, claimed discounts, exemptions and Council Tax Support they may be entitled to.

3.5 Satisfying the condition for applying does not give automatic entitlement to an award. The discretionary nature of this scheme will require consideration of individual circumstances based on supporting information to demonstrate severe hardship.

3.6 An award would be considered to cover the following points detailed below. However, this does not guarantee payment for the full difference up to the Council Tax Liability.

- The shortfall between the amount of daily Council Tax Support or Second Adult Rebate awarded and the daily council tax liability.
- In the case of someone not in receipt of Council Tax Support the award will be up to the amount of daily council tax liability.

3.7 An award cannot be considered to cover the following:

- Court and or Bailiff costs applied to the account
- Charges relating to empty homes that are normally rented out on a commercial basis

3.8 No cash payments will be made. An award of Discretionary Council Tax hardship payment will be credited to the council tax account.

3.9 The assessment criteria for an award of Discretionary Council Tax Hardship payments is to support people suffering from hardship, whether or not they fall into the category of people with greatest need of support.

#### **Section 4: Applications & Processing of claims**

4.1 Applicants for Discretionary Council Tax Hardship Fund may apply in the following way and provide supporting information as necessary to determine the claim.

- Writing, with a form provided free for the purpose
- By means of electronic communication
- By Telephone

4.2 The claim should normally be made by the person liable for council tax. However, a person acting on their behalf, such as an appointee or advocate can

submit an application if the customer is vulnerable and requires support. The applicant must provide their consent in writing in these circumstances.

4.3 Applicants may be notified of the decision for Discretionary Council Tax Hardship payment in the following ways:

- In writing
- By means of electronic communication
- By telephone

4.7 The Benefit Service will aim to process all applications for an award Discretionary Council Tax Hardship Payment within 28 working days.

4.8 An award will be restricted to the amount of daily eligible council tax liability and will be credited to the applicants Council Tax account.

4.9 There will be no limit on the number of applications that can be made for Discretionary Council Tax Hardship payment within a twelve month period. However we will look to restrict any further payment of Discretionary Council Tax for a period that has already been granted.

4.10 An award of Discretionary Council Tax Hardship payment will be recovered if the Council determines that payment was made as a result of misrepresentation/failure to disclose information correctly

4.11 An award of Discretionary Council Tax that we have deemed to have been paid incorrectly will be recovered via a charge to be debited to the Council Tax account.

## **Section 5: Review Process**

5.1 Under the Local Government Finance Act 1992, there is no right of appeal against the Council's use of discretionary powers. The Council will however accept a written request for a review of its decision.

5.2 Such requests must be made in writing to:

Benefit Service  
PO Box 8267  
Birmingham  
B4 7XF

5.3 The applicant will be notified, in writing, of the outcome of the review in one of the following ways:

- In writing
- By means of electronic communication

5.4 The review decision reached by the second officer will be final. There are no rights of appeal

## **Section 6: Financial Constraints and Controls**

6.1 The Discretionary Council Tax fund is cash limited and therefore effective monitoring of the scheme will be in place. This is to ensure applications can be submitted and considered throughout the year and that fair and equitable decisions of awards are made.

6.2 Through regular and effective monitoring we will seek to ensure the Discretionary Council Tax hardship fund is made available to those most in need of support throughout the financial year.

6.3 Birmingham City Council is committed to the fight against fraud. An applicant who attempts to fraudulently claim an award of a Discretionary Council Tax Hardship Payment by falsely declaring their circumstances, may have committed an offence under the Fraud Act 2006.

6.4 Where it is alleged, or the Council suspects that such fraud may have been committed, the matter will be investigated and if fraud is found to have occurred, action will be taken including appropriate criminal proceedings.