

MIDDLESBROUGH COUNCIL

AGENDA ITEM 5

COMMITTEE REPORT

CORPORATE AFFAIRS COMMITTEE

29 JANUARY 2014

LOCALISED SUPPORT FOR COUNCIL TAX EXCEPTIONAL HARDSHIP POLICY

HEAD OF SERVICE : PAUL SLOCOMBE DIRECTOR OF RESOURCES

PURPOSE OF THE REPORT

- 1 The purpose of this report is to seek Council approval to a proposed exceptional hardship policy which forms part of the changes to the Benefit / Council Tax Support schemes and as a consequence, also extend existing officer delegated powers.

BACKGROUND

- 2 As part of the changes to welfare reform, Council Tax Benefit ceased to exist from 31 March 2013. This was replaced with a scheme called Council Tax Reduction (CTR). As a result of the changes, reductions for Council Tax no longer sit within the Benefit scheme but fall under Council Tax regulations.
- 3 Under the previous Council Tax Benefit scheme, Council Tax payers could apply for help with their Council Tax payments through the Discretionary Housing Payment scheme. Payments covered exceptional hardship such as loss / reduction in employment, a change in family circumstances or any other unforeseen event. Awards were at the discretion of the Local Authority and were designed as short term help for the Council Tax payer.
- 4 Due to the Benefit scheme ending, this is no longer an option for Council Tax payers. As a result, the Government has requested all Councils to review their policy to respond to exceptional hardship in a similar way to that which was operated under Discretionary Housing Payments.
- 5 The current Section 13a policy (Appendix A) applies to all Council Tax payers but only covers:-
 - Flood
 - Fire
 - Storm Damage
 - Subsistence
 - Explosion / Major incident

- 6 To be considered for Exceptional Hardship under the new provision, the Council Tax payer must be in receipt of CTR and show continuous hardship for the relevant period whilst also demonstrating one or more of the following: (this list is not exhaustive)
- a sudden change in circumstances such as a loss in employment;
 - a reduction in income due to illness suffered by the liable person or a loss has been incurred, while they care for a dependant;
 - the death of a partner or a dependant;
 - sudden increase in other expenses such as due to a family members illness or incapacity; and/or
 - a disaster in the home such as fire, flood or structural damage which forces the occupants out of the house and into temporary accommodation.
- 7 Exceptional hardship can also occur when living on a very low income. It is difficult to determine when a person on a low income will qualify for additional support through the exceptional hardship fund. However, indicators may include:
- unable to make payments for basic utilities such as water, electricity and heating;
 - receiving notification of court proceedings;
 - consistently exceeding overdraft limits;
 - threat of homelessness;
 - unable to pay for food; or
 - level of income and expenditure of the household.

PROPOSALS

- 8 The proposals to extend the existing policy relating to Section 13a of the Local Government Act 1992 are a requirement laid down by Central Government. The Exceptional Hardship policy is cash limited and is designed for short term help for the Council Tax payer. The proposed scheme will be operated in a similar manner to the previous Discretionary Housing Payment scheme and will be administered by the Revenue Services department in the same way as the existing Section 13a policy. This is included with this report as Appendix B.

FINANCIAL CONSIDERATIONS

- 9 The Council must bear the cost of any relief awarded under Section 13a and the exceptional hardship policy. The number of applications, awards and the monetary value associated with such applications will be closely monitored by Revenue Services and reported at agreed timescales. Any expenditure will be at a level approved by the Director of Resources.
- 10 For the financial year 2013/14, it is anticipated that £140,000 will be spent on assisting Middlesbrough residents with exceptional hardship payments towards their Council Tax which is within the budget allocated for this provision. Any future years expenditure will be considered throughout that financial year, taking into account any further changes to welfare reform.

- 11 An Equality Impact Assessment has been carried out and is included with this report (Appendix C). There are no groups who are adversely affected by the changes to this policy.

RECOMMENDATIONS

- 12 That Council note the contents of this briefing and agree the content of the proposed policy. By agreeing to the implementation of this policy, this will allow the Revenue Services department the ability to consider applications where it is felt financial hardship is being suffered.
- 13 If claims are considered as being in hardship for the financial year 2013/14, it is recommended that any awards are made from 1 April 2013, with claims being accepted by telephone to allow hardship to be granted during this financial year. For any future years, a full written application will be required.
- 14 It is also recommended that the delegated powers of the Director of Resources already in place for Section 13a of the Local Government Act 1992 be extended to encompass the new exceptional hardship policy and that such delegated powers are also extended to the Benefit Manager – Client Unit.

BACKGROUND PAPERS

- 15 No background papers were used in the preparation of this report.

AUTHOR

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