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| <b>Report of:</b>          | <i>Director of Finance – Ian Wright</i>                         |
| <b>Submitted to:</b>       | Executive Member for Environment, Finance and Governance        |
| <b>Date:</b>               | 26 April 2022   |
| <b>Title:</b>              | Section 13A (1) (a) (Exceptional Hardship Fund) Policy          |
| <b>Report for:</b>         | Decision  |
| <b>Status:</b>             | Public  |
| <b>Strategic priority:</b> | Vulnerability   |
| <b>Key decision:</b>       | Yes   |
| <b>Why:</b>                | Decision(s) will have a significant impact in two or more wards |
| <b>Urgent:</b>             | No  |
| <b>Why:</b>                | N/A   |

### **Executive summary**

This report seeks approval to revise the Council's Section 13A (1) (a) Exceptional Hardship Fund policy so that residents who are adversely affected by the Council's recently adopted Council Tax Support (CTS) scheme, and cannot afford the new shortfall in Council Tax, can apply for a payment from this fund.

The proposed decision is that the Executive Member for Environment, Finance and Governance:

- *Approves the amendment to the Section 13A(1)(a) policy (attached)*
- *That delegated authority to approve any future similar schemes or modifications to schemes be provided to the Director of Finance, as Section 151 Officer.*

Now that the Council has adopted its new CTS scheme, there is a legal requirement as outlined under the Local Government Finance Act (LGFA) 1992, Section 13A (1) (a) (as amended) that a policy needs to be in place to ensure support can be given to affected residents..

As part of the CTS scheme, appropriate budget was assigned to provide support for those affected. This has been discussed internally with S151 officer, and other key Finance Officers, and formed part of the consultation with Middlesbrough residents, stakeholders, and partners where it was communicated that the Council would adopt an appropriate scheme.

## **Purpose**

1. This report seeks approval to amend the Council's Section 13A (1) (a) policy, under the Local Government Finance Act (LGFA) 1992 (as amended).

## **Background and relevant information**

2. On 23 February 2022, Full Council approved the Council's revised CTS scheme for working age residents. The new scheme is distinctly different from any of the Council's previous schemes and offers more support for working aged residents who have a low income (an increase from 85% to 90% maximum support).
3. The new scheme is budget neutral there are some residents who will be negatively impacted by the scheme from April 2022.
4. The Council already has an existing Section 13A (1) (a) policy which provides the Council with the power to make discretionary payments to Council Tax payers where hardship can be demonstrated and funds remain available. This updated policy will replace the previous one.
5. Whilst adopting the CTS scheme, the Council consulted Middlesbrough residents, stakeholders, partners, councillors, etc. upon the proposed scheme. The consultation also detailed that an exceptional hardship scheme would be used to help those residents who were unable to afford the additional annual council tax where there entitlement to CTS was reduced or ended. See appendix.
6. The policy covers a number of specific areas including:
  - How to claim
  - Who can claim
  - What the fund can and can't cover
  - Guidelines for consideration
  - Length and payment of awards
  - Changes in circumstance
  - Signposting to further help and support
7. The revised Section 13a policy is attached to this report for consideration and approval.
8. All wards are affected by the proposals put forward in the Council's recently adopted Council Tax Support scheme and the proposed Section 13A (1) (a) policy.

## **What decision(s) are being recommended?**

That the Executive Member for Environment, Finance and Governance:

- *Approves the amendment to the Section 13A(1)(a) policy (attached)*
- *That delegated authority to approve any future similar schemes or modifications to schemes be provided to the Director of Finance, as Section 151 Officer.*

## **Rationale for the recommended decision(s)**

9. It is a legal requirement that the Council has a Section 13A (1) (a) scheme.
10. Under the new CTS scheme, there are a number of residents who are negatively impacted. The policy provides a mechanism for residents who are impacted under the new CTS scheme to apply for an Exceptional Hardship payment.
11. Appropriate budget is available to provide support through the Section 13A (1) (a) policy.

**Other potential decision(s) and why these have not been recommended**

12. No other potential decisions have been recommended as in accordance with Section 13A (1) (a) of the Local Government Finance Act (LGFA) 1992 (as amended), the Council is required to have such a policy.

**Impact(s) of the recommended decision(s)**

***Legal***

13. Full Council, on 23 February 2022 adopted a new Council Tax Support scheme, and as such the Council now needs to amend the Exceptional Hardship policy. In determining the correct governance approach, this is not an amendment to a Full Council determination, which would require the report to be presented to Full Council, but a matter for the Executive to approve under its delegation, as the policy is a bi-product of the scheme and does not affect the Council Tax Scheme as adopted.
14. The legal framework governing this report is Section 13A (1) (a) under the Local Government Finance Act (LGFA) 1992 (as amended). This provides for the Council to have an exceptional hardship policy, and for eligible residents to receive financial support towards their Council Tax account.

***Strategic priorities and risks***

15. The proposed policy will contribute as follows to the Council's strategic plan.

| <b>People</b>   | <b>Place</b> | <b>Business</b>  |
|---|--------------|--|
| <i>Provide working age Council Tax Support recipients with additional financial support in line with government guidance.</i> | <i>NA</i>    | <i>It is important to ensure residents of Middlesbrough who cannot afford to pay their full council tax are able to receive an additional reduction.</i> |

16. This policy will impact positively on the following risks:

- 08-059 Incorrect assumptions in the MTFP;
- 08-075 Reduction in Council Tax Collection;

***Human Rights, Equality and Data Protection***

17. The proposed policy has been implemented in response to the adoption of the Council's new CTS Scheme. In adopting this the council carried out a Level 1 and Level 2 Impact Assessment (shown as an appendix to this report) which referred to the provision of a Section 13A (1) (a) Exceptional Hardship fund. This is designed to mitigate some of the impact on those who have been negatively impacted by the change.

***Financial***

18. The scheme, including the exceptional hardship fund, is anticipated to be cost neutral, and as such the amount allocated will be subject to the available funds.

## Actions to be taken to implement the recommended decision(s)

| Action   | Responsible Officer | Deadline                        |
|--|---------------------|---------------------------------|
| The Section 13A (1) (a) policy will be published on a number of pages on the Council's website.  | Mark Symmonds       | Immediately following approval. |
| Update delegated authority.  | Legal               | Immediately following approval. |
| Training will be rolled out for relevant staff to ensure they are able to support residents to claim the support, and administer awards fairly and consistently within the proposed policy | Mark Symmonds       | Immediately following approval. |

## Appendices

|   |   |
|---|---|
| 1 | Proposed Section 13A (1) (a) Policy                         |
| 2 | Council Tax Support Scheme – Level 1 Impact Assessment      |
| 3 | Council Tax Support Scheme – Level 2 Impact Assessment      |
| 4 | Council Tax Support Scheme – Full Council Report – 23.02.22 |

## Background papers

| Body         | Report title                      | Date             |
|--------------|-----------------------------------|------------------|
| Full Council | Local Council Tax Support 2022/23 | 23 February 2022 |

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