

LONDON BOROUGH OF HACKNEY

POLICY FOR CONSIDERING APPLICATIONS FOR COUNCIL TAX REDUCTION UNDER SECTION 13A OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS AMENDED BY THE LOCAL GOVERNMENT FINANCE ACT 2012

1. Background

1.1 Under Section 13A(1)(c) of the Local Government Finance Act 1992 (as amended), the Council has the power to reduce liability for Council Tax in relation to individual cases or class(es) of cases that it may determine. Specifically,

(a) Where a person is liable to pay council tax in respect of any chargeable dwelling and day, the billing authority for the area in which the dwelling is situated may reduce the amount which s/he is liable to pay in respect of the dwelling and the day to such extent as it thinks fit. This allows for a further reduction where a reduction under council tax support has been applied

(b) The power under subsection (a) above includes the power to reduce an amount to nil

(c) The power under subsection (a) 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.

1.2 The purpose of this policy is to specify how the Council will administer requests for relief from payment of Council Tax and to indicate some of the factors that will be considered when deciding if relief may be granted. Each case will be dealt with strictly on its own merits and all taxpayers will be treated equally and fairly.

1.3 The Council may use its discretion to reduce liability for Council Tax in relation to any individual case or class of case as it thinks fit.

2.0 Statement of Objectives

2.1 There are financial implications to awarding any discounts other than those currently available under the statutory legislation.

2.2 As a consequence, the Council will only consider using its powers to reduce Council Tax liability for any council tax payer if they have exceptional circumstances as set out below or fall into one of the four classes also set out below. Class 1 and 2

meet key Council objectives of mitigating hardship, Class 3 meets a key objective of supporting Young Adults in Need, while Class 4 fulfils the Government's and Council's objectives of helping individuals who may struggle to meet Council Tax Payments due to the consequences related to the COVID 19 pandemic

3.0 Exceptional Circumstances

3.1 The Council will consider reducing the council liability for individuals in exceptional circumstances only and reductions will be intended only as short term assistance and not as a way of reducing Council Tax indefinitely. The Council will treat all applications on their individual merits subject to the following criteria for each case:

- There must be evidence of exceptional financial hardship or exceptional personal circumstances that justify a reduction in council tax liability
- All other legitimate means of resolving the situation have been investigated and exhausted by the applicant. If they have not been it is unlikely that an award will be made.
- All other eligible discounts/reliefs have been awarded
- The customer has applied for Council Tax Support. The localized Council Tax Support scheme exists to ensure that those on low incomes receive financial assistance with their Council Tax
- The Council Tax payer does not have access to other assets that could be used to pay Council Tax
- The Council's finances allow for a reduction to be made
- The situation and reason for the application must be outside of the Council Tax payer's control
- The amount outstanding must not be the result of wilful refusal to pay or culpable neglect

3.2 Relief, which is payable up to a maximum 100% of the council tax liability, will only be granted at the end of the tax period in which the relief is requested or such shorter period as the Council thinks fit.

4.0 Classes of reduction

4.1 In addition to the exceptional hardship cases, there are four classes of discretionary council tax reduction as follows:

Class 1: A discretionary reduction may be awarded to a taxpayer where s/he is forced to leave their main home in Hackney unoccupied due to serious damage caused by external environmental factors beyond their control. It will be awarded for a maximum of 12 months. Examples include flooding and street subsidence. The reduction is payable up to a maximum 100% of the council tax liability,

Class 2: A discretionary reduction may be awarded to a taxpayer where s/he is forced to leave their main home in Hackney as a result of domestic violence (but are still the owner / tenant) and have moved to a second property, potentially leaving them liable for Council Tax on two properties. Any award given to any case may finish at the end of the council tax year that the application relates to. A further application may be needed for future years. The reduction is payable up to a maximum 100% of the council tax liability,

Class 3: A discretionary reduction (Care Leavers reduction) will be awarded to any care leaver formerly in Hackney's care aged 18 to 25, who resides in the borough, and is liable to pay Council Tax to Hackney Council. The reduction will reduce the amount of council tax a care leaver will have to pay, after the deduction of any Council Tax Support and any other national reliefs such as the single person discount; to nil.

During the year a care leaver turns 25, s/he will only receive the reduction for that part of the year s/he is under 25. So the reduction will be equal to:-
Number of Days Care Leaver is under 25 divided by 365; and the result is multiplied by the annual council tax bill after the deduction of CTRS and any other discounts/exemptions

Whilst a care leaver's council tax will be nil throughout the year, the Care Leavers reduction awarded may vary if there are changes to factors which determine the reduction amount such as the amount of council tax support. In the case where a care leaver is jointly liable for the council tax with one or more other persons, the tax bill will be notionally divided equally between all the liable persons and the care leavers reduction will be set equal to his or her share. This is necessary to ensure that the Care Leavers reduction does not fund the tax liability of liable council tax payers who are not care leavers. Further, the Care Leavers reduction will not exceed what the care leaver would receive if s/he was a single person.

The Care Leavers reduction can be made for any period from 1st April 2017 where the care leaver is liable for council tax. Any council tax arrears incurred prior to 1st April 2017, will not be written off and remain subject to recovery.

The scheme will only apply to care leavers paying council tax to Hackney Council and not to care leavers formerly provided with care by the Council who live elsewhere.

To qualify, a care leaver must make an application to the Council for Council Tax Support; and any other national reliefs, exemptions or discounts they would be entitled to, such as the single person discount, will be assessed before the Care Leavers reduction is awarded. In addition, Hackney's Children's Services must have confirmed that the care leaver was in the care of (being 'looked after') the Council.

If subsequent to an award the charge payer's liability for council tax reduces during the period of the award, any Care Leavers reduction in excess of this reduced liability will be an overpayment. The Council may recover this overpayment.

Class 4: A reduction (Covid -19 hardship fund relief) will be awarded to any taxpayer in receipt of working age local council tax support (LCTS) during the 2020-21 financial year.

The reduction will reduce the amount of council tax, which working age LCTS recipients will have to pay after the deduction of any Council Tax Support and any other national reliefs. The liability after the award will be reduced by either £150.00, or where a taxpayer's liability for 2020-21 following the application of Council Tax Support and any other national reliefs such as the single person discount is less than £150.00, then their remaining liability will be reduced to nil.

In the case where a claimant is jointly liable for council tax with one or more other persons (that is not their partner, civil partner or spouse) the tax bill will be notionally divided equally between all the liable persons. The reduction will be set equal to either £150.00 or, where a taxpayer's share of the liability for 2020-21 following the application of council tax support and any other national reliefs is less than £150.00, then their share of the liability for 2020/21 will be reduced to nil. This is to make sure that we do not fund the liability of Council Tax Payers who do not qualify for support under the Hackney Council Tax Reduction Scheme.

The Covid 19 hardship fund reduction will only cover the financial year 2020-21. It cannot be offset against any Council Tax arrears incurred prior to the 1st April 2020. These will not be written off and will remain subject to recovery.

If subsequent to an award the charge payer's liability for council tax reduces during the period of the award, any Covid -19 hardship fund relief in excess of this reduced liability will be an overpayment. The Council may recover this overpayment.

To qualify the individual must be of working age as identified within the parameters of the Council's Council Tax Reduction Scheme and entitled to an award under the scheme during the 2020-21 financial year. There is no need to make a separate application as an award will be automatically granted based on entitlement to Council Tax Support within the financial year.

5.0 Claiming relief under S13A

5.1 Individual requests for reductions in Council Tax liability due to exceptional circumstances and Class 1 and Class 2 reductions will be required in writing from the taxpayer, their advocate/appointee or a recognised third party acting on their behalf and contain a full explanation as to why the relief is requested and address the criteria set out in 3.1 and 4.1 above

5.2 The Revenues Service may request further evidence from the taxpayer or another Council department in support of an application

5.3 In respect of Class 3 reductions, identification by the Council that a care leaver would be entitled to this reduction by virtue of relevant detail already obtained by the Council, may be enough to constitute a claim and to enable the award of a reduction. If a reduction cannot be automatically awarded by the Council, it shall be the responsibility of the person with a council tax liability to make an application. As noted above, in the first instance, a care leaver must make an application for Council Tax Support before s/he can be assessed for the Care Leavers reduction.

5.4 In respect of Class 4 reductions, identification by the Council that the individual is of working age and in receipt of Council Tax Support during 2020/21 will be enough to enable the award of a reduction. There is no need for a separate claim.

6.0 Procedure for determination of exceptional circumstances/hardship and Class 1 and 2 applications

6.1 The procedure for determining applications from individuals in exceptional circumstances and Class 1 and Class 2 reductions will involve the Head of Revenues making a recommendation to the Director of Customer Services.

6.2 The Director of Customer Services will consider written representations and notify the taxpayer of her/his decision within 21 days of receiving sufficient information to make a decision.

6.3 The amount of the reduction payable will be at the discretion of the Director of Customer Services

7.0 Procedure for determination of Class 3 and Class 4 Care Leavers

7.1 Procedure for determination of Care Leaver - This is covered by 4.1 and 5.3 above.

7.2 Procedure for determination of Covid 19 Hardship Fund Relief - This is covered by 4.1 and 5.4 above.

8.0 Request for review of a decision in respect of exceptional circumstances/hardship and Class 1 and 2 applications

8.1 The Council will accept a written request for a further review of its decision from the taxpayer within one month of the date of the letter informing them of its decision. The review process will involve consideration of the request on its merits. The Council will consider whether the taxpayer has provided any additional information that will justify a change to its original decision. Reviews will be carried out by the Director of Customer Services.

8.2 The taxpayer has a duty to notify the Council where a change in circumstance would affect the granting of the relief.

9.0 Policy Amendments

9.1 Amendments to this policy will be approved by Cabinet