

COUNCIL TAX DISCRETIONARY POLICY

Cabinet Member for Finance & Commissioning

Date: 7 March 2023
Agenda Item: 4
Contact Officer: Lizzie Barton, Assistant Director for Customer, Resident & Business Services
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Key Decision: Yes
Local Ward Members: All



CABINET

1. Executive Summary

- 1.1 The council has discretionary powers to provide support to council taxpayers who are in financial hardship or other crisis where no other legislative discounts, reductions or reliefs are available.
- 1.2 To enact these powers, the council needs to have a Council Tax Discretionary Policy approved that sets out the delegated authority to award reliefs and establishes an appeals procedure for customers to appeal a decision.
- 1.3 A policy has been developed a Council Tax Discretionary Policy for approval (see Appendix 1).

2. Recommendations

- 2.1 Approve the Council Tax Discretionary Policy (see Appendix 1).
- 2.2 To delegate authority to the Cabinet Member for Finance & Commissioning, in liaison with the Assistant Director for Customer, Resident and Business Services and the Council's S151 officer, to make minor amendments to the policy, and to create appendices to the policy that enable the council to award reliefs to individuals or classes of individuals in circumstances such as COVID or other emergencies, where the relief is fully funded by government.

3. Background

- 3.1 The council has discretionary powers to provide support to council taxpayers who are in financial hardship or other crisis where no other legislative discounts, reductions or reliefs are available.
- 3.2 There are two ways the council can use its discretionary powers to give a reduction in council tax – either the Exceptional Hardship Scheme if the impact relates purely to changes to the Local Council Tax Support Scheme, or the Discretionary Relief Scheme (13a) if it relates to other financial hardship.

Exceptional Hardship Scheme (EHS)

- 3.3 The council recognises the importance of protecting our most vulnerable customers from the impact of changes to our Local Council Tax Support Scheme.
- 3.4 The Exceptional Hardship Scheme is designed to cover all or part of any shortfall between council tax liability and support under the council's Local Council Tax Income Banded Support Scheme, which was approved by Full Council in February 2023 and comes into force from 1 April 2023.
- 3.5 It is available to council taxpayers who are in receipt of Local Council Tax Support, or who would be but for changes made to the qualifying criteria and are experiencing exceptional financial hardship as a result. It also provides transitional relief to those adversely affected by moving onto the council's Local Council Tax Income Banded Support Scheme and who experience exceptional hardship as a result.

Discretionary Relief Scheme (13A)

- 3.6 S13A(1)(c) of the Local Government Finance Act 1992 (as amended) provides powers to councils to reduce the amount of council tax a customer is liable to pay by such amount as it thinks fit. This power may be exercised in relation to individual cases or by determining a class of case in which liability is to be reduced to an extent provided by the determination.
- 3.7 The intent behind this legislation is to allow councils to create local discounts to cater for local circumstances, for example flooding, and to provide support in cases of exceptional financial hardship.
- 3.8 Any reduction awarded under this provision is wholly funded by Lichfield District Council. The exception to this is when central government uses this provision to provide grant funding for specific issues, e.g. flooding or the council's response to the COVID-19 pandemic.
- 3.9 The Exceptional Hardship Fund is funded through the collection fund and is paid for by all preceptors in proportion to their share of council tax.
- 3.10 The council operates its Discretionary Relief (13a) policy in conjunction with the Local Taxation Debt Recovery Policy under which debt write-offs can be employed as a way of alleviating council tax arrears where exceptional financial hardship can be demonstrated. Debts that are written off are shared by all precepting authorities in proportion to their share of council tax.
- 3.10 Bringing the two discretionary schemes together, with clear linkages to the Local Taxation Debt Recovery Policy, raises awareness that there are various types of support available and provides a single point of reference for customers. Wherever possible, the council will consider applications against each of the schemes in turn, reducing the need for separate applications to be made.

Alternative Options	1. None.
Consultation	<ol style="list-style-type: none"> 1. The proposed policy has been shared with Staffordshire County Council, Staffordshire Fire and Staffordshire Police as the other precepting authorities who will support reliefs granted as part of this policy. 2. The council has not carried out any specific consultation in relation to the policy, however the policy mechanism is well tried and tested by authorities across the country, and the need to be able to provide such reliefs and support is supported by partners across the district.
Financial Implications	<ol style="list-style-type: none"> 1. Section 13a reductions are either wholly funded by Lichfield District Council or they are fully funded by government. A 'Cost of Living' budget of £50,000 has been included in the MTFS 2023/24 and 2024/25 that can be utilised for any support the Council needs to wholly fund. Government funding schemes are often accompanied by new burdens funding to support the distribution of the funding, and therefore there is no/minimal financial impact on the council. 2. The Exceptional Hardship Fund is funded through the collection fund and is paid for by all preceptors in proportion to their share of council tax. The Council's share of council tax in 2023/24 including Parishes is 11.7%.
Approved by Section 151 Officer	Yes
Legal Implications	1. None.
Approved by Monitoring Officer	Yes

Contribution to the Delivery of the Strategic Plan	3. The policy underpins the council's priority of developing prosperity, encouraging economic growth, and being a good council that is responsive and customer focussed.
Equality, Diversity and Human Rights Implications	1. The policy supports the need to support vulnerable residents across the district who do not have access to alternatives sources of support.
EIA logged by Equalities Officer	Yes

Crime & Safety Issues	1. None.
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Environmental Impact (including Climate Change and Biodiversity).	1. None.
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GDPR / Privacy Impact Assessment	1. The Council will adopt the same robust approach to processing any applications under this scheme as it does all other applications and will be covered by the same safeguards as set out in the policy.
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	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	The number of applicants is very high due to cost of living crisis.	Likelihood: Yellow Impact: Yellow Severity: Yellow	Work closely with other partners to signpost other sources of support. Monitor our LCTS scheme annually to ensure it is adapted to meet local needs and reduce number of people affected by the scheme.	Likelihood: Green Impact: Yellow Severity: Yellow
B	The government launches new schemes that need to be delivered and impact on resources across the council	Likelihood: Yellow Impact: Yellow Severity: Yellow	Lobby the government to provide adequate new burdens funding to cover the cost of administering such schemes.	Likelihood: Yellow Impact: Yellow Severity: Yellow
C	Risk of legal challenge	Likelihood: Yellow Impact: Yellow Severity: Yellow	The policy has been reviewed by the council's independent technical advisor.	Likelihood: Green Impact: Green Severity: Green

Relevant web links Council Tax Support Scheme 2023
