

Mid Devon District Council



**Council Tax Reduction
(Banded Scheme)**

**Exceptional Hardship Policy & COVID19
Support**

April 2020

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1.0 Background

1.1 An Exceptional Hardship Policy has been created by the Council to assist customers who have applied for Council Tax Reduction who are facing 'exceptional hardship'. This is to provide further assistance where an applicant is in receipt of Council Tax Reduction but the level of support being paid by the Council does not meet their full Council Tax liability.

1.2 Exceptional Hardship will be available to any applicant where their daily award of Council Tax Reduction does not meet 100% of their Council Tax liability (less any appropriate discounts).

1.3 The main features of the policy are as follows:

- The operation of the policy will be at the total discretion of the Council;
- The policy will be operated by the Revenues and Benefits section on behalf of the Council;
- Exceptional Hardship falls within S13A 1 A of the Local Government Finance Act 1992 and forms part of the Council Tax Reduction scheme;
- Exceptional Hardship discounts in this policy version will only be available from 1st April 2020 and **will not be available for any other debt other than outstanding Council Tax;**
- A pre-requisite to receive a discount is that an application for Council Tax Reduction has been made;
- Where an Exceptional Hardship backdating discount is requested Exceptional Hardship must have been proven to have existed throughout the whole of the period requested; - backdating will only be restricted to the beginning of the financial year in which the claim was made.
- Exceptional Hardship Discount is designed to help the 'applicant' only and it is expected that any discount awarded will be for a short term only; and
- All applicants will be expected to engage with the Council and undertake the full application process. Failure to do so will inevitably mean that no discount will be made.

2.0 Exceptional Hardship and Equalities

2.1 The creation of an Exceptional Hardship Policy facility meets the Council's obligations under the Equality Act 2010.

2.2 The Council recognises the importance of protecting our most vulnerable customers and also the impact the changes imposed by the removal of Council Tax Benefit by Central Government. This policy has been created to ensure that a level of protection and support is available to those applicants most in need. It should be noted that an Exceptional Hardship Policy is intended to help in cases of **extreme** financial hardship and not support a lifestyle or lifestyle choice. Whilst the definition 'Exceptional Hardship' is not exactly defined by this policy, it is accepted that changes to the level of support generally will cause financial hardship and any discount made will be at the total

discretion of the Council. Exceptional Hardship should be considered as ‘hardship beyond that which would normally be suffered’.

3.0 Purpose of this policy

3.1 The purpose of this policy is to specify how the Council will operate the scheme, to detail the application process and indicate a number of factors, which will be considered when deciding if an Exceptional Hardship discount can be made.

3.2 Each case will be treated on its own merits and all applicants will be treated fairly and equally in both accessibility and also decisions made with applications.

4.0 The Exceptional Hardship Process

4.1 As part of the process of applying for additional support, all applicants must be willing to undertake **all** of the following:

- a. Make a separate application for assistance;
- b. Provide full details of their income and expenditure;
- c. Where a person is self-employed or a director of a private limited company, details of their business including business accounts must be supplied;
- d. Accept assistance from either the Council or third parties such as the Citizen Advice or similar organisations to enable them to manage their finances more effectively including the termination of non essential expenditure;
- e. Identify potential changes in payment methods and arrangements to assist the applicant;
- f. Assist the Council to minimise liability by ensuring that all discounts, exemptions and support are properly granted; and
- g. Maximise their income through the application for other welfare benefits, cancellation of non-essential contracts and outgoings and identifying the most economical tariffs for the supply of utilities and services generally.

4.2 Through the operation of this policy the Council will look to

- Allow a short period of time for someone to adjust to unforeseen short-term circumstances and to enable them to “bridge the gap” during this time, whilst the applicant seeks alternative solutions;
- Enable long term support to households in managing their finances;
- Help applicants through personal crises and difficult events that affect their finances;
- Prevent exceptional hardship;
- Help those applicants who are trying to help themselves financially; and
- Encourage and support people to obtain and sustain employment.

4.3 It cannot be awarded for the following circumstances:

- Where the full Council Tax liability is being met by Council Tax Reduction;
- For any other reason, other than to reduce Council Tax liability;
- Where the Council considers that there are unnecessary expenses/debts etc and that the applicant has not taken reasonable steps to reduce these;
- To pay for any arrears of Council Tax Reduction caused through the failure of the applicant to notify changes in circumstances in a timely manner or where the applicant has failed to act correctly or honestly, section 3 penalties may apply in these circumstances
- To cover previous years Council Tax arrears

5.0 Awarding an Exceptional Hardship

5.1 The Council will decide whether or not to make an Exceptional Hardship award, and the level that will be given

5.2 When making this decision the Council will consider:

- The shortfall between Council Tax Reduction and Council Tax liability;
- Whether the applicant has engaged with the Exceptional Hardship process;
- The personal circumstances, age and medical circumstances (including ill health and disabilities) of the applicant, their partner any dependants and any other occupants of the applicant's home;
- The difficulty experienced by the applicant, which prohibits them from being able to meet their Council Tax liability, and the length of time this difficulty will exist;
- The income and expenditure of the applicant, their partner and any dependants or other occupants of the applicant's home;
- How reasonable expenditure exceeds income;
- In the case of a self-employed applicant, whether they are in gainful employment;
- All income received by the applicant, their partner and any member of their household irrespective of whether the income may be disregarded under the Council Tax Reduction scheme;
- Any savings or capital that might be held by the applicant, their partner and any member of their household irrespective of whether the capital may be disregarded under the Council Tax Reduction scheme;
- Other debts outstanding for the applicant and their partner;
- The exceptional nature of the applicant and/or their family's circumstances that impact on finances; and
- The length of time they have lived in the property;
- Adversely affected by COVID19

- 5.3 The above list is not exhaustive and other relevant factors and special circumstances will be considered on a “case by case” basis
- 5.4 An award of Exceptional Hardship does not guarantee that a further award will be made at a later date, even if the applicant’s circumstances have not changed.
- 5.5 An Exceptional Hardship discount may be less than the difference between the Council Tax liability and the amount of Council Tax Reduction paid. The level of discount may be nil if the authority feels that, in its opinion, the applicant is not suffering ‘exceptional hardship’ or where the applicant has failed to comply with the Exceptional Hardship process.

6.0 Publicity

- 6.1 The Council will make a copy of this policy available for inspection and will be published on the Council’s website.

7.0 Claiming an Exceptional Hardship discount

- 7.1 An applicant must make a claim for Exceptional Hardship by submitting an application to the Council. The application form can be obtained via the Council’s website in the first instance, however you can obtain the form by calling Customer Services or in person at the Council offices.
- 7.2 Applicants can get assistance with the completion of the form from Customer Services at the Council, supported by the Revenues and Benefits Service for technical advice.
- 7.3 The application form must be fully completed and supporting information or evidence provided, as reasonably requested by the Council. Supporting evidence needs to be provided within one calendar month of the application being submitted.
- 7.4 In most cases the person who claims Exceptional Hardship will be the person entitled to Council Tax Reduction. However, a claim can be accepted from someone acting on another’s behalf, such as an appointee, if it is considered reasonable.
- 7.5 COVID19 – changes have been made where customers will be required to complete an ‘income and expenditure’ form which should be uploaded where possible via Citizen Access on the Council website.

8.0 Changes in circumstances

8.1 The Council may revise an award of Exceptional Hardship where the applicant's circumstances have changed which either increases or reduces their Council Tax Reduction entitlement.

9.0 Duties of the applicant and the applicant's household

9.1 A person claiming an Exceptional Hardship discount is required to:

- Provide the Council with such information as it may require to make a decision;
- Tell the Council of any changes in circumstances that may be relevant to their ongoing claim; and
- Provide the Council with such other information as it may require in connection with their claim.

10.0 The award and duration of an Exceptional Hardship Discount

10.1 Both the amount and the duration of the award are determined at the discretion of the Council, and will be done so on the basis of the evidence supplied and the circumstances of the claim.

10.2 The start date of such a discount and the duration of any discount will be determined by the Council. In any event, the maximum length of the award will not exceed the end of the financial year in which the award is given.

10.3 The level of support will be restricted to a maximum of 50% of the loss when compared to the previous year's reduction. The amount awarded will be used to reduce the balance of Council Tax owed. If discounts have been received the support will be applied to the balance net of discounts made. Support cannot be used to generate credits as such there will be no refunds.

11.0 Discount

11.0 Any Exceptional Hardship discount will be made direct onto the customer's Council Tax account, thereby reducing the amount of Council Tax payable. Please see 10.3 for further information.

12.0 Overpaid Exceptional Hardship Discount

12.1 Overpaid Exceptional Hardship discount will be recovered directly from the applicant's Council Tax account, thus increasing the amount of Council Tax due and payable.

13.0 Notification of Discount

13.1 The Council will notify the outcome of each application for Exceptional Hardship discount.

14.0 Appeals

14.1 Exceptional Hardship discounts are granted under S13A 1A of the Local Government Finance Act 1992 as part of the Council Tax Reduction scheme, as such the normal Council Tax appeal process applies and an appeal can be made at any time. The initial appeal should be made to the Council who will review any decision. Ultimately any decision can be considered by the Valuation Tribunal Service, their role is to make sure that the policy has been applied correctly.

15.0 Fraud

15.1 The Council is committed to protect public funds and ensure funds are awarded to the people who are rightfully eligible to them.

15.2 An applicant who tries to fraudulently claim an Exceptional Hardship discount by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under The Fraud Act 2006.

15.3 Where the Council suspects that such a fraud may have been committed, this matter will be investigated as appropriate and may lead to criminal proceedings being instigated.

16.0 Complaints

16.1 The Council's 'Compliments and Complaints Procedure' (available on the Council's website) will be applied in the event of any complaint received about this policy.

17.0 Policy Review

17.1 This policy will be reviewed and updated as appropriate to ensure it remains fit for purpose. Reasons for review could be due to legislation or changes in local policy, but not restricted to.

18 Vulnerable Persons (under review) see point 19

19 COVID19 Support Grant - Refer to point 5, 7 & 10

The Government will provide Local Authorities with a share of a new £500m grant funding to support economically vulnerable people and households.

Government expect the grants to be used via current policy and other complementary reliefs.

The amount of discount to be applied will be calculated on a 'case by case' basis the extra will be treated as a 'top up' to the 50% already offered within this policy. In some cases 100% relief may be awarded. It should be noted that capital will be considered if declared in the application or already known by pre-existing claims. Vulnerability should be the top consideration, however all matters need to be considered.

Offering lower instalments and putting holds on enforcement should also be considered as part of the application process.