

## Agenda No

### ***AGENDA MANAGEMENT SHEET***

**Report Title:** Discretionary Reduction in Council Tax Liability under S13A (1)(c) Local Government Act 1992 Policy

**Report Director:** Head of Communities and Homes

**Portfolio:** Communities and Homes

**Ward Relevance:** All

**Prior Consultation:** Executive Director  
Head of Communities and Homes  
Head of Corporate Resources and Chief Financial Officer  
Legal Democratic and Electoral Services Manager / Monitoring Officer  
Financial Services Manager  
Revenues Services Manager

**Contact Officer:** David Wortley, Community Advice and Support Team Manager, 01788 533440

**Public or Private:** Public

**Report Subject to Call-In:** Yes

**Report En-Bloc:** No

**Forward Plan:** No

**Corporate Priorities:** This report relates to the following priority(ies):  
☒ To provide excellent, value for money services and sustainable growth  
☐ Achieve financial self-sufficiency by 2020  
☐ Enable our residents to live healthy, independent lives  
☐ Optimise income and identify new revenue opportunities (CR)  
☒ Prioritise use of resources to meet changing customer needs and demands (CR)  
☒ Ensure that the council works efficiently and effectively (CR)  
☒ Ensure residents have a home that works for them and is affordable (CH)

**(CR) Corporate Resources**  
**(CH) Communities and Homes**  
**(EPR) Environment and Public Realm**  
**(GI) Growth and Investment**

- ☐ Deliver digitally-enabled services that residents can access (CH)
- ☐ Understand our communities and enable people to take an active part in them (CH)
- ☐ Enhance our local, open spaces to make them places where people want to be (EPR)
- ☐ Continue to improve the efficiency of our waste and recycling services (EPR)
- ☐ Protect the public (EPR)
- ☐ Promote sustainable growth and economic prosperity (GI)
- ☐ Promote and grow Rugby's visitor economy with our partners (GI)
- ☐ Encourage healthy and active lifestyles to improve wellbeing within the borough (GI)
- ☐ This report does not specifically relate to any Council priorities but

**Statutory/Policy Background:**

Local Government Finance Act 1992 – S13A(1)(c) as amended by the Local Government Finance Act 2012

**Summary:**

To approve a policy for the granting of discretionary reduction in Council Tax liability. This incorporates the Council Tax Hardship Fund to assist working age Council Tax Reduction recipients affected by COVID-19

**Financial Implications:**

The Council Tax Hardship Scheme is being used to reduce council tax liability using discretionary powers under S13A(1)(c) of the Local Government Finance Act 1992.

The amount of any reduction to council tax liability awarded under S13A(1)(c) has to be met in full, including the preceptors share, from a billing authority's General Fund.

This will be funded in the billing authority's General Fund by section 31 grant from government. Rugby Borough Council has been allocated £651,904 section 31 grant for use in 2020/21.

There are no expectations of further section 31 grant funding in 2020/21.

**Risk Management Implications:**

There is a risk that demand for discretionary support will exceed the s31 grant funding allocation of £651,904 in 2020/21.

If support exceeds the allocation and there is no additional government funding, the Council will have to fund it from other sources. This will create an additional pressure on the Council's General Fund.

All expenditure incurred will be identified as Council Tax Hardship Fund (Covid-19) within the General Fund to facilitate budget monitoring and reporting.

**Environmental Implications:**

None

**Legal Implications:**

The Council is required to policy for granting discretionary reductions in council tax liability under S13A(1)(c) of the local Government Act 1992 as amended by the Local Government Act 2012. This will incorporate the specific scheme to provide support as part of our Covid-19 response.

This decision is being made under emergency constitutional powers. This is due to COVID-19 and the inability for the Council to hold Full Council meetings. In the absence of such meetings there are emergency powers that can be exercised by the Executive Director. This is in consultation with Group Leaders, the Mayor and the Chairman of Overview & Scrutiny.

There is requirement for this policy to be put into effect as soon as possible. Overall this is in the best interest of the Council and the relevant parties that this policy will support. Due to the uncertainty of virtual meetings and any future Full Council meeting it is in the best interest of the Council that emergency powers are exercised.

**Equality and Diversity:**

An Equality Impact Assessment is attached at Appendix 3

**Options:**

1. Rugby Borough Council Tax S13A (1)(c) Local Government Act 1992 Policy is approved.
2. An amended policy is approved

**Recommendation:**

- 1) The Executive Director under emergency delegated authority approves the adoption of the Rugby Borough Council

Tax S13A (1)(c) Local Government Act 1992 Policy.

- 2) Delegated authority is given to the Head of Communities and Homes to identify additional classes of cases where reduction in liability may be made under these provisions without the need for a separate application by the customer.
- 3) Delegated authority is given to the Head of Communities and Homes to implement and administer a scheme in accordance with the principles of the attached policy.
- 4) Delegated authority is given to the Head of Communities and Homes to make technical scheme non-material amendments to ensure that the policy in relation to the Council Tax Hardship Fund (Covid-19 Support) remains in line with Central Government Guidance, and to support changes in administrative procedures.

**Reasons for Recommendation:**

- 1) Adoption of a policy to enable the discretionary reduction in council tax liability under S13A (1)(c) Local Government Act 1992 is sought to enable additional financial support to be provided to working age recipients of Council Tax Reduction as part of the Council's response to COVID-19
- 2) To enable the efficient administration of the scheme and minimising delay and contact with customers.
- 3) To administer the scheme meeting the needs of individuals whilst securing the scheme from fraud and abuse.
- 4) To ensure that minor changes to the policy can be made without need to refer to Full Council for approval.

## **Agenda No**

**Please select - 14 May 2020**

### **Discretionary Reduction in Council Tax Liability under S13A (1)(c) Local Government Act 1992 Policy**

#### **Public Report of the Head of Communities and Homes**

##### **Recommendation**

- 1) The Executive Director under emergency delegated authority approves the adoption of the Rugby Borough Council Tax S13A (1)(c) Local Government Act 1992 Policy.
- 2) Delegated authority is given to the Head of Communities and Homes to identify additional classes of cases where reduction in liability may be made under these provisions without the need for a separate application by the customer.
- 3) Delegated authority is given to the Head of Communities and Homes to implement and administer a scheme in accordance with the principles of the attached policy.
- 4) Delegated authority is given to the Head of Communities and Homes to make technical scheme non-material amendments to ensure that the policy in relation to the Council Tax Hardship Fund (Covid-19 Support) remains in line with Central Government Guidance, and to support changes in administrative procedures.

#### **1. Background**

- 1.1 Rugby Borough Council approved a Council Tax Reduction Scheme for the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021. The scheme covers both pension credit age applicants and working age applicants and is in accordance with the requirements of S13A and Schedule 1a of the Local Government Finance Act 1992.
- 1.2 The cost of financial support made under this current scheme is shared by the major preceptors, with the administration costs borne by Rugby Borough Council as the billing authority.
- 1.3 The scheme has to be approved by Council by 11<sup>th</sup> March for the following financial year. The Ministry of Housing Communities and Local Government (MHCLG) have confirmed that schemes cannot be amended after this date without a change in primary legislation and therefore the existing Council Tax Reduction Scheme cannot be used to provide additional support to council tax payers affected by COVID-19.
- 1.4 The Council has the ability to reduce liability for Council Tax in relation to cases or class(es) of cases that it may determine where national discounts and exemptions cannot be applied.

- 1.5 In order for additional support to be provided as part of our response to Covid-19, as well as enabling the provision of additional support to meet other circumstances, the Council is required to adopt a policy under S13A(1)(C) of the Local Government Finance Act 1992, as amended by the Local Government Finance Act 2012.

## **2. Aim of the Policy**

- 2.1 The proposed policy is attached at Appendix 1 and identifies three areas where a reduction in liability will be considered;

- The Council Tax Hardship Fund (Covid-19 Support)
- The Flood Recovery Framework
- Granting of reduction in Council Tax liability in all other circumstances

## **3. The Council Tax Hardship Fund**

- 3.1 In the spring budget the Government announced the creation of a Council Tax Hardship Fund to provide additional financial support to working age recipients of Council Tax Reduction as part of a package of final measures in response to Covid-19.
- 3.2 The cost of the additional financial support under this scheme has to be funded in full, including the major preceptors share by the billing authority. This will require a transfer from the General Fund to the Collection Fund of such amounts.
- 3.3 MHCLG have allocated each billing authority a section 31 grant to offset this based on their share of the national caseload of working age recipients of Council Tax Reduction in Quarter 3 of 2019/20. The funding allocated to Rugby Borough Council is £651,904 and is based on 3,018 recipients (see Appendix 2).
- 3.4 Based on caseload data, there are currently 3,100 working age recipients of Council Tax Reduction, this would account for £465,000 of the allocated funding. This leaves £195,000 of funds remaining.
- 3.5 It is anticipated that the number of working age claims received during 2020/21 will increase significantly. Authorities can award more support than their section 31 grant allocation but it is anticipated that amounts over and above the allocation will not attract additional section 31 grant and will have to be met in full by the Council from other sources.
- 3.6 Guidance has been provided from MHCLG regarding the main principles to be adopted by Council in distributing the additional funding (see appendix 2). The main principles to be incorporated into a scheme are;
- All working age recipients of Council Tax Reduction during 2020/21 receive an additional council tax liability reduction of £150.00. This is to be applied after the award of all other discounts/exemptions to which they are entitled.

- In case where prior to awarding this reduction, liability is less than £150, their liability will be reduced to nil
- No accounts will be placed into credit through the awarding of a reduction under this scheme.
- The award of the reduction will be made in appropriate cases without the need for a separate application.
- Remaining funds are used to provide additional support as required.

3.7 In addition to awards made in accordance with para 3.6, delegated authority is given to the Head of Communities and Homes to identify classes of cases where an award may be made under these provisions without the need for a separate application by the customer. These cases will include, but not be limited to;

- Working Age customers in receipt of Council Tax Reduction who receive an increase in the amount of Working Tax Credit awarded to them. The Government has announced that Working Tax Credit will be increased by up to £20 per week. The exact amount will depend on the numbers of hours worked and their earnings.

For customers in receipt of Housing Benefit, a change in legislation has enabled their Additional Earnings Disregard to be increased to £37.10 per week, offsetting the increase in Working Tax Credit. This change cannot be replicated in our Council Tax Reduction Scheme (see para 1.3).

This means that those receiving an increase in Working Tax Credit will be required to pay up to £208 additional council tax for the current year.

For affected customers, it is proposed to award a Council Tax Hardship payment.

3.8 In other cases customers experiencing hardship as a result of Covid-19 will be able to make an application for a reduction in council tax liability, with each case being considered on its own merits.

3.9 New Burdens Funding is to be provided by MHCLG to cover the cost of administration and rebilling.

## **4 The Flood Recovery Framework**

4.1 MHCLG have developed a Council Tax discount package as outlined in the attached policy. This forms part of the support available under Section 13A(1)(c).

## **5 Granting of reduction in Council Tax liability in all other circumstances**

5.1 All persons liable for council tax, may approach the Council for a reduction in liability (other than classes outlined above), all applications will be treated on their own merits in accordance with the requirements specified in the attached policy.

- 5.2 As set out within the recommendation it is proposed that delegated authority is given to the Head of Communities and Homes to implement and administer a scheme in accordance with the principles of the attached policy.

## **6 Future Review**

- 6.1 Substantial changes to the policy will be considered by Full Council. However delegated authority is given to the Head of Communities and Homes to make technical scheme non-material amendments to ensure that the Policy remains in line with central Government Guidance and to support changes in administrative procedures.

## **7 Equality Impact Assessment**

- 7.1 An Equality Impact Assessment on this policy was undertaken on 23 April 2020 and will be reviewed 2023. This assessment has been duly considered in the formulation of the attached policy and there are no direct implications that need to be referred to within the body of this report,

## **8 Summary**

- 8.1 The attached policy not only sets out the policy for providing additional support for working age recipients of Council Tax Reduction to receive additional help as part of our response to Covid-19, but also sets the formal framework for awarding discretionary council tax support in conjunction with our Council Tax Reduction Scheme.