

CITY OF WOLVERHAMPTON COUNCIL	Cabinet 26 May 2021
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Report title	Council Tax Discretionary Discount Scheme		
Decision designation	AMBER		
Cabinet member with lead responsibility	Resources		
Key decision	Yes		
In forward plan	Yes		
Wards affected	All Wards		
Accountable Director	Claire Nye, Director of Finance		
Originating service	Revenues and Benefits		
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Report to be/has been considered by	Finance Leadership Team	21 April 2021	
	Strategic Executive Board	6 April 2021	

Recommendation for decision:

The Cabinet is recommended to:

1. Approve changes to the Council Tax Discretionary Discount Scheme (CTDDS) to provide additional support to residents who are liable for Council Tax and are experiencing exceptional hardship.

1.0 Purpose

- 1.1 This report seeks approval for changes to the Council Tax Discretionary Discount Scheme (CTDDS) to be effective from 1 June 2021.

2.0 Background

- 2.1 Throughout the Covid-19 pandemic the Council has continually sought to help those who need us most. One of the ways that residents have needed support is in respect to financial hardship. The Council undertook a number of steps to help, including launching a Benefits Helpline, temporarily pausing debt recovery action and launching a Talk to us Campaign. As part of the Relighting our City recovery plan, the Council is considering further ways to provide support and consequently has undertaken a review of the existing Council Tax Discretionary Discount Scheme (CTDDS). The purpose of CTDDS is to assist those people experiencing significant hardship by providing a reduction in the amount of council tax they have to pay.
- 2.2 The council already has a CTDDS but there have been few awards of CTDDS due to the limited eligibility criteria in the current policy. In response to the financial impact of the pandemic a review of the current scheme has taken place. This report outlines the recommendations of that review.
- 2.3 A CTDDS is only granted in exceptional circumstances. One of the proposed changes to the scheme will provide financial assistance where the customer is the victim of unusual and significant misfortune. A consideration would be whether the situation is of such an unusual nature and have such an impact on the customer that any reasonable taxpayer would accept them being allowed relief to reduce their council tax e.g. where an area is subjected to unexpected flooding.
- 2.4 CTDDS also aims to support people to meet their council tax liability where they can demonstrate exceptional hardship. The test of hardship will be determined by the applicant's individual circumstances and financial ability to make payment.
- 2.5 The Council Tax Support (CTS) Scheme provides support to residents who have a low income to help them to pay their council tax, however, under the scheme claims can only be backdated for up to one month. Due to the pandemic some people who are experiencing financial for the first time may be unaware of the support available through the CTS scheme and have missed out on claiming support. Therefore, it is recommended that where the eligibility criteria for CTS is met, support can be granted under the CTDDS.
- 2.6 Covid-19 has adversely affected many households in the City and some resident's ability to pay their council tax. Whilst Council Tax Support (CTS) does help low income households to pay their council tax, there may be some where they are not eligible to CTS or other benefits, but who are in financial difficulty. This can often be following a significant life event such as redundancy, bereavement etc. Therefore, it is appropriate to expand the criteria of the CTDDS to reach those people.

3.0 Changes recommended to CTDDS.

- 3.1 The following changes are recommended to provide additional support to residents who are liable for Council Tax:
1. support residents who fall outside the criteria of the Council Tax Support Scheme but are suffering financial hardship;
 2. support residents who fall outside the backdating rules, referred to at 2.5, but who have an underlying entitlement to Council Tax Support;
 3. expand the period in which a discretionary discount can be given beyond within the existing financial year;
- 3.2 During the process of considering a CTDDS, appropriate advice and support will be given and residents will be encouraged, where appropriate, to seek appropriate debt advice to help them improve their financial situation
- 3.3 Consultation regarding the changes recommended have been considered and discussed with Welfare Rights Service and Citizens Advice.

4.0 Evaluation of alternative options

- 4.1 The alternative options have been considered and discounted due to the negative impact they would have:
- Make no change to the existing CTDDS. This would result in very few discounts being awarded.
 - Partially implement the recommendations of this report. This would result in an increase in discounts being awarded but could result in some residents not being eligible for a discount due to the restrictions in the existing policy.

5.0 Reasons for decision

- 5.1 Extending the eligibility criteria will result in more discounts being awarded to residents who are experiencing exceptional hardship, helping them pay their ongoing council tax.
- 5.2 By ensuring that residents seek appropriate debt advice, help with money management and budgeting could result in increasing their income. This will in turn will increase their ability to pay Council Tax.
- 5.3 The risk of not enhancing the CTDDS would be that residents would not be given short term assistance to support them through a particularly difficult time.
- 5.4 Revenues and Benefits are working with other council services to assist residents identified as needing additional support to be able to pay their council tax. It is recognised that some residents are reluctant to engage with the Revenues and Benefits Service when they have council tax arrears, but are willing to talk to their social worker, troubled family support worker, or Wolverhampton Homes officer. We are working with

Wolverhampton Homes, Troubled Families, Children's Services and Welfare Rights. As part of this collaborative approach we will be working together to promote the changes to the CTDDS. As part of this joint working we will be able to reach a much wider audience across the City.

- 5.5 We launched a "Talk to Us" campaign to encourage people who have council tax arrears to get in touch so that we can check that they are receiving all appropriate discounts and exemptions, council tax support and to make direct referrals to help them receive debt advice. We will incorporate the CTDDS within this campaign.

6.0 Financial implications

- 6.1 Some additional support has been provided to residents over the last 12 months through a Government Scheme in response to the impact of Covid-19, however this scheme expired at 31 March 2021. The Government provided a Council Tax Covid-19 Hardship Fund, which was available to reduce council tax for 2020-2021, initially for working age households in receipt of CTS. Wolverhampton were awarded an amount of £3.27 million. £3.1 million has been used to date to reduce council tax.

- 6.2 It is estimated that the cost of the proposed changes to the Council Tax Discretionary Discount Scheme could be in the region of £100,000 per year. This cost will be funded from the remaining Council Tax Covid-19 Hardship Fund allocation and Covid-19 Emergency Grant Funding initially. At the point that this funding is no longer available, the cost of providing additional support to residents experiencing exceptional hardship will be considered in the Medium-Term Financial Strategy as part of the council tax budget setting process.

[MH/12052021/M]

7.0 Legal implications

- 7.1 The Local Government Finance Act 2012 introduced Section 13A (1)(c) Local Government Finance Act 1992 which provides the Council with additional discretionary powers to reduce a person's council tax liability.

[TC/12052021/K]

8.0 Equalities implications

- 8.1 An equality analysis has been carried out in respect of the proposed changes to the CTDDS. No adverse equality implications were identified.
- 8.2 Equalities considerations will be included in the monitoring of the policy to ensure that it will demonstrate the approach taken is applied fairly and equally. In this way Councillors can be confident that the approach will meet the requirements of the Public Sector Equality Duty as established by the Equality Act.

9.0 All other implications

9.1 The Covid-19 pandemic has adversely affected many households in the City and in turn this has affected some resident's ability to pay their council tax. There are no adverse impacts considered as part of this proposed decision.

10.0 Schedule of background papers

10.1 [Local Government Finance Act 1992 \(legislation.gov.uk\)](https://legislation.gov.uk)

11.0 Appendices

11.1 Appendix 1: Draft Council Tax Discretionary Discount Scheme Policy