**Discretionary Council Tax Hardship Policy 2023/24**

1. **Background**

In December 2022 the Government announced a new Council Tax Support fund of £100 million to Local Authorities alongside their provisional Government Finance Settlement. This fund aims to support economically vulnerable households against the rising cost of Council Tax for the 2023-24 billing year.

Alongside this additional funding West Sussex County Council (WSCC) have agreed to support an extension of their scheme introduced as a response to the COVID 19 pandemic. This scheme offered working age recipients of Local Council Tax Reduction (LCTR) up to £150 in additional support. This scheme ended at the end of March 2023. However, WSCC have agreed to support working age recipients of LCTR in the 2023/24 billing year by topping up the Government proposed support scheme by £25. However, unlike the Government support scheme this will only apply to working age recipients of LCTR.

**2. Legislation**

Section 13a of the Local Government Finance Act 2012 enables a billing authority to reduce a sum owed in council tax, including reducing it to nil.

This is done via the LCTR scheme, which includes discretionary provision to support people disadvantaged by the banded scheme for Universal Credit (UC), customers whose LCTR awards have been adjusted who face financial hardship and for care leavers. Awards including discretion are defined by the LCTR scheme rules 2023-24.

Customers who still face hardship after considering the support provided by the LCTR scheme including discretion or those not eligible for LCTR can make an application under 13a(1)(c) of the Act. This process is defined by the Councils Council Tax Discretionary Reduction Scheme Policy.

This Discretionary Council Tax Policy is intended to work alongside these existing schemes, offering support to those financially vulnerable to the rising cost of living who demonstrate this financial vulnerability and difficulty in meeting the cost of their council tax.

1. **Guidance**

The National Guidance stipulates that:

* The fund should be used to provide additional LCTR of up to £25 per household. This applies to both working age and pension age recipients of LCTR who are receiving an award of LCTR for the 2023-24 billing year.
* Local Authorities can use the remainder as they see fit to support vulnerable households with Council Tax bills.
* As well as this it is for Local Authorities to decide how to treat households that qualify for LCTR after annual billing.

The local guidance stipulates that:

* That all working age recipients of LCTR will receive additional LCTR of up to £25 per household. This scheme is funded in the main by WSCC as a major preceptor, however the District Council will be expected to contribute 12% of the overall cost, as per the funding rules for Council Tax (12% covers Chichester District Council’s and the Parish Council’s share of the cost of Council Tax).
* This will apply to all working age recipients of LCTR at annual billing and any new recipients of LCTR throughout the 2023-24 billing year, with an amount being charged to WSCC as part of the end of year accountancy processes to cover the overall cost.

1. **Funding allocation & estimated costs at billing**

For the national scheme Chichester District Council’s share of the funding is £170,515. The aim is to get this additional support paid as part of the annual billing process. Meaning that all eligible customers at the date of billing will be paid the additional support automatically with their 2023-24 bill.

We currently have 6237 active claims for LCTR 61% of who qualify for a maximum reduction. This leaves 39% who would qualify for this additional support costing an estimated £60,300 (assuming that they will all receive an additional £25).

For the WSCC funded scheme we have 285 working age claims not in receipt of maximum LCTR. Therefore, the estimated cost for this locally funded scheme is £7,125 (assuming that they will all receive an additional £25). In addition, there are 1033 claims for the Universal Credit (UC) banded scheme not getting maximum LCTR therefore the estimated cost for this group is £25,825 (again assuming that they all receive an additional £25). The overall cost of the locally funded scheme is estimated to be £32,950. Chichester District Council will pay a 12% contribution to this scheme, estimated to be £3,954.

However as both these schemes run throughout the 2023-24 billing year, the overall cost will increase as we move through the billing year, with any new recipients of LCTR being awarded the additional support as they become eligible.

1. **Further support distribution**

Remaining funds after the allocation at annual billing will be used to create a Discretionary Fund aimed at supporting those vulnerable to the rising cost of living in meeting the cost of Council Tax.

It is proposed that bill payers that present as being financially vulnerable be referred in the first instance to the Supporting You team. The team will then work with the bill payer to ensure that their income is maximised, by reviewing budgets and ensuring that all appropriate benefits, discounts, and reliefs have been applied for.

The Supporting You team will distribute this additional funding on a case-by-case basis, with each case being decided on its own merits. The underlying ethos of this is to ensure that bill payers make payments for their current years charge, in accordance with the payment plan scheduled by the taxation team. With those that successfully maintain payment being awarded some discretionary support to assist with arrears.

There will also be some bill payers who require some additional support to maintain ongoing payments, where for example their income is such that it does not fully cover their outgoings. This group will also engage with the Supporting You team to worth through longer term solutions to their financial situation i.e., budgeting advice, debt advice and access to social tariffs etc.

**6. Application & decision-making process**

Applications will be made via interaction with the Supporting You team, with applicants being asked to detail their household income and expenditure and explaining how they are financially vulnerable to the rising cost of living. This may include details of any steps that they are taking to improve their position, such as seeking budgeting and/or debt advice or applying for breathing space on household debt such as mortgages, loans, utilities, and credit cards etc.

All applicants will have made a claim for LCTR and other available discounts to reduce their council tax liability prior to DCTR being considered.

Applications will be decided on a case-by-case basis, with the amount of support determined by the awarding officer based on the circumstances and remaining liability of the applicant.

Where the decision maker considers an award greater than the liability outstanding for 2023-24 agreement will be sought from the Supporting You Team leader or equivalent Officer of the Council.

Successful applicants will have the DCTR applied to their council tax account and be issued with a revised bill showing the award. Applicants that are unsuccessful will be advised in writing. Applicants have the right of appeal if they disagree with the decision. Further information can be found at <https://www.valuationtribunal.gov.uk/council-tax-reduction-appeal-form-guidance>

**7. Changes in circumstance**

Any change in circumstances that prompts a change in DCTR will be considered and any discretionary support that is no longer required as a result of that change will be returned to the fund and redistributed as appropriate.

**8. Monitoring and review**

Several factors can influence the continuation of the scheme.

* The discretionary fund is cash limited when the Council’s allocation of funds has been distributed no further awards will be made.
* To allow for fair distribution of the funding and to ensure that as many working age customers are supported by the funding as possible the balance of funding and spending on DCTR will be reviewed monthly.
* The impact of the cost-of-living crisis on households is anticipated to change over the course of the 2023-24 financial year the Council reserve the right to adapt this scheme as appropriate in consultation with the Director of Corporate Services and Cabinet Member for Housing, Revenues & Benefits.
* The Council also reserve the right to distribute any remaining funding at the end of the financial year to support the overall cost of CTR or to support other welfare spending such as Discretionary Housing Payments.