

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 15 April 2013

Portfolio: Policy, Strategy and Finance
Subject: Council Tax Support Exceptional Hardship Fund Policy
Report of: Director of Finance and Resources
Strategy/Policy:

Corporate Objective: Build strong and inclusive communities.
A dynamic, prudent and progressive Council.

Purpose:

To seek Executive approval for the draft Council Tax Support Exceptional Hardship Fund policy as set out in Appendix A.

Executive summary:

In accordance with the Welfare Reform Act and the Local Government Finance Act, Fareham Borough Council has adopted a local Council Tax Support scheme to replace Council Tax Benefit from 1 April 2013. As detailed in the report presented to Full Council at their meeting of 24 January 2013, it was acknowledged that some residents could face extreme hardship as a result of the reduction in levels of Council Tax support. As a result it was agreed that a Hardship Fund should be introduced to provide limited, short term assistance to those affected and funding of £83,000 was approved.

Following Full Council's approval of the local Council Tax Support scheme, officers have developed an Exceptional Hardship Fund policy with the following objectives:

- Allow a short period of time for someone to adjust to unforeseen short term financial circumstances and to enable them to "bridge the gap" during this time, whilst the applicant seeks alternative solutions
- Support people in managing their finances
- Help customers through personal crises and difficult events that affect their finances
- Prevent exceptional hardship
- Support those who are trying to help themselves financially

Recommendation:

That the Executive approves the draft Council Tax Support Exceptional Hardship Policy as set out in the report for implementation with effect from April 2013.

Reason:

To introduce a Hardship Fund as supported by Full Council at its meeting of 24 January 2013 to provide short term assistance for those customers facing extreme hardship as a result of the changes to Council Tax Benefit from 1 April 2013

Cost of proposals:

The proposal to introduce a Hardship Fund was taken into account when setting the general budgets for 2013/14

Appendix A: [Draft Council Tax Support Exceptional Hardship policy](#)

Background papers: None

Reference Papers: [Report to the Executive for Decision, 7 January 2013](#)
[Report to Council, 24 January 2013](#)

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 15 April 2013

Subject: Council Tax Support Exceptional Hardship Fund Policy

Briefing by: Director of Finance and Resources

Portfolio: Policy, Strategy and Finance

INTRODUCTION

1. In the 2010 Spending Review, the Government announced that it would reduce spending on Council Tax Benefit by 10% through the abolition the national arrangements for working age claimants and devolving the responsibility to design a scheme to the local billing authorities from April 2013.
2. Legislation was passed following royal assent of the Local Government Finance Act and Fareham Borough Council's Local Council Tax Support scheme was approved by Full Council on 24 January 2013.
3. The burden of the cut in funding for support fell upon our 1940 working age claimants and recognising that this could lead to exceptional financial hardship for some of these residents, Full Council also supported the introduction of a Hardship Fund to provide limited short term assistance and agreed an amount of £100,000 be made available.
4. In December 2012, the Government announced it would make available £100 million to support local authorities in developing "well-designed council tax support schemes and maintain positive incentives to work".
5. By choosing to amend the elements of our local scheme for a period of one year (removing the "band C" cap and increasing the maximum level of support from 80% of a claimant's Council Tax liability to 91.5%), the Council was able to secure this transitional funding from the Government
6. The cost of amending the local scheme to meet the criteria for funding was not fully met by the Government grant therefore £17,000 was set aside from the budget earmarked for the Hardship Fund on the basis that the transitional scheme for 2013/14 would be more generous than the core scheme.

EXCEPTIONAL HARDSHIP FUND POLICY

7. Following Full Council's approval of the local Council Tax Support scheme, officers have developed an Exceptional Hardship Fund policy which can be seen at Appendix A.
8. The key features of the Hardship Fund are:
 - Exceptional Hardship Fund payments are paid under the terms of S13a of the Local Government Finance Act 1992; payments are a discretionary discount and not payments of Council Tax Support.
 - Payments will only be available from 1 April 2013 and will not be available for any other debt other than outstanding Council Tax
 - The operation of the Fund will be at the sole discretion of the Council and will be administered by the Revenues and Benefits Service
 - There is no statutory entitlement to payments from the Fund although the Council will consider all requests for assistance
 - Each case will be treated on its own merits and all customers will be treated fairly and consistently
 - Exceptional Hardship Fund payments are designed to provide short-term assistance whilst the customer puts alternative solutions in place
9. Many of the 1,940 residents affected by the reduction in Council Tax support will also be subject to reductions in Housing Benefit from April 2013 due to the introduction of the Social Sector Size Criteria (Spare Room Subsidy) and the Benefits Cap. For some, this will mean they will be contributing towards their rent and Council Tax for the first time. Therefore the Council has entered into an agreement with Fareham Citizens Advice Bureau to provide an improved (to that already in place) money advice service which will aim to equip claimants with the necessary budgeting skills to ensure that essential expenses such as rent and Council Tax are met within the reduced level of benefits.
10. Therefore, all claimants who make a request for a Hardship Fund payment will be expected to engage fully with the Citizens Advice Bureau. The Revenues & Benefits Service will administer the operation of the Fund and as part of the decision making process, will consider the level to which claimants have engaged with the Citizens Advice Bureau and implemented the recommendations made to them.
11. Awards from the Hardship Fund will be in the form of a one-off "payment" made directly into the claimant's Council Tax account, thus reducing the amount of Council Tax due. No payment will be made in cash to the claimant nor will it exceed a value equal to 12 weeks of their net Council Tax liability.

RISK ASSESSMENT

12. It is expected that the pressure placed upon this fund both in terms of financial demand and administrative functions will be within budget. Regular monitoring of spend and resource allocation will be undertaken.

FINANCIAL IMPLICATIONS

13. The cost of introducing a hardship fund and extending the existing Money Advice facility was taken into account when the general budgets for 2013/14 were set.

CONSULTATIONS

14. The proposals for introducing a Hardship Fund and extended Money Advice was included in the Council Tax Support consultation exercise carried out during October and November 2012 and were reported to the Executive at its meeting of 7 January 2013 and to Full Council at its meeting of 24 January 2013.

CONCLUSION

15. The impact of the Government's welfare reforms will mean that some claimants will struggle to pay their Council Tax. The provision of short term financial support & money advice to those facing exceptional hardship as a consequence of the reforms will safeguard against the build up of Council Tax arrears and associated recovery action whilst allowing claimants time to re-align their budgets.