

**LOCAL GOVERNMENT FINANCE ACT 2012  
CONSEQUENTIAL AMENDMENTS  
(Report by Head of Customer Services)**

**1. INTRODUCTION**

- 1.1 Cabinet recently approved the introduction of the local Council Tax Support scheme and technical reforms to the Council Tax exemption arrangements. Following further updates of legislation through statutory instruments, members need to consider some consequential amendments to these schemes.
- 1.2 There is a requirement to introduce a Council Tax discretionary relief policy, amend the Council's Fraud arrangements and make a slight amendment to the Council Tax technical reforms.

**2 COUNCIL TAX DISCRETIONARY RELIEF POLICY**

- 2.1 The Local Government Finance Act 1992, as amended by the Local Government Finance Act 2012, gives local authorities the discretion to reduce the amount of Council Tax a person has to pay. This is different legislation to that which requires an authority to implement a local Council Tax Support scheme from April 2013.
- 2.2 However, as part of the requirements for introducing a localised Council Tax Support scheme, each local authority must state the procedure by which a person can apply for a discretionary relief under Section 13A (1) (c) of the 1992 Act.
- 2.3 The cost of any reductions made under Section 13A (1) (c) are fully borne by Huntingdonshire District Council and not the precepting authorities.

**3 AIMS OF THE POLICY**

- 3.1 The new Council Tax Support scheme introduced from April 2013 is similar to the previous Council Tax Benefit scheme in that awards are means tested and based on the applicant's income, capital and family make up.
- 3.2 A reduction under Section 13A (1) (c) is completely discretionary and any reduction allowed will be determined on a case-by-case basis taking into account the individual circumstances of the tax payer.
- 3.3 A Section 13A reduction would be considered only in exceptional circumstances where the tax payer is unable to meet the legal obligation to pay their Council Tax liability and they have taken all reasonable steps to resolve the situation themselves.
- 3.4 The policy, shown at Appendix A, has been designed to ensure that the decision making process will be consistent and fair.

#### **4 COUNCIL TAX SUPPORT – FRAUD INVESTIGATIONS & PROSECUTIONS**

- 4.1 The Council's Fraud Team currently investigate all matters of reported Council Tax Fraud as part of the Councils function as an agent for the Department for Work Pensions in the administration of this benefit. These investigations relate to offences contrary to the Social Security Administration Act 1992 as amended and the Act also provides for authority to obtain information from various information sources such as employers, utility providers and the banking sector.
- 4.2 From April 2013 with the introduction of a localised Council Tax Support scheme the offences and authority to investigate Council Tax Benefit will end. The Government has provided draft legislation and regulations to substitute offences and authority to investigate and obtain information in relation to Council Tax Support to replace those previously provided under the Social Security Administration Act 1992.

#### **5 THE NEW FRAUD REGULATIONS**

- 5.1 The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 provides details on the new types of offences that may occur under the localised Council Tax Support Scheme operated by HDC, and the authority for HDC to investigate and prosecute those matters. The regulations also allow for the imposition of a range of financial penalties as well as prosecution.
- 5.2 The estimate of loss of around £60k per annum in fraud from the localised scheme, even taking into account the 10% reduction in expenditure, will still need to be addressed and investigated.
- 5.3 Cabinet needs to formally adopt the new Regulations to enable the Fraud Team will to have effective authority to investigate alleged fraud and allow the criminal remedy to prosecute or impose penalties where fraud is identified.

#### **6 COUNCIL TAX REFORMS - AMENDMENT**

- 6.1 Under the Council Tax Exemption rules, the current process allows a Class C exemption for unoccupied properties for six months. Should the property be occupied for a period of six weeks, and subsequently becomes vacant, a new six month exemption may be applied.
- 6.2 Members approved a local discretionary discount scheme to reduce the void period to one month. However, as part of the discretionary discounts scheme we need to set a timescale corresponding to the previous rules to ensure that renewal applications for discount are only able to be considered after an occupation period of six weeks. Otherwise, people might occupy for just one night and be able to qualify for another month's discount.

#### **7 RECOMMENDATION**

- 7.1 That Members:
- (a) Note the contents of this report;
  - (b) Adopt the Council Tax Discretionary Relief Policy with effect from 1 April 2013 and authorise the Head of Customer Services to determine claims

under the policy and the Council's scheme of delegation be amended accordingly.

- (c) Adopt the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 to allow for the investigation, prosecution and recovery of alleged Council Tax Support fraud when these Regulations become law and the Head of Customer Services be authorised to investigate fraud and implement these regulations and the Council's scheme of delegation be amended accordingly.
- (d) Amend the Council Tax Local Class C discounts scheme to provide for a renewal application to require at least six weeks occupation before a new Class C discount can be awarded.

## **BACKGROUND INFORMATION**

Local Government Finance Act (LGFA) 1992 as amended by the LGFA 2012.  
Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 (Draft)  
The Social Security Administration Act 1992  
HDC Benefits Fraud Prosecution Policy 2010  
Cabinet reports 13 December 2012

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## **HUNTINGDONSHIRE DISTRICT COUNCIL COUNCIL TAX DISCRETIONARY RELIEF POLICY**

### **1. Background**

- 1.1 Section 13A(1)(c) of the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012 gives Huntingdonshire District Council (HDC) discretionary powers to reduce the amount of Council Tax a person has to pay. It can be used for individual cases or classes of case. HDC has not specified any class of case in which liability is to be reduced, but will consider claims on an individual basis.
- 1.2 The cost of awarding any such discounts is fully borne by HDC.

### **2. Statement of objectives**

- 2.1 The Council will only consider an application to use its discretionary powers to reduce the amount of Council Tax due, in exceptional circumstances. In doing so, regard will be given to the following:
- financial and/or personal circumstances
  - steps taken by the applicant to resolve the situation themselves

### **3. Applying for a discretionary reduction**

- 3.1 All applications must be made in writing, or by electronic communication, by the taxpayer or someone authorised to act on their behalf. This should set out all of the circumstances on which the application is based.
- 3.2 Applications may be accepted in the current financial year and up to three months after, or within three months of an amended bill being issued as a result of a change in valuation band.
- 3.3 The Council may request any reasonable evidence in support of the application.

### **4. Awarding a discretionary reduction**

- 4.1 The amount of reduction will be determined by a Council officer based on the amount of Council Tax owed and the individual circumstances of the taxpayer and is entirely at HDC's discretion.

4.2 The amount of the award may be adjusted, at any time, following a change to the applicant's circumstances.

4.3 A decision will be made after considering the following:

- there must be evidence of financial hardship or personal circumstances that justifies a reduction in Council Tax
- the taxpayer must satisfy the Council that they have taken all reasonable steps to resolve their situation prior to making an application
- the taxpayer must have made an application for Council Tax Support, if appropriate
- the taxpayer must have applied for any appropriate discount or exemption
- whether the taxpayer has access to other assets that could be used to pay the Council Tax, and,
- the amount of Council Tax outstanding must not be the result of refusal to pay or a fraudulent act.

4.4 The Council will notify the taxpayer in writing setting out the reasons for the decision.

4.5 Any reduction will then be applied to the Council Tax liability and a revised bill will be produced and sent.

## **5. Review of decision**

5.1 If the taxpayer is dissatisfied with the Council's decision, they can request a review of that decision by a senior officer.