

Hardship Payment Guidance for recipients of Council Tax Reduction

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Preface

This guide is provided for Council Tax payers who receive Council Tax Reduction.

The council recognises that there must also be provision for Council Tax payers who do not qualify for Council Tax Reduction but find themselves in *'exceptional' circumstances and require short term financial assistance to meet their Council Tax liability. Such residents should contact the Council Tax Service for advice council.tax@redbridge.gov.uk

** Page 4 of this document provides a definition of 'exceptional' for the purposes of the administering the scheme*

Introduction

Council Tax Benefit ended in March 2013 and local authorities were given responsibility for replacing it with their own local Council Tax Support Scheme (LCTSS) from April 2013. The Redbridge scheme is called [Council Tax Reduction](#) (CTR). Unlike Council Tax Benefit, Council Tax Reduction is not fully subsidised by Central Government and any shortfall in funding to administer the scheme must be met by the local authority.

In addition to CTR, the Local Government Finance Act 2012 (Section 13A) gives local authorities further discretionary powers to reduce the Council Tax payable for a charge payer, after exemptions and discounts have been applied.

The council has a Hardship Payment fund to provide financial support to individuals who can evidence that they are struggling to pay their Council Tax bill. Hardship Payments are paid from the council's General Fund and the council must balance the needs of individuals who demonstrate a requirement for additional support with the interests of all the borough's Council Tax payers.

What is a Hardship Payment?

A Hardship Payment is additional financial support to help residents who are experiencing financial difficulty in meeting their Council Tax liability.

Funding for such awards is limited which means that priority will be given to the most vulnerable residents who are experiencing financial hardship **and** meet the eligibility criteria.

There is no statutory entitlement to Hardship Payments.

Who can apply for Hardship Payments?

Only Redbridge residents who have a liability to pay Council Tax can apply for Hardship Payments

This document provides a guide for applicants to the Hardship Payment fund who currently receive CTR or were in receipt of CTR at that time they were struggling to pay.

Council Tax payers who do not receive CTR but are struggling to pay their bill should contact the Council Tax Service for advice council.tax@redbridge.gov.uk

Who makes the Hardship Payment decision for people receiving CTR?

The decision to make a Hardship Payment, the amount, and the period of award, is made by the Benefits Service. In exercising its discretion, the Service considers each application on its own merits while having due regard to the Local Government Finance Act 2012 and principles of Local Taxation, as well as its duties to act lawfully, reasonably, and fairly.

What Hardship Payments can cover for people receiving CTR

For residents with entitlement to CTR for the relevant period, Hardship Payments can cover the weekly shortfall between their Council Tax liability and their CTR caused by the following:

- Income tapers
- Tariff incomes derived from capital
- The Council Tax Reduction banded scheme for working age residents
- Non-dependant deductions
- Minimum CTR award threshold for working age residents

The combined total of any Hardship Payment and CTR must not exceed the total Council Tax liability for the relevant period.

What Hardship Payments cannot cover for people receiving CTR

- Any costs incurred through non-payment of Council Tax such as court costs
- Any period where CTR was not awarded
- Any period where there was no liability to pay Council Tax

Hardship Payments will not be paid where it undermines the purpose of either the Council Tax Reduction scheme or Local Taxation, such as a refusal to pay, or neglect of, the Council Tax balance.

How do CTR recipients apply for Hardship Payments?

Residents who receive CTR, or someone acting on their behalf (such as an appointee, friend, family member support worker, housing officer or other professional), must make an application for Hardship Payments by completing the online form found here www.redbridge.gov.uk/benefits/discretionary-housing-and-hardship-payments/ and scrolling to the section that states **Apply for HP**.

It is important that the form is completed as fully and accurately as possible and where relevant, any supporting documents are provided at the same time. This will help the Benefits Service to make a decision quickly and will reduce the need to contact the resident for further information or an explanation of their circumstances.

How will applicants be notified of the outcome of a Hardship Payment request?

The Benefits Service will write to the applicant (or their appointee) to notify them of the outcome of their request.

Where the decision is to grant a Hardship Payment, the notification will include how much the award is and what period it will cover. The notification may also include recommendations, advice, support and signposting to assist the applicant to improve their circumstances.

Where the decision is to refuse a Hardship Payment, the notification will include a full explanation as to why. The notification may also include recommendations, advice, support and signposting to assist the applicant to improve their circumstances.

Page 6 of this guide provides information about what to do if the applicant is unhappy with the decision.

Who will the Benefits Service prioritise for Hardship Payments?

Hardship Payment funding is insufficient to meet demand and it is not possible for the Benefits Service to grant this additional support to every applicant, nor always meet the full shortfall in cases where an award is made. The main objective of the scheme is to support residents who are in receipt of CTR and are experiencing *exceptional circumstances that significantly impacts their finances.

* For the purposes of administering the Hardship Payment fund, 'exceptional' is defined as a financial situation that:

- is not typical
- is entirely unusual
- is likely to happen infrequently
- is likely to be entirely beyond the control of the Council Tax payer

Consideration will also be given to:

- the needs of Equality Act protected groups such as disabled people and families with children.
- the importance of employment as a mechanism for moving out of poverty and using Hardship Payments to encourage and facilitate work where practical
- support & encourage those who are actively seeking work to improve their circumstances or sustain their employment
- the limited availability of Hardship Payment funding and the need to balance the interests of any one applicant with other potential recipients and Council Tax payers.
- working with other council services to ensure that mutual clients' needs are met.
- looking favourably at foster carers, child protection cases, children with special needs and children who are at key points in their education.
- alleviate poverty
- help applicants through difficult life events
- support victims of domestic abuse who are trying to move to a place of safety
- support the vulnerable or the elderly in the community

This list is a guide only and will not cover all circumstances. Each case is considered individually.

Period and amount of Hardship Payment

The Benefits Service will decide the start date, end date, amount, and frequency of a Hardship Payment on a case-by-case basis

Like CTR, Hardships Payments are calculated as a daily award. However, for simplicity, the award will usually be shown as a weekly amount.

Hardship Payments will be awarded to cover, either in full or in part, the shortfall between the Council Tax liability and Council Tax Reduction.

In most cases, any Hardship Payment will be awarded as a short-term measure to allow the applicant time to address their situation by:

- increasing their income through employment
- maximising income by other means, such as claiming other benefits or asking other adult household members to contribute
- reducing outgoings
- seeking debt advice
- bringing financial problems under control

When deciding a Hardship Payment application, the Benefits Service considers each case on its own merits. They will examine factors including, but not limited to:

- the shortfall between the Council Tax liability and the CTR award and the likelihood that the recipient would be able to meet this once Hardship Payment ends
- the household's income and expenditure, and whether these could reasonably be adjusted
- whether any other adults in the household could be expected to pay more than the standard contribution
- whether the applicant could reasonably be expected to contribute towards the shortfall
- whether a Hardship Payment for the full shortfall is required
- the period of Hardship Payment requirement
- whether a Hardship Payment has been previously awarded and, if so, what steps the applicant has taken to improve their circumstances.

The Benefits Service will consider the entire household's finances, the personal needs of all household members, the amount of the shortfall, any special housing requirements together with any other relevant information.

The Benefits Service may refuse a Hardship Payment where it considers that the shortfall is unreasonably high, and that awarding a smaller amount is unlikely to improve an applicant's situation.

How will Hardship Payments be paid?

Hardship Payments will be credited directly to the applicant's Council Tax account.

The Hardship Payment will generate a new Council Tax bill and instalment plan which will be issued to the applicant. It should be noted that due to an anomaly in the processing software,

the revised Council Tax bill will indicate that a Hardship Payment has been awarded to the end of the financial year. However, applicants should note the award dates on the notification letter issued to them by the Benefits Service; a new Council Tax bill and instalment plan will be issued as the Hardship Payment draws to an end .

Can Hardship Payments be backdated?

Backdating can only be considered for a period where the applicant had a liability to pay Council Tax and was receiving CTR for that period. Each request will be decided on its own merits and the applicant will be asked to provide evidence of their income, household composition and circumstances relevant to the backdating period, together with a satisfactory explanation as to why they did not make the request for a Hardship Payment at that time.

After a Hardship Payment has been awarded

All Hardship Payments will either be a lump sum payment or a periodic award for a fixed period based on the information provided at the time of the request.

Change of circumstances

The applicant must immediately notify the Benefits Service of any change in circumstances that may be relevant to their Hardship Payment request or award. Where there is any doubt as to the relevance of the change, the applicant should report it anyway.

Ending an award early

The Benefits Service may end a Hardship Payment before the end date previously notified if:

- they decide that a Hardship Payment is being, and/or has been, made because the applicant has misrepresented or failed, fraudulently or otherwise, to disclose a material fact
- the applicant has been paid because of an error
- liability to pay Council Tax ends
- Council Tax Reduction ends
- the applicant no longer needs additional financial assistance towards their Council Tax bill

Recovering overpaid Hardship Payments

The Benefits Service will recover overpaid Hardship Payments in the following circumstances:

- a misrepresentation or failure to disclose a material fact by the applicant (either fraudulently or otherwise)
- an error was made when the request was determined
- a change in the applicant's circumstances resulting in an adjustment to CTR that negates the original award
- a change in the applicant's circumstances that results in a reduced need for additional support
- a change resulting from an amendment to the amount of Council Tax for which the applicant is liable

Unhappy with a Hardship Payment decision?

The Benefits Service will notify all individuals of their outcome of their Hardship Payment request in writing

As Hardship Payments are not a statutory entitlement, there is no right of appeal to a First Tier Tribunal if the outcome is not as hoped for. However, the Benefits Service offers the opportunity for applicants to request an internal review of the decision. This can be done by writing to the Service, within 1 calendar month of the date of the decision, stating the reasons why they disagree and including any new information that may not have previously been considered.

This request will be considered by a senior benefits officer not involved in the original decision, who may decide to uphold or revise the original decision. The applicant will be advised of the outcome.

If the applicant remains unhappy with the outcome, they may submit an appeal to the Valuation Tribunal at <https://valuationtribunal.gov.uk/>

How the information provided is used & shared

The UK General Data Protection Regulations (UKGDPR) and Data Protection Act (2018) allow the Benefits Service to share information for a wide variety of reasons; these are known as our 'legal bases to process data'. We share data across the council to help safeguard people and to provide better services for our residents.

Information collected during the Hardship Payment application process will be used to decide the request. It will be cross matched with other data held by the council and third-party agencies such as DWP and HMRC for verification purposes.

In deciding a request, it may be appropriate to make referrals within the council or to external agencies to provide advice or support.

The council may also share data with both internal and external organisations for the purposes of validating any request or support a resident may have made for other council services.

Subject to a legal gateway, a resident's information may also be shared for the prevention of fraud and criminal activity with:

- The police
- Immigration Service, Absconder Services and/or UK Border Agency
- Health and social care organisations

This list is not exhaustive

Protecting public funds

Redbridge Council is committed to the fight against fraud in all its forms. Any person(s) who tries to fraudulently claim a Hardship Payment by falsely declaring their circumstances, providing a false statement or evidence in support of their application, will have committed an offence under the Theft Act 1968.

Where the Council suspects that this has occurred, all cases will be investigated and subject to the actions available within the Council's Anti-Fraud policy. This may lead to the commencement of criminal proceedings against suspected fraudsters.