



Council Tax Exceptional Hardship Scheme 2026-2027

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1. Introduction

[Section 13A of the Local Government Finance Act 1992](#) (s13A(1)(c) LGFA1992) provides billing authorities with the discretion to reduce council tax liabilities 'to such extent as the authority thinks fit'.

This document provides details of the Council Tax Exceptional Hardship Scheme (CTEH), agreed by Luton Borough Council to help council taxpayers who are facing 'exceptional hardship' to help reduce their council tax liability.

The CTEH scheme is locally funded and will be subject to a budget cap each year set by the council.

The CTEH will give officers the discretion to provide further reductions in Council Tax from 0% to 100% of the Council Tax liable amount. For this policy any amount of CTEH granted will be referred to as 'awards'

The Hardship Fund claim process will be available to any applicant (whether pension or working age) where their daily award of Council Tax Reduction (CTR) does not meet 100% of their Council Tax liability (less any appropriate discounts and non-dependant deductions) or where they are not in receipt of CTR, they have an outstanding Council Tax liability.

The main features of the fund are as follows:

- The operation of the CTEH scheme will be of total discretion of the council
- The hardship fund will be operated and administered by the Revenues and Benefits Team on behalf of the council there is no statutory right to an award from the fund
- CTEH are not payments of CTR (as defined within S13a of the Local Government Finance Act 1992) (s13A(1)(c) LGFA1992) an award can be considered for the current financial year and arrears from previous financial years subject to a referral from the welfare support team.
- Awards are designed as short-term help to the applicant only and it is expected that awards will be made for the short-term only
- All applicants will be expected to engage with the council and local authority partners and undertake the full application process - **failure to do so will result in no award**

1. Legislative framework

The following legislation and regulations are relevant to this document:

- The Local Government Finance Act 2012
- The Local Government Finance Act 1992 Section 13A and 13A (1)(c)
- Luton Borough Council Local Council Tax Reduction Scheme 2020
- Child Poverty Act 2010
- Equality Act 2010 (incorporating the Disabled Persons Act 1986)
- Housing Act 1996
- Armed Forces Covenant
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012
- Social Security Act 1992

2. Objectives

The purpose of this policy is to set out how Luton Borough Council intends to deliver short term debt relief for customers experiencing exceptional hardship either:

- as a direct result of the increased obligation to pay Council Tax as set out in the CTR scheme 2026-2027 or
- who are not in receipt of CTR but have an outstanding liability for Council Tax

It should be noted that where the council has a discretionary power, each case must be considered on its own merits, determined within the budget provided and administered under the framework set out in this scheme.

3. Criteria

The CTEH scheme fund has financial limitations and as such awards can only be made based on eligibility and having regard to the level of funding available or remaining funds within the CTEH scheme each financial year.

4. Equalities

The council is committed to equality and fairness. Equality is about ensuring people are treated fairly and given fair chances. It is also about ensuring that people receive fair outcomes in the standard of service they receive from the council and equality of access to council services.

This incorporates everyone, regardless of their race, gender, age, religion or belief, sexual orientation, marital or civil partnership status and/or disability in line with the principles set out in the Equalities Act 2010, amended 2018.

5. Exceptional financial hardship

Applications will be accepted on the basis that the applicant or household would suffer exceptional financial hardship if further assistance were not given.

Individuals in this group will not be defined but need to be able to demonstrate their circumstances and have exhausted other sources of income that are available to them.

Each case will be considered on its own merits, but when making a decision the council will consider:

- whether the applicant has applied for all other available financial assistance
- whether the applicant's household is in poverty as defined by the council
- the personal circumstances, age and medical circumstances (including ill health and disabilities) of the applicant, their partner any dependants and any other occupants of the applicant's home
- the difficulty experienced by the applicant, which prohibits them from being able to meet their Council Tax liability, and the length of time this difficulty will exist
- the income and expenditure of the applicant, their partner and any dependants or other occupants of the applicant's home
- how reasonably their expenditure exceeds income
- all income received by the applicant, their partner and any member of their household
- any savings or capital that might be held by the applicant, their partner and any member of their household
- other debts outstanding for the applicant and their partner
- the exceptional circumstances of the applicant and/or their family's circumstances that impact on finances
- the length of time they have lived in the property
- the amount available in the Fund at the time of the application and entitlement to Council Tax Reduction

The list detailed in 6.3 is not exhaustive and other relevant factors and special circumstances may be considered.

An award from the exceptional hardship fund does not guarantee that a further award will be made later, even if the applicant's circumstances have not changed.

The applicant or household as part of the application process will have access to independent financial advice and support.

Applications for CTEH should be one of last resort. Applicants will be expected to have explored and secured any lawful entitlement to other benefits, incomes, and reductions in preference to claiming CTEH. Any requests for arrears help would be referred to the service after work has been carried out with the customer by the welfare support team.

Applicants will need to ensure they are able to satisfy the council that they have taken all reasonable steps to resolve their own situation prior to award.

Awards may be made if the above applies and:

- there is evidence of exceptional financial hardship that justifies an award
- the applicant or household has supplied all evidence requested by the local authority
- the applicant or household must have applied for any appropriate discount / exemption / CTR and supplied any evidence requested by the local authority in respect of that application
- the applicant or household does not have access to any other financial assets that could be realised to pay the Council Tax
- the applicant or household must not be avoiding outstanding Council Tax due to willful refusal or culpable neglect
- the council's finances must allow for an award to be made
- the applicant has applied for any welfare benefits they may be entitled to

6. How to claim

The liable persons or representative should make an application for exceptional hardship relief as soon as they become aware of their financial difficulties and not wait for the issuing of a reminder, final notice or summons order.

A claim should be made using the approved claim form [available from the council's website](#), together with supporting evidence as required.

Claims can also be made through a referral process. [Please see section 9, referrals from other sectors.](#)

The applicant must be the person or person liable to pay the Council Tax or be their representative with authority to act on their behalf i.e. power of attorney.

If an applicant or household needs advice and support to complete a claim form, they will be signposted to an appropriate service or local authority partner that offers support relevant to their needs.

The applicant must set out the reasons for applying including explaining any special circumstances or exceptional hardship being experienced.

7. Information required to support claim

Evidence will be required to substantiate a claim for CTEH. Evidence can include, but is not limited to:

- full details of their income and expenditure
- documentary evidence such as utility bills
- evidence of outstanding debts and any action taken to tackle them
- Report from the welfare support team

Evidence may be requested that is relevant to the nature of the claim e.g. evidence of illness. It should be noted that no costs will be borne by the council regarding obtaining the evidence.

Failure to provide supporting information and evidence that is requested will lead to a refusal, unless the applicant can show good cause for the failure.

All information and evidence provided will be treated in confidence and in accordance with the Data Protection Act 2018 and general Data Protection Regulations 2018.

Where the council requires additional information or evidence it will write to / email / telephone the applicant requesting that the information is supplied within one calendar month .

The applicant is required to report any changes in their circumstances or the circumstances of household members immediately in writing to the council via its website.

A failure to [report changes via the Luton Council website](#) will:

- lead to a loss of CTEH
- result in a cancellation of an award from the Council Tax account
- in certain circumstances could lead to prosecution

The applicant is required to maximise their income through the application for other welfare benefits, council tax reduction, cancellation of non-essential contracts and outgoings and identifying the most economical tariffs for the supply of utilities and services generally.

Through the operation of the CTEH the council will look to:

- allow a short period ([see section 13 – method of payment](#)) of time for someone to adjust to unforeseen short-term circumstances and to enable them to ‘bridge the gap’ during this time, whilst the applicant seeks alternative solutions.
- enable long-term support to households in managing their finances.
- help applicants through personal setbacks and difficult events that affect their finances.
- prevent exceptional hardship.
- help those applicants who are trying to help themselves financially.
- encourage and support people to obtain and sustain employment.

It cannot be awarded for the following circumstances:

- where full Council Tax liability is being met in full by a Council Tax Reduction discount for any other reason, other than to reduce Council Tax liability
- where the council considers that there are unnecessary expenses / debts, and that the applicant has not taken reasonable steps to reduce these
- to cover any increase in the Council Tax balance outstanding caused by the failure of the applicant to notify changes in circumstances in a timely manner or where the applicant has failed to act correctly or honestly
- to cover court costs or administration fees

8. Notice of decision

The council will provide a written notice of its decision to the applicant or their representative. The decision notice will:

- set out the amount of the award (if any)
- set out the period of the award (if any)
- provide details of how to challenge or obtain more information about the decision
- provide details of how the award (if any) will be appear on the Council Tax account
- provide a summary of the factors considered in reaching the decision

On the provision of all satisfactory requested information, a decision will be made as soon as practicable.

9. Referrals from other sectors

The council will accept referrals from third sector organisations e.g. Citizens Advice and other Luton Access partners.

10. Debt advice

The council will expect the applicant or household to work with the welfare support team and/or other debt organisation's as a long-term solution to financial problems.

The council will signpost applicants or households to debt advice services in their area. Evidence of taking and adhering to advice may be requested from the applicant or household when making an application for CTEH.

The local authority will link Housing, Housing Benefit, and other internal teams as part of the application process to look at any other debt that the customer may have.

11. Backdating

Applications for CTEH for the current financial year, or part of that financial year, start on 1 April and end on 31 March.

They may be backdated for up to one calendar month from the date the application is received if there is continuous good cause for the delay in making the application throughout the period.

Backdating may be considered for a longer period if there is a referral from the welfare support team, and evidence can be shown of the work that has been carried out with them to reduce financial instability.

12. Determining awards

Incentivising work will be a factor when determining awards for CTEH. Consideration will be given to:

- the costs associated with being in work
- evidence of efforts made by the applicant to obtain work
- evidence applicant has sought to increase earnings

The council will consider each application on its own merits. This will ensure that each application is treated in an open and consistent manner, whilst considering individual circumstances.

The council will not accept applications unless they are made on the [approved form on the Luton Council website](#).

Where information or evidence requested has not been received within one calendar month, no CTEH will be awarded.

CTEH shall not permit officers to reduce the Council Tax charge for any day to less than NIL.

CTEH may only be awarded in respect of Council Tax liability.

The order of discounts will be maintained in line with the Local Government Finance Act 1992, therefore the maximum amount of CTEH that can be claimed for any day will be net of other discounts and reductions already awarded.

Awards will have a defined start and end date. This information will be provided to the applicant or household when the decision is made.

Awards will be cancelled if the applicant or household, or their representative has misrepresented or failed to disclose a material fact which affects the award of CTEH.

The authority will look to recover any increase in the amount of Council Tax outstanding as a result of cancellation of an award and may refer the matter to its fraud team if it considers it necessary to do so.

Up to a maximum of three awards per financial year will be considered per claim with a reduction in the amount of each subsequent successful award.

13. Method of payment

Awards will be credited directly to the applicant or households/liable persons' Council Tax account. This will have the effect of reducing the Council Tax liability.

Taxpayers may find that the award does not reduce their Council Tax to zero. In those circumstances where taxpayers have Council Tax to pay, they should contact the recovery section as early as possible and make arrangements to pay the sum due.

14. Reviews

Applicants may challenge a decision by requesting a review within one calendar month of the decision notice where:

- they have not been awarded CTEH for a day
 - where they feel the award should be increased
- Review requests must:
- be submitted in writing
 - be received at the council offices within one calendar month of the date of the decision notice
 - be signed by the applicant
 - outline the grounds for review request

The council may consider a review request if it is made outside one calendar month if the applicant can show continuous good cause for the delay in making the request throughout the period.

Applicants will not have the right to a review:

- where the council has already reviewed the application
- for any day on which they have received 100% discount or exemption of their liability
- for any request to backdate the award for more than one calendar month from the date of application
- where the council has no remaining budget provision
- in any case where the council was under no duty to make a decision

Any review request under this scheme will be determined within one calendar month of receipt of the review request or as soon as reasonably practicable.

Review decisions are final and may not be further challenged except where legislation permits. The council will write to the applicant once their review has been considered and will:

- explain the outcome of the review
- explain the amount of the award (if any)
- explain the period of the award (if any)
- provide details of how the award (if any) will be made
- provide a summary of the factors considered in reaching the decision

We have a duty to respond within two months but if you have not received a reply within four months then you can appeal direct to the Valuation Tribunal at the following address:

Valuation Tribunal Service,
Ground Floor, Fry Building,
2 Marsham Street,
London SW1P 4DF
Telephone: 0303 445 8100
Email: appeals@valuationtribunal.gov.uk

15. Recovery of a hardship relief award

If an amount of CTEH awarded is subsequently cancelled the amount will be removed from the applicant's Council Tax account and will be payable as Council Tax due under Council Tax regulations.

16. Fraud

The council will always correct any award made under this scheme where fraud or error has occurred.

Where a customer has failed to provide information or has knowingly supplied false or misleading information the council reserves the right to withdraw any award made under this scheme.

Furthermore, the council reserves the right to investigate any alleged offences, to levy penalties in accordance with the law and to prosecute anyone who has committed a criminal offence.

17. Data sharing and fair processing

The council may use any evidence and information supplied to it in respect of CTEH to check the eligibility of the applicant in respect of this scheme or any other welfare benefit, council tax reduction, discounts or exemptions.

Luton Borough Council is required by law to protect the public funds it administers. It may share information provided to it with other bodies responsible for auditing or administering public funds, to prevent and detect fraud. Data will only be shared if the law permits it.

18. Publicity

The CTEH scheme will be publicised across the borough through the [Council Tax guide on our website](#).

19. Scheme and expenditure figures review

The operation of the CTEH scheme will be reviewed annually by 31 March each year.

The pre agreed spending guidelines (often known as ‘trigger-figures’) associated with the three areas of flexible spending costs are a set of figures derived from ONS and provide a benchmark for reasonable spending based on household composition.

These will be updated periodically to reflect changes to expenditure patterns and significant fluctuations in the consumer price index (CPI). This will ensure that the real value of expenditure figures is maintained over time.

20. Budget considerations

The CTEH will have a budget set each financial year

If available funds have been exhausted from the CTEH no further awards will be made until a new financial year.

Linked policies and documents

Other policies and documents that will help in the application and understanding of this policy include:

- Housing Payment policy
- Council Tax Reduction scheme for Luton

Appendix A – Award periods, amounts and phased approach

Award periods and amounts

Please note, the follow is a guide and actual awards, and the period of an award may vary depending on individual circumstances:

Group	Period	Reason	Maximum award
Someone of any age who has a large repayment of a debt that will end shortly.	Up to a maximum of 18 months before the debt is due to end	Once the debt is clear, the customer will have the ability to pay more of their council tax.	Each award based on affordability will vary.
Someone on training	Up to a maximum of 12 weeks	Once the training has finished, they will be able to find work	Each award based on affordability will vary.
Someone on a rehabilitation course for drugs or alcohol related issues	Up to a maximum of 26 weeks	Once the course has finished, the individual will be in a stronger position to be able to manage their finances/seek employment and afford their council tax	Each award based on affordability will vary.
Households with adults who are unable to share a bedroom due to a disability condition			Each award is based on ability to afford the council tax charge so awards will vary.
Persons for whom relocating would prove particularly difficult or detrimental to themselves or to others whom they support.	Maximum of two years	Hardship award cannot be indefinite so two years should be sufficient to work with that individual to manage their finances and help their council tax become affordable.	Each award is based on ability to afford the council tax charge so awards will vary.
People fleeing domestic violence	Maximum of 52 weeks	Hardship award cannot be indefinite so one year should be sufficient to work with that individual to manage their finances, to help their council tax become affordable or to find them suitable accommodation.	Each award is based on ability to afford the council tax charge so awards will vary.

Group	Period	Reason	Maximum award
Households with shared parenting, needing larger accommodation (bedrooms) for visiting children.			Each award is based on ability to afford the council tax charge so awards will vary.
Expectant mothers are affected by the higher council tax liability before the child is born.	Up to a maximum of nine months or when the baby is born.	Upon birth of the child, the mothers' income will increase, and affordability will improve.	Each award is based on ability to afford the council tax charge so awards will vary.

Phased award

An award of exceptional hardship can be awarded for up to a maximum amount as stated below, subject to an affordability calculation and any exceptional circumstances that a customer may have.

Any awards exceeding 13 weeks will see it reduce as follows but will be used as a guide.

Period	Maximum award (%)
1 to 13 weeks	100
13 to 26 weeks	50

If there are exceptional circumstances, we may use discretion in deciding the period or percentage of an award.

Appendix B – Condition based awards

Exceptional hardship awards are short term awards to allow people financial reprise while they tackle their real issues, with a view to making them financially independent in the medium to long term.

In view of this, to ensure the right support is provided and customers do not repeatedly claim (maximum three awards per year) or rely on Exceptional Hardship awards, conditions will be attached to awards. The following describes the conditions attached.

Reason for CTEH award	Condition attached	How it will be monitored
Council tax is too high for rented accommodation.	Customers must look to find more affordable accommodation	Close, working with housing and decision makers to ensure customers are doing all they can to find alternative affordable accommodation.
Expenditure is too high due to debts	Customer must agree to work with the agencies to manage their debts and to create affordable repayment plans	Close working with the agencies to ensure customers have contacted them and are actively working with them to reduce debts. Case management of individuals may be required.
Customer has money management issues, unable to prioritise expenditure, manage income etc.	Customer must agree to work with the Agencies and accept any training offered to allow them to manage their finances better.	Close working with the Agencies to ensure customers have contacted them and are actively working with them to manage their money better. Case management of individuals may be required.
Alcohol, Drug and Mental Health issues.	Customer to seek help, support and advice on their condition via a referral.	Close working with the professional service to ensure they have sought advice and support.
Unable to work/ seeking work	Customers must be actively seeking employment and attend any courses available to remove any barriers, ie language courses.	Close working with the agencies to ensure customers are actively seeking work and removing barriers. Case management of individuals may be required.