

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

POLICY DEVELOPMENT GROUP - WEDNESDAY, 19 SEPTEMBER 2018

Report Title	COUNCIL TAX CHANGES
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Purpose of report	To seek the views of PDG on the approach this council wishes to take in relation to the application of council tax discounts and premiums.
Council priorities	Value for Money
Implications:	
Financial/Staff	The net impact of the proposals should see a slight increase in council tax income for NWLDC.
Link to relevant CAT	Not applicable.
Risk Management	Any risks can be managed within the existing corporate risk management framework.
Equalities Impact Screening	The application of some of the discounts are intended to assist a disadvantaged and vulnerable client group.
Human Rights	Not applicable
Transformational Government	The proposals will go some way to harmonising policies across the districts within the Revenues and Benefits Partnership which will allow for more efficient administration.
Comments of Head of Paid Service	Report is satisfactory.
Comments of Section 151 Officer	Report is satisfactory.
Comments of Monitoring Officer	Report is satisfactory.
Consultees	None
Background papers	None

Recommendations	THAT PDG PROVIDES FEEDBACK ON THE PROPOSALS FOR COUNCIL TAX EXEMPTIONS AND PREMIUMS FOR CONSIDERATION BY CABINET AT ITS MEETING IN NOVEMBER 2018
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1.0 INTRODUCTION

1.1 The Revenues and Benefits Partnership has highlighted that its three constituent district councils currently have a variety of policies in place with regard to council tax exemptions, discounts and premiums. It is now appropriate that NWLDC reviews the policies it has in place locally, within the context of local and national factors, for implementation from April 2019.

1.2 The report is presented in the context of the following:

- The government's intention that local authorities will have discretion to increase the council tax premium for properties that have been empty for more than 2 years from 50% to 100%.
- The national priority of increasing housing supply, of which encouraging empty homes to be brought back into use forms a part.
- The principal precept authority, Leicestershire County Council has been encouraging district councils to look at how they can maximise council tax collection.
- The Revenues and Benefits Partnership applying a range of different policies across the 3 local authority members which entails additional administration.
- The Council's Medium Term Financial Strategy (MTFS) and the creation of a Self-Sufficiency Fund to address risks around future income from new homes bonus and business rates.

1.3 The current position of discounts and premiums is described in the table below:

Council Tax Discounts and Premiums			
	HBBC	HDC	NWLDC
Second Homes Discount	0%	0%	10%
Premium for Long Term Empty Properties	0%	50%	0%
Discount for Properties Under Major Repairs (up to 12 months)	50%	0%	50%
Discount for Empty Properties (up to One Month)	100%	100%	100%

2.0 PROPOSALS (PROPERTIES)

- 2.1 It is proposed that the 10% discount for Second Homes is withdrawn as there is no longer any justification for granting a subsidy to the owners of such properties.
- 2.2 For uninhabitable properties undergoing major structural repairs it is proposed that the 50% discount for up to 12 months remains in place. Such an approach gives new owners acquiring dilapidated properties a reasonable time to carry out remedial works and incentivises them to do so. After 12 months the full council tax rate is charged, before the proposals described in 2.3 apply.
- 2.3 For long term empty properties (i.e. after 2 years) it is proposed that a 50% premium be charged for the first 12 months, then a 100% premium to be charged thereafter. Similar to the underlying principle applied in 2.2 such an approach delivers a stepped approach, with an incentive to occupy the property, otherwise the council tax charge will incrementally increase.
- 2.4 It is proposed that the one month discount for empty properties remains in place as this is a reasonable timeframe for a landlord to relet an empty home.

3.0 FINANCIAL IMPLICATIONS

- 3.1 For North West Leicestershire, the impact of proceeding with the options below is as follows:
- If a 50% premium is applied to long term empty properties then estimated additional gross income would be up to £118,806
 - If a 100% premium is applied to long term empty properties then estimated additional gross income would be up to £237,612
 - If the second home discount is withdrawn estimated additional gross income would be £20,821
 - The share of the above income that would come to NWLDC is 9.52% (or up to a maximum of £36,000 per annum).
 - The total number of properties affected would be 363.
- 3.2 Although the removal of the 50% discount (up to 12 months) for uninhabitable properties undergoing major structural repairs is not recommended, if implemented, estimated additional gross income would be up to £24,902
- 3.3 Although the removal of the one month discount for empty properties is not recommended, if implemented, estimated additional gross income would be £20,821.
- 3.4 Although council tax policy is essentially a local matter for each local authority and total uniformity is unlikely to be achieved, adopting a more consistent policy across the three local authorities within the Partnership will lead to administrative savings, although these have yet to be quantified.

- 3.5 Implementing the proposed measures would be consistent with the Council's Medium Term Financial Strategy, support central government's agenda of encouraging empty homes back into use, and be welcomed by the precept authorities.

4.0 PROPOSALS (CARE LEAVERS)

- 4.1 The council understands that the transition out of care for young people can be very problematic. Without the support of a family and being inexperienced in managing their own finances, care leavers can be more susceptible to fall into debt. Therefore, as part of a county wide initiative, and implemented through the Revenues and Benefits Partnership, it is proposed that NWLDC give financial support to these young people by giving additional relief, on top of any other reliefs that may be available, to those leaving care by reducing their net liability for council tax to zero until the age of 25.
- 4.2 Under Section 13A(1-3) of the Local Government Finance Act 1992 (as amended), the Council has the power to reduce liability for Council Tax in relation to individual cases or class(es) of cases that it may determine.
- 4.3 It is therefore proposed to create a new class of council tax charge payer known as 'Care Leavers' and to reduce the council tax bill for Care Leavers to zero, after any other national reliefs have been applied.
- 4.4 The following will be assessed when making a decision:
- Care leavers who are solely liable to pay Council Tax in their own right will have their bill reduced to nil. In addition, where a care leaver moves into a household (excluding Homes in Multiple Occupation), the Council Tax bill will also be reduced to nil.
 - The care leaver relief will be given after all other eligible reliefs have been taken into account.
 - The date of the day before the care leaver's 25th birthday determines the last day of the period of the award
 - Leicestershire County Council (or other Council's) Children's or Social Services or other public body or professional organisation have confirmed that the care leaver was in their care (being 'looked after').
 - That NWLDC is the council tax billing authority to whom the care leaver is liable to make council tax payments.
 - The Care leaver is resident in the NWLDC area, if permanent residency in the NWLDC area is discontinued relief will be stopped and require re-application upon return to the area.
 - The individual must have been in care on their 16th birthday and for at least 13 weeks from the age of 14.

5.0 FINANCIAL IMPLICATIONS (CARE LEAVERS)

- 5.1 It is difficult to put a precise figure on the cost of providing the proposed discount to care leavers as applicants will need to make themselves known, the client group in question often move around and are difficult to track down, and may often also be entitled to council tax benefit in any event. We believe the best estimate for the net impact on NWLDC's income could be in the region of £10,000 per annum.

6.0 CONSULTATION

- 6.1 There is a requirement to either publish a notice or consult on the proposed changes as set out below. Officers will arrange for the statutory requirements to be fulfilled.
- 6.2 For the property proposals, the Local Government Finance Act 1992 requires that a public notice of the intended changes will be published in at least one newspaper circulating in the Council's area within 21 days of deciding to make the change. A notice will also be published on the Council's website, and targeted communications will be sent to those likely to be affected by the proposals.
- 6.3 For the care leavers' proposal, there is a requirement under the Local Government Finance Act 1992 to:
 - (a) formally consult with the other precept authorities (note that these have already informally indicated that they are supportive);
 - (b) publish a draft scheme in such a manner as the Council thinks fit; and
 - (c) consult other people as the Council considers are likely to be affected by the change.