

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 11 DECEMBER 2018

Title of report	COUNCIL TAX CHANGES
Key Decision	a) Financial Yes b) Community Yes
Contacts	<p>Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Strategic Director of Housing and Customer Services 01530 454819 glyn.jones@nwleicestershire.gov.uk</p> <p>Head of Finance Tel: 01530 454707 tracy.bingham@nwleicestershire.gov.uk</p>
Purpose of report	To seek Cabinet approval of revised council tax discounts and premiums.
Reason for decision	Cabinet approval is required to change the scheme
Council priorities	Value for Money
Implications:	
Financial/Staff	The net impact of the proposals should see a slight increase in council tax base and therefore council tax income for NWLDC.
Link to relevant CAT	None
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	None
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 Deputy Head of Paid Service	Report is satisfactory
Comments of Section 151 Officer	Report is satisfactory
Comments of Monitoring Officer	Report is satisfactory
Consultees	Policy Development Group 19 September 2018 Affected residents 29 October – 25 November General Public 22 October – 25 November
Background papers	Policy Development Group 19 September 2018
Recommendations	<p>THAT CABINET:</p> <ol style="list-style-type: none"> 1. NOTE THE RESPONSES RECEIVED FROM POLICY DEVELOPMENT GROUP AND RESIDENTS WHO RESPONDED TO THE COUNCIL'S CONSULTATION; AND 2. APPROVE THE PROPOSED REVISED COUNCIL TAX DISCOUNTS AND PREMIUMS AS CONTAINED WITHIN THE REPORT

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. As a result of this and the additional discretions that the government intends to pass on to Local Authorities, NWLDC has reviewed the policies it has in place locally 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 1 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 0% 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.
- 2.5 Residents directly affected by the proposals have been contacted and invited to comment on the proposals, please see section 5 and Appendices A and B.

3.0 PROPOSALS (CARE LEAVERS)

- 3.1 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.
- 3.2 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.
- 3.3 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.

3.4 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.

3.5 The Council's other council tax precepting authorities have been consulted on this proposal and are supportive – please see section 5 below.

4.0 FINANCIAL IMPLICATIONS

4.1 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 approximately 363.

4.2 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.

4.3 Although the removal of the one month discount for empty properties is not recommended, if implemented, estimated additional gross income would be £20,821.

- 4.4 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.
- 4.5 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.
- 4.6 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.

5.0 CONSULTATION

- 5.1 Consultation has been undertaken on the property proposals in line with the Local Government Finance Act 1992. The consultation ran from 22 October to 25 November 2018.
- 5.2 Affected residents, who own a second property and/or own an empty property within North West Leicestershire have been written to with regards to the proposed changes and invited to make comment via a dedicated web-form. The Council's Customer Services team have also sought to obtain views from the general public. A copy of the consultation leaflet and the sensitised consultation responses can be found in Appendices A and B.
- 5.3 For the care leavers policy the council is required to consult other precept authorities. This has been done collectively with Leicestershire authorities and Leicestershire County Council, Leicestershire Fire and Rescue and the Leicestershire Police and Crime Commissioner who have all confirmed they are happy to proceed with the scheme.
- 5.4 The Policy Development Group reviewed all proposals at its meeting on 19 September 2018. An extract of the minutes of this meeting relating to this item can be found in Appendix C.

6.0 IMPLEMENTATION

- 6.1 The Local Government Finance Act 1992 requires that a public notice of the intended changes is published in at least one newspaper circulating in the Council's area within 21 days of deciding to make the change. Subject to Cabinet approval of the revised discounts and premiums, the Council intends to comply with this requirement and a notice will also be published on the Council's website and affected residents advised accordingly.