

REPORT TO CABINET

Open		Would any decisions proposed :		
Any especially affected Wards	Discretionary	Be entirely within Cabinet's powers to decide	NO	
		Need to be recommendations to Council	YES	
		Is it a Key Decision	NO	
Lead Member: Cllr Brian Long E-mail: Cllr.brian.long@west-norfolk.gov.uk		Other Cabinet Members consulted: NA		
		Other Members consulted: NA		
Lead Officer: Jo Stanton E-mail: joanne.stanton@west-norfolk.gov.uk Direct Dial:01553 616349		Other Officers consulted: Management Team		
Financial Implications YES	Policy/Personnel Implications NO	Statutory Implications NO	Equal Impact Assessment YES If YES: Full Assessment	Risk Management Implications NO

Date of meeting: 2 October 2018

COUNCIL TAX DISCOUNTS 2018/2019 AND 2019/2020

Summary

This report covers three proposed changes to Council Tax discounts for 2018/2019 and 2019/2020. The first is a review of the one month, 100% discount for empty and unfurnished properties. The second is the increased premiums payable for long term empty properties. The third is the introduction of a 100% discount for care leavers. The first two changes are proposed to take effect starting from 1 April 2019, with the Care Leavers' discount starting from 1 April 2018. The report also covers a change to the delegated authority for considering individual discount applications.

Recommendations

- 1. Cabinet considers supporting the proposal to remove the one month 100% discount for empty and unfurnished properties from 1 April 2019 and makes a recommendation to Council (2.7)**
- 2. Cabinet supports the maximum increases to the long term empty property premium starting from 1 April 2019 and makes a recommendation to Council (3.8)**
- 3. Cabinet supports introduction of the Care Leavers' local discount from 1 April 2018 on the criteria listed in the report and makes a recommendation to Council (4.10)**
- 4. Cabinet agree the wording for delegated authority for individual**

applications is amended to 'Applications will be determined by the Revenues and Benefits Manager in consultation with the Portfolio Holder for Resources and Performance and the relevant Ward Member' (5.3)

Reasons for Decisions

To ensure council tax discounts are reviewed and updated in line with recent changes

1. Introduction

- 1.1. The council has the power to vary the level of certain council tax discounts, and to introduce local discounts. Sections 2 and 4 of this report detail proposed changes to the empty and unfurnished discount, and the introduction of a new discount for care leavers.
- 1.2. Recent legislation now allows councils to charge higher premiums for long term empty properties, which increase further depending on how long a property has been empty. Section 3 details the changes the council could choose to adopt.

2. Empty and Unfurnished Properties

- 2.1. The council has the power to reduce the discount for empty and unfurnished properties to zero, and to decide how long the discount applies for. From 1 April 2017 the council reduced the maximum time for the 100% discount for empty / unfurnished properties from three months to one month. After this the full council tax charge is payable.
- 2.2. The change increased the taxbase, but has also increased the resources needed to administer the one month discount. More and more disputes are happening between landlords and tenants over when a property became unfurnished, therefore who is entitled to the discount, and complaints have been received from letting agents and landlords alike. There is also a rise in the number of formal appeals being made.
- 2.3. The monetary value of any discount awarded is usually low – on an average band A property it is £96 – but all of the disputes take staff resources to resolve, moving them away from other work.
- 2.4. Removing the discount entirely will dispel the potential for disputes as the full council tax charge would be payable from the day the property become empty and unfurnished. Staff will be freed up to verify other discounts, for example the single resident discount.
- 2.5. Other Norfolk councils allow the following discounts for empty and unfurnished properties:

	Empty and Unfurnished
Breckland	100% (1 month)
Broadland	0%
Gt Yarmouth	100% (1 month)
North Norfolk	0%
Norwich	0%
South Norfolk	100% (1 month)

2.6. The implications of completely removing these discounts and charging 100% council tax are detailed below and small amount of extra income is generated for the council. These figures are based on data as at 25 July 2018:

	Empty and Unfurnished
Properties Affected	82
Taxbase Increase @ Band D	63.8
Additional Revenue Raised	£110,548
Norfolk County Council	£84,390
Norfolk Police and Crime Commissioner	£14,619
Parishes (Average)	£3,795
BCKLWN	£7,743

2.7. Recommendation: Cabinet considers supporting the proposal to remove the one month 100% discount for empty and unfurnished properties from 1 April 2019 and makes a recommendation to Council

3. Long Term Empty Properties

3.1. Since 2013 councils have been able to charge an additional premium of 50% for properties left empty and unfurnished for more than two years, bringing the total council tax charge to 150%.

3.2. The government has recently legislated to allow councils to increase the premiums they charge for properties empty for more than two years from 50% to 100% from 1 April 2019 onwards. Late amendments to the Bill by the Lords introduced higher premiums for properties still empty after five and then ten years in subsequent years. The premiums that can be charged are shown below:

	2019/2020	2020/2021	2021/2022
Empty for between 2 and 5 years	100%	100%	100%
Empty for between 5 and 10 years	100%	200%	200%
Empty for over 10 years	100%	200%	300%

Maximum Premium payable in addition to the normal 100% council tax bill

- 3.3. The council can choose to apply a premium up to the amount shown in the table. This means that, from 2021, a property left empty for over 10 years could pay up to quadruple (400%) council tax.
- 3.4. The premium does not apply to any empty property qualifying for an exemption, for example while waiting for probate to be granted or where the owner is now in a care home.
- 3.5. The intention of the change is to encourage owners of long term empty properties to bring them back into use. If the policy is successful the additional taxbase figures shown below will be lower.
- 3.6. The breakdown of the current properties in the borough empty for more than two years is shown below, alongside the potential increases in the taxbase and council tax income:

Long Term Empty Properties	A	B	C	D	E	F	G	H	Total
Empty between 2 and 5 years	25	22	23	9	4	6	3	0	92
Empty between 5 and 10 years	72	17	8	4	0	3	0	0	104
Empty over 10 years	26	16	7	5	2	0	1	0	57
Total									253

Long term empty properties by length of time empty and council tax band

- 3.7. The year by year increase in the taxbase from applying the maximum increases is shown below:

	Taxbase Increase @ Band D 2019/2020	Taxbase Increase @ Band D 2020/2021	Taxbase Increase @ Band D 2021/2022	Total Increase over 3 years
Empty between 2 and 5 years	40.9	0	0	40.9
Empty between 5 and 10 years	38.3	76.7	0	115.0
Empty over 10 years	22.6	45.1	45.1	112.8
Additional Taxbase	101.8	121.8	45.1	268.7
Band D Council Tax (Est)	£125.87	£130.37	£134.87	
Additional Income (BCKLWN)	£12,811	£15,876	£6,084	£34,771

- 3.8. Recommendation: Cabinet supports the maximum increases to the long term empty property premium starting from 1 April 2019 and makes a recommendation to Council**

4. Care Leavers

- 4.1. At its Council meeting of 24 September 2018, Norfolk County Council are seeking to approve the principles of, and funding for 75% of the cost of, a local council tax discount for care leavers in Norfolk who meet the following criteria:

- They have left the care of Norfolk County Council,
- They have not yet reached their 25th birthday, and
- They are solely liable for the council tax, or liable with another person(s) who is also a care leaver

4.2. The borough council can also choose to award the discount in other circumstances but we would have to bear the full cost.

4.3. Following a recommendation from the Corporate Performance Panel, a care leaver will also be classed as a 'disregarded person'. This means that if they move in with someone who is not a care leaver, and that person loses their 25 per cent single resident discount, a 25 per cent discount would still be awarded. The care leaver is not counted as part of the household so the discount still applies.

4.4. There are approximately 10 cases where the scenario in 4.3 may occur. The cost to the council is estimated at around £2,500.

4.5. The discount will not be means tested or based on any other circumstances as long as the person qualifies as a 'care leaver' and is under the age of 25. Norfolk County Council will notify billing authorities of eligible care leavers in their area.

4.6. The discount will support care leavers as they start to live independently, helping them to manage their finances by relieving some of the monetary pressures this often vulnerable group faces. It supports Norfolk County Council's aspirations for care leavers, and the recommendations in the government's 'Keep on Caring' strategy from July 2016.

4.7. Billing authorities have powers to decide a local council tax discounts under s13a Local Government Finance Act 1992, for individual cases or a class of cases. The care leavers' discount would be allowed under these regulations. Norfolk County Council are proposing to meet 75% of the cost of any discount meeting the criteria in 4.1, and Norfolk's Police and Crime Commissioner has indicated they would also meet their share of the cost of the discount (approximately 13%). The borough council will meet the cost of any discounts awarded under section 4.3.

4.8. The discount is applied after any other reductions, for example single resident discounts and council tax support. The discount and disregarded status ends on the care leaver's 25th birthday.

4.9. The aim is for the discount to be a Norfolk-wide scheme, with authorities in Suffolk adopting a similar discount. It is intended to support care leavers as they leave the care of Norfolk County Council and start to become independent.

- 4.10. The discount applies in the following ways:
- A care leaver who is the sole resident and solely liable for council tax = 100% discount
 - A care leaver who is a jointly resident and liable for council tax with another care leaver = 100% discount
 - A care leaver who is resident with someone who is not care leaver = the care leaver is classed as a 'disregarded person' and any 25 per cent single resident discount that may be lost is reinstated

4.11. Norfolk County Council has supplied a list of care leavers in the Borough as at April 2018. There are 62 people on the list, 16 of whom are liable for council tax and would qualify for the discount. A further 20 have moved into an existing household, and around half of these have a single resident discount.

4.12. The estimated cost of the local discount is shown below:

	2018/2019
Funded Discount:	
Estimated Discount Cost	£3,930
Amount Funded by Norfolk County Council (75%)	£2,948
Amount Funded by The Police and Crime Commissioner (13%)	£511
Cost to the Borough Council	£471
Unfunded Discount:	
Estimated Discount Cost to the Borough Council	£2,500
Total Cost to the Borough Council	£2,971

4.13. **Recommendation: Cabinet supports introduction of the Care Leavers' discount on the criteria listed above and makes a recommendation to Council.**

5. Individual Applications

5.1. The current Council Tax Discretionary Reliefs policy states 'applications...will be considered on an individual basis by the Portfolio Holder for Resources in consultation with the Ward Member and the Chairman of the Resources and Performance Panel'.

5.2. This delegated authority is out of line with the delegated authority to consider other discretionary discounts, such as Non Domestic Rates Hardship Reliefs. Revised wording, reflecting the delegated authority for Non Domestic Rates discounts is proposed.

5.3. **Recommendation: Cabinet agree the wording for delegated authority for individual applications is amended to 'Applications will be determined by the Revenues and Benefits Manager in consultation with the Portfolio Holder for Resources and Performance and the relevant Ward Member'.**

6. Policy Implications

6.1. The discounts would be an update to the council's Council Tax Discretionary Relief Policy and Council Tax Discounts resolution.

7. Financial Implications

7.1. The potential net overall impact on the taxbase of the proposed discount changes for 2019/2020 is shown below:

Change	Impact on Taxbase @ Band D for 2019/2020
Removal of Empty and Unfurnished Discount	+63.8
Increase in Long Term Empty Property Premium	+101.8
Overall Impact at Band D	+165.6

7.2. Local discounts are not shown as part of the council's taxbase but do reduce the council's income to the Collection Fund. Norfolk County Council and the Police and Crime Commissioner will make an annual reimbursement of their contribution towards the cost of the Care Leavers' discount. The net cost to the borough council is £471 for 2018/2019.

7.3. A £10,000 Discretionary Hardship fund is maintained to assist those experiencing difficulty as a result of changes to discounts, and this will continue for 2019/2020. This fund is extended to any category of taxpayer as the Council sees fit, for example those bringing a long empty property back into use to live in as their own home.

7.4. Individual applications are considered by the Portfolio Holder and Ward Member under delegated powers. Cabinet will be asked to approve amending the current delegated authority for considering individual applications for council tax discounts to read 'applications will be determined by the Revenues and Benefits Manager in consultation with the Portfolio Holder for Resources so it is in line with other discretionary Revenues and Benefits policies

8. Personnel Implications

8.1. None

9. Statutory Considerations

9.1. None

10. Equality Impact Assessment (EIA)

10.1. A full Equality Impact Assessment is included at Appendix B.

11. Risk Management Implications

11.1. The income generated from the higher empty homes premium may be less than that estimated in the report. The intention of the premium is to bring long term empty homes back into use so if the policy change is successful it will result in fewer properties paying the premium.

11.2. The cost of the care leavers' discount is based on the number of qualifying people as at April 2018. This number will fluctuate so the cost may go up or down.

12. Declarations of Interest / Dispensations Granted

12.1. None

13. Background Papers

13.1. None

Appendix A: Pre-Screening Equality Impact Assessment



Name of policy/service/function	Council Tax Discretionary Discounts				
Is this a new or existing policy/ service/function?	New				
Brief summary/description of the main aims of the policy/service/function being screened. Please state if this policy/service rigidly constrained by statutory obligations	<ol style="list-style-type: none"> 1. Removal of council tax discount for empty and unfurnished properties 2. Introduction of higher premiums for long term empty properties 3. Introduction of a discount for care leavers 				
Question	Answer				
<p>1. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups according to their different protected characteristic, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?</p> <p>Please tick the relevant box for each group.</p> <p>NB. Equality neutral means no negative impact on any group.</p>		Positive	Negative	Neutral	Unsure
	Age	✓			
	Disability			✓	
	Gender			✓	
	Gender Re-assignment			✓	
	Marriage/civil partnership			✓	
	Pregnancy & maternity			✓	
	Race			✓	
	Religion or belief			✓	
	Sexual orientation			✓	
	Other (eg low income)			✓	
Question	Answer	Comments			
2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favouring a particular community or denying opportunities to another?	No				
3. Could this policy/service be perceived as impacting on communities differently?	No				
4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?	Yes	The care leavers discount is designed to assist young people when they leave the care of Norfolk County Council and move to independent living by removing one of their financial burdens.			
<p>5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions? If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section</p>	N/A	Actions:			
		Actions agreed by EWG member:			
Assessment completed by: Name Jo Stanton					
Job title Revenues and Benefits Manager	Date 31 August 2018				

Please Note: If there are any positive or negative impacts identified in question 1, or there any 'yes' responses to questions 2 – 4 a full impact assessment will be required.

Appendix B:

Equality Impact Assessment

Borough Council of
**King's Lynn &
West Norfolk**



Full Impact Assessment Form

1. What is the service area(s) and who is the lead officer?

Revenues – Council Tax
Lorraine Gore, Deputy Chief Executive, Executive Director, Finance Services
Jo Stanton, Revenues and Benefits Manager

2. What change are you proposing?

The council is being asked to support a discretionary council tax discount for care leavers in the borough from 1 April 2018. If the care leaver lives alone, or with another care leaver, the discount will reduce their council tax bill to nil, removing a financial burden from this potentially vulnerable group. The discount will apply up to their 25th birthday

The discount is requested by Norfolk County Council who will fund 75% of the cost.

This will be a new council policy and will need to be agreed by full council.

3. How will this change help the council achieve its corporate business plan objectives (and therefore your Directorate/service objectives)?

The discount will support Corporate Priority 6 – Work with our partners on important services for the borough, specifically target 18 – 'we will support 'early help' initiatives aimed at preventing problems from arising in the first place.

4. What is your evidence of need for change?

Norfolk County Council has requested all Norfolk district councils consider introducing a council tax discount for care leavers. They will support the initiative and fund 75% of the cost. The Police and Crime Commissioner has also indicated they will make a contribution. The discount will be awarded to all eligible care leavers in the borough until their 25th birthday, and will reduce their council tax bill to nil.

An analysis of care leavers as at April 2018 showed there were 16 people who could qualify for the discount. The cost is comparatively low at around £4,000 per year, although this could fluctuate based on the number of qualifying care leavers

5. How will this change deliver improved value for money and/or release efficiency savings?

Not applicable

6. What geographical area does this proposal cover?

The discount will apply across the whole borough. Other Norfolk district authorities are likely to adopt the same discount scheme so there should be no cross-boundary issues.

7. What is the impact of your proposal?

The requirement to pay council tax will be removed from young care leavers who are often vulnerable. This supports them as they progress with independent living once they leave the care of the County Council. The discount applies until their 25th birthday, which will give substantial help to this group.

8. What data have you used to support your assessment of the impact of your proposal?

Norfolk County Council has supplied a list of all care leavers in the borough. This has been analysed against the council tax database and the potential impact calculated.

9. What consultation has been undertaken/will need to be undertaken with stakeholders/ groups directly or indirectly impacted by the proposals and how do you intend to use this information to inform the decision?

N/A

10. Are there any implications for other service areas?

N/A

11. What impact (either positive or negative) will this change have on different groups of the population?

The discount will have a positive impact on care leavers up to the age of 25. It will remove a financial burden from a potentially vulnerable group.

12. What actions could be taken to mitigate the adverse impacts identified in question 11? Please clearly state if any actions cannot be mitigated.

There are no adverse impacts.

13. How will you monitor the impact of this change?

Norfolk County Council will notify the borough council of all care leavers in the area, and validate that they are eligible to receive the new discount. Care leavers will not need to apply for the discount themselves. Regular system reports will monitor the awards of discounts.

The borough council will not be able to monitor the wider impact of the change as we do not have a direct link with the care leavers. This will be picked up by the county council.

/14. Other Staff Involved in Assessment (including Corporate Equality Group Representatives), and comments from Equality Work Group Reps

To follow.

Assessment Completed By: Jo Stanton
Job Title: Revenues and Benefits Manager
Date: 31 August 2018