Blaby District Council
Cabinet Executive

Date of Meeting 5 November 2018
Title of Report Changes to Discretionary Council Tax Liability
This is a Key Decision and is on the Forward Plan.
Lead Member Cllr. Lee Breckon - Community Services &
Cllr. Maggie Wright – Finance & Assets
Report Author Revenues & Benefits Manager

1. What is this report about?

1.1 To seek approval for the proposed amendments to the localised Council Tax Support Scheme and to proposed changes to discretionary Council Tax liability in relation to empty properties and second homes.

2. Recommendation(s) to Cabinet Executive

2.1 That the 85% Cap for Council Tax Support Scheme remains unaltered for the year 2019/20.

2.2 That the Council Tax Support Scheme is amended to align with the Housing Benefit Regulations and guidance.

2.3 That the Council Tax Support scheme is amended to introduce a ‘minimum income floor’ for self-employed claimants.

2.4 That 10% discount offered on second homes in the district is removed from 2019/20.

2.5 That a premium of 100% of the Council Tax charge for long term empty properties be introduction from 2019/20.

3. Reason for Decisions Recommended

3.1 The changes recommended in this report to the Council Tax Support Scheme would create efficiencies, bring two separate schemes into closer alignment, assist to reduce error, make it simpler for the tax payer to understand, make it simpler for officers to operate and create additional income for the Council.

3.2 The options recommended as changes to the discretionary areas of Council Tax liability are designed to encourage tax payers to bring long term empty properties back into use; creates additional income for the Council and major
preceptors and broadly reflects the outcome of the consultation process that has been undertaken.

4. Matters to consider

4.1 Background

On 1st April 2013 the localisation of Council Tax Scheme abolished Council Tax Benefit (CTB). All Councils implemented new arrangements to replace CTB. The new scheme was called the Council Tax Support Scheme (CTS).

The Leicestershire local authorities together with Rutland Unitary, the Combined Fire Authority, Leicestershire Police Authority and Leicestershire County Council devised a broadly similar scheme to allow each Council to tailor its scheme locally to suit its community needs, while ensuring the scheme is effective, affordable and seeks to protect the vulnerable. It was felt important to maintain a broadly similar scheme to ensure that:

- Residents that move between Leicestershire authorities do not experience significant variations in available assistance;
- Vulnerable persons are protected; and
- Work continues to be incentivised

Since 2014 there have been few changes made to the Council Tax Support Scheme. A summary of the present local scheme is:

- An 85% cap on help with Council Tax liability (all working age claimants must pay a minimum of 15%)
- A taper of 25% (this is the amount by which benefit is reduced for each surplus pound of income that the claimant has)
- Removal of Second Adult Rebate for working age claimants (this was an obscure and little used benefit which looked at the income of the second adult in the household)

Council Tax Support is not one of the benefits that will be replaced by Universal Credit Full Service.

There have not been any changes to any of the Council Tax Discretionary areas since 2014.

Consultation commenced Friday 17th August and ended on Sunday 30th September 2018. Residents were consulted on whether changes should be made to the current scheme. A number of options were proposed. Please see Appendix A for the results of the survey.
4.2 Proposal(s)

All options were considered taking into account the results of the consultation; impact on those in receipt of Council Tax Support and any initiatives across the Council to bring empty properties back into use.

The following proposals form the recommendations of this report:

- To remove the 10% discount on properties within the district that are treated, under the rules, as a second home. The property would need to meet the definition of a second home.

- To introduce a premium of 100% of the Council Tax liability on unoccupied and unfurnished long term empty properties where the property has been empty for a period greater than 2 years. Some instances are exempt from this rule but the introduction of this charge is seen to be a supportive mechanism to bring empty properties back into use and not just to generate additional income for the Council.

- To introduce a minimum income floor for self-employed claimants to the local Council Tax Support Scheme, as defined by the minimum wage. There are some instances of exemption from this rule.

- To align changes that have occurred within the Housing Benefit Regulations (used to assess entitlement to rent allowance) to match the Council Tax Support scheme.

Further details relating to each proposal can be seen at Appendix B and C.

The Council also consulted on further options. These were:

- To make changes to reduce the 85% Cap for the Council Tax Support Scheme.
- To remove the discount awarded to properties undergoing major repair works
- To remove the 1 month exempt period for empty properties

All of the above options were not put forward in the final recommendations as it was felt these either placed a further financial burden on vulnerable residents or would detrimentally impact on the work being done to get empty properties back into use.

4.3 Relevant Consultations

Major precepting authorities including Leicestershire County Council, the Office of the Police and Crime Commissioner (OPCC) and the Combined Fire Authority have all been consulted on these proposals. All major precepting authorities welcomed the additional revenue that would result from the changes; however caution was raised from the Police and
Crime Commissioner regarding the reduction of the Council Tax Support Cap and the additional cost that would fall on some of the districts vulnerable residents. In addition a formal consultation took place.

4.4 Significant Issues

Human Rights Act 1998

Human rights have been considered but there are no overarching matters for concern in relation to this report

Legal implications

There is existing Council Tax Support legislation in place which, if changes to the scheme were agreed, would end on 31st March 2019. The Council has a duty to put into place an amended scheme containing the appropriate replacement legislation by 31st January 2019. Failure of the Council to amend a scheme by this date will result in the automatic continuation of the existing scheme for the 1st April 2019 to 31st March 2020 period.

5. What will it cost and are there opportunities for savings?

5.1

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<thead>
<tr>
<th></th>
<th>Current year</th>
<th>2019/20</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>£0</td>
<td>£14,733</td>
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<tr>
<td>Capital</td>
<td>£0</td>
<td>£0</td>
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The total revenue impact of the proposed changes are £163,700, the majority of which, £148,967 is attributable to the major preceptors; Leicestershire County Council; the Office of the Police and Crime Commissioner (OPCC) and the Combined Fire Authority Only £14,733 is additional income that is attributable to Blaby District Council.

6. What are the risks and how can they be reduced?

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<tr>
<th>Current Risk</th>
<th>Actions to reduce the risks</th>
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<tbody>
<tr>
<td>IT systems and software need to be upgraded and amended to reflect the proposed changes. There is potential for data mismatch or errors resulting from inaccurate information. There is no external involvement of the software provider (Northgate) in providing any modifications, releases or patches to support these changes so the risk is localised.</td>
<td>Working closely with the systems administrators and consider further support in this area on a short term basis. Ensure that adequate testing and timelines are adhered to in order that the year end processes and changes arising do not severely overlap.</td>
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<td>Schemes must comply with the Government’s requirements and Councils will be open to challenge via judicial review from major precepting authorities if they have not been fully consulted or from local tax payers. This risk is considered minimal as consultation and dialogue has taken place.</td>
<td>Consulting with major preceptors and for guidance other district and borough councils, members, the public and specialist groups (Citizens Advice) to identify as far as possible the impact of proposals.</td>
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<td>Changing the Council Tax Support Scheme may place a strain on household budgets, disposable income and the ability to meet their liability for Council Tax. There is a separate Council Tax Support Discretionary Fund for which applications for additional financial assistance can be made. This may generate an overall additional administrative demand.</td>
<td>The discretionary hardship fund will assist in providing additional support where the impacts of the changes could result in unwanted consequences.</td>
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<td>The grant funding that the Council originally received for Council Tax Support can no longer be identified. Changing demographics, a large employer in or near the district closing down or making employees redundant, or miscalculations in the design process, could mean that the number of Council Tax Support awards made is higher than anticipated and hence the amounts awarded and distributed will not equate to the amount budgeted for. The ability to pay may impact on collection rates.</td>
<td>The Council’s estimates the Council Tax Support to be awarded as part of the calculation of the Taxbase and as such any variance is budgeted for. The Council holds a earmarked reserve to provide for any large fluctuations in Council Tax Support being awarded.</td>
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7. **Other options considered**

7.1 There is a requirement on the Council to cyclically consider changes to the CTS scheme and discounts. There have been no changes of significance within the last 4 years. The options contained within this report identify potential areas of discretion that could be amended to provide additional income to both the Council and its preceptors. Leaving the Council Tax Support scheme and Council Tax liability discretionary areas unchanged reduces the ability to create additional income.
8. **Other significant issues**

8.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

9. **Appendix**

9.1 Appendix A – Consultation responses

9.2 Appendix B – Changes to the discretionary areas of Council Tax liability

9.3 Appendix C – Changes to the local Council Tax Support Scheme

10. **Background paper(s)**

10.1 Local council tax and council tax support scheme consultation booklet – ‘Have your say’.

11. **Report author’s contact details**

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