

Committee: Full Council

Agenda Item

Date: 10 December 2013

8(a)

Title: 2014/15 Council Tax discounts and Local Council Tax Support

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Key Decision: Yes

Summary

1. On 24 October the Cabinet determined its recommendations to Full Council for changes to Council Tax discounts and the Local Council Tax Support scheme for 2014/15. The report as considered and approved by the Cabinet is attached to this covering report, together with the required Equalities Impact Assessments.
2. Since the Cabinet meeting there have been some developments which although do not materially affect the recommendations, need to be brought to Members' attention. These are set out in this covering report.

Recommendations

3. The Council is recommended to approve the following changes to apply with effect from 1 April 2014:3
 - a) Withdrawal of the 10% discount for Second Homes.
 - b) Reduce the Empty Homes Class A (major repairs) discount from 100% for up to 12 months to 50% for up to 12 months.
 - c) Reduce the Empty Homes Class C (vacant dwellings) discount from 100% for up to 6 months to 50% for up to 6 months.
 - d) Introduce an Empty Homes Premium of 50% for dwellings unfurnished and empty for more than 2 years.
 - e) To change the liability cap such that non-vulnerable working age people previously on full CTB shall pay 12.5% of the Council Tax bill (an increase from the present 8.5% figure).
 - f) To continue the other elements of the Uttlesford LCTS Scheme without changes, as summarised in paragraph 9 of the Cabinet report.
 - g) To provide discretionary funding support to major preceptors on the basis of the principles set out in paragraph 41 of the Cabinet report, excluding the Police element for the reasons set out in paragraphs 13-14 below.
 - h) To provide discretionary funding support to town & parish councils on the basis of the principles set out in paragraph 52 of the Cabinet report.

(Recommendations continued overleaf)

4. The Council is recommended to ratify the six week occupancy period which will continue to apply before further unoccupied property discounts can be granted.
5. The Council is recommended to delegate authority to the Assistant Chief Executive – Finance to implement the revised Council Tax discounts and LCTS scheme and to make minor administrative changes as from time to time may be required.

Financial Implications

6. Set out in the attached Cabinet report (paragraph 52). As a result of the issue mentioned in paragraph 13 below, there is an additional cost of £5,000 falling upon UDC.
7. If major preceptors increase their Council Tax levels for 2014/15, the costs of the LCTS scheme and the distribution of costs between the major preceptors would change. As at 29 November no major preceptor has publicly declared their intentions. If, hypothetically, a major preceptor was to increase their Council Tax by 2%, the preceptor would bear a proportionally greater share of the LCTS cost, through the mechanics of the taxbase calculation and Collection Fund. UDC has committed to provide funding to major preceptors to ensure cost neutrality of the scheme, but has stated that it would not provide funding to subsidise that element of the cost that related to the Council Tax increase. Modelling shows that the additional LCTS costs arising from higher discounts attributable to a Council Tax increase, would be borne by the major preceptor levying the increase. The financial effect of this on UDC would be broadly neutral.
8. The Local Government Finance Settlement is expected to be published on 17 December. Although reductions in total funding are expected, the element relating to LCTS is expected to remain the same. In practice councils will have discretion about how to allocate their funding. The key assumption in this report is that the funding attributable to LCTS will be maintained at 2013/14 levels (excluding one off transition grant).

Background Papers

None.

Impact

Communication/Consultation	Set out in the Cabinet report
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	It is a legal requirement for the council discounts scheme to be approved by Full Council by 31 January

Sustainability	None
None Ward-specific impacts	None
Workforce/Workplace	None

Developments since the Cabinet meeting on 24 October 2013

Definition of “pensioner”

9. At the Cabinet meeting a definition of “pensioner” was requested. (Pensioners are protected from adverse changes arising from reduced Government funding for LCTS).
10. The definition of a pensioner for the purposes of LCTS, is someone who qualifies for state pension credit (not state retirement pension) and is not claiming working age benefits such as Income Support; Job Seekers Allowance or Employment and Support Allowance. The state pension credit qualification age is incrementally aligning to state retirement pension qualification age.
11. As an example:
 - For the current LCTS scheme (2013/14) anyone born before 5 August 1951 is classed as a pensioner as at 10 December 2013.
 - For the proposed scheme for 2014/15, anyone born before 5 October 1952 as at 1 April 2014 will be classed as a pensioner.
12. In the case of a couple, the age of the older partner is taken for the pensioner status unless the (younger) partner is claiming working age benefits such as Income Support; Job Seekers Allowance or Employment and Support Allowance.

Police withdrawal from the partnership agreement

13. The Cabinet report (paragraphs 32-34) sets out details of a cost and income sharing agreement between the 12 Essex district councils and the major preceptors, the County Council, Fire Authority and Police & Crime Commissioner. On 21 November the Police & Crime Commissioner’s office notified all Essex districts that the Police is withdrawing from the agreement with effect from 1 April. The effect is that approximately £10,000 of Police income which would have been passed back to UDC under the agreement will now be retained by the Police. In addition, the Police’s contribution towards LCTS recovery & administration costs, about £4,000, will no longer be paid.
14. The Cabinet report (paragraph 40) also sets out the basis on which UDC would provide discretionary funding to major preceptors to ensure that the LCTS scheme is cost neutral for them. It is considered that an appropriate response to the Police withdrawal from the income sharing agreement would be for UDC to withdraw its discretionary funding for the Police; this is worth around £9,000. This means that the net additional cost falling upon UDC is about £5,000.

Consultation

15. The Cabinet report (paragraph 15) stated that the Liberal Democrat Group had arranged for people to sign and submit postcards that express objections to the proposal regarding LCTS. The report stated that a total of seven signed postcards were received. On 21 November the Liberal Democrat Group provided evidence which indicates that in total 28 postcards were completed. Only seven of these were received by the Leader as intended. It is not known if the 28 respondents also expressed their views via the official consultation process.

Minor administrative matters

16. Good practice requires that it be made clear that Local Council Tax Support is a means tested scheme. This is commonly understood but was not specifically stated in the Cabinet report.

17. It is necessary to ensure that the Assistant Chief Executive – Finance, as Section 151 Officer, has the delegated powers to cover minor administrative changes to the scheme to include the aligning of non-dependants deductions and applicable amounts with regulations due to be published by the Government later in December or January.

18. It is necessary to ratify how long a property should be reoccupied for, before a further unoccupied discount may be given. Under present arrangements, the occupied period is six weeks. It is not proposed that this be amended.

19. The Government has issued guidance which suggests that councils may waive the levying of an Empty Homes Premium on a property that is being marketed for sale. This would be administratively impractical and it is understood that no Essex district is planning to adopt this guidance. It is not proposed that UDC adopts the guidance.

20. It is also clarified that the Empty Homes Premium would still be levied and payable on a property where a catastrophic event had occurred e.g. fire, flood, subsidence. However on a case by case basis, under existing powers the Council would be able to apply other discounts, if considered appropriate.

21. A detailed technical document setting out the full provisions of the LCTS scheme has been prepared and is available for review on the Council's website at <http://www.uttlesford.gov.uk/counciltaxchanges2013>.

Risk Analysis

As set out in the Cabinet report.