

## **REPORT OF THE CABINET MEMBER FOR FINANCE, PROPERTY AND REGENERATION (2 JANUARY 2020)**

### **1. COUNCIL TAX DISCOUNTS (INCLUDING COUNCIL TAX LOCAL REDUCTION SCHEME) AND COUNCIL TAX BASE REPORT**

- (a) The Local Government Act 2003 provides local authorities with discretion in relation to the level of Council Tax discount for specific categories of Council Tax properties, namely second homes and long term empty properties. It also makes provision for a local authority to set its own "local" Council Tax discount categories. Following a decision last year by the Council, care leavers can apply for a 100% Council Tax Discount for a three-year period. This reflects the Council's important role and commitment as a corporate parent.
- (b) The Local Government Finance Act 2012, with effect from 2013/14, removed several Council Tax exemptions and replaced them with local determined discounts. The Act also enables local authorities to remove the previous statutory minimum 10% discount for second homes and to set a local long term empty property premium. The Cabinet Member recommends that the Council Tax discount for empty and second homes remains at 0% and that a Long Term Empty Property Premium continues at the maximum percentage allowed for by the current legislation, which in 2020/21 is a 200% premium for properties which have been empty for 5 years (100% for properties empty between 2 and 5 years).
- (c) The Welfare Reform Act 2012 and Local Government Finance Act 2012 replaced the previous Council Tax Benefit scheme with a locally determined Council Tax Reduction Scheme (also referred to as Council Tax Support scheme), which is effectively a new type of Council Tax discount. The Cabinet Member agreed that the current Council Tax Reduction scheme should continue in its current form in 2020/21. The scheme effectively mirrors the previous Council Tax Benefit scheme and will not result in the Government's 10% benefit funding cut being passed onto the borough's working age claimants. The Cabinet Member is recommending that as previously introduced the Council agree a Council Tax Reduction Scheme for 2020/21 based on the Council Tax Reduction Schemes (Default Scheme) Regulations. The Cabinet Member is also recommending again that War Disabled pensions, War Widows pensions and Armed Forces Compensation Scheme payments are disregarded in full when calculating a claimant's income.
- (d) The Council Tax Base is calculated in accordance with a nationally prescribed formula and represents the equivalent number of Band D properties within the area. The formula takes account of the number of properties in each band, the number of discounts given for single occupiers, empty dwellings, second homes and other eligible criteria, the prescribed proportions to convert numbers to Band D equivalents and the estimated collection rate. The relevant regulations were changed for 2013/14 so that the tax base calculation includes a deduction for the equivalent number of Band D

properties relating to the Council Tax Reduction Scheme. The Council Tax Base must be determined and be notified to the Greater London Authority (GLA) and the levying bodies. As in the past, these notifications must be made by 31 January.

- (e) The calculations as detailed in Appendices 1 and 2 of the report were considered which confirm a figure of 132,698.31 equivalent Band D properties for the whole city, 3,554.14 Band D equivalent properties for Queens Park and 97.08 Band D equivalent properties for Montpelier Square. The tax base calculation is based on the assumption that the recommendations in the report in relation to the level of Council Tax discounts and in relation to the Council Tax Resolution Scheme are adopted.
- (f) The parish of Queen's Park was created on 1 April 2014 under the Council's Reorganisation of Community Governance Order 2013. The Queen's Park Community Council was elected on 22 May and consequently became a new precepting authority for the purposes of Part 1 of the Local Government Finance Act 1992. The calculations in Appendix 1 and 2 of the report considered by the Cabinet Member for Finance, Property and Regeneration confirm a tax base for Queen's Park Parish Council of 3,554.14 Band D equivalent properties.
- (g) The full report that was considered is attached as Appendix 1.

**The Cabinet Member for Finance, Property and Regeneration recommends:**

1. That the Council approves the following recommendations to be made to the Council for the financial year 2020/21:-
  - (i) that the Council Tax discount for second homes remains at 0%
  - (ii) the Council Tax discounts for empty properties, including the discounts that replaced the previous Class A and C Council Tax exemptions, remain at 0%.
  - (iii) that a Long-Term Empty Property Premium continues at the maximum percentage allowed for by the current legislation, which is for 2020/21:
    - Properties empty between 2 years - 5 years: 100% Increase
    - Properties empty over 5 years: 200% Increase
  - (iv) That the Head of Revenues and Benefits be given delegated authority to determine any individual local discount applications received from Council Taxpayers during the 2020/21 financial year under section 13A(1)(c) of the Local Government Finance Act 1992.
2. That the Council approves the same Council Tax Reduction Scheme for 2020/21 which has operated successfully since 2013/14 and that the following be noted: The scheme is based on the Default Scheme Regulations, updated to reflect changes made via the Prescribed Requirements Amendment Regulations and with War Disabled Pensions, War Widow, Pensions and Armed Forces Compensation scheme

payments disregarded in full when calculating a claimant's income. A minor change is proposed for 2020/21. The current scheme applies a capital cut off limit of £16,000, so that anyone with savings of £16,000 or more is not entitled to Council Tax Support. It is proposed that any capital and income received as a result of a charitable or support payment connected with the Grenfell Tower fire is fully disregarded when deciding eligibility for Council Tax Support. This is expected to only apply to a small number of households who have been permanently rehoused in Westminster after losing their homes in the Grenfell Tower and Grenfell Walk. This is a change recommended by central government to all local authorities.

3. That the Council agrees that the Council Tax Base for 2020/21 for the Whole City is 132,698.31 equivalent Band D properties, for Montpelier Square alone 97.08 equivalent Band D properties and for Queen's Park 3,554.14 equivalent Band D properties.
4. That the Council agrees that the figures as set out in 3. above for the Council Tax Base for 2020/21 be used by the Council to make a determination pursuant to the requirements of the Local Government Finance Act 1992.

Councillor Rachael Robathan  
Cabinet Member for Finance, Property and Regeneration

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Local Government Act 1972 (Background Papers)

None