

REPORT OF THE CABINET (14 DECEMBER 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. The Local Government Finance Act 2012 which came into effect in April 2013 removed several Council Tax empty property exemptions and replaced them with locally determined discounts. The Act also enabled local authorities to remove the minimum 10% discount for second homes and to set a local Long-Term Empty Property Premium.
- (b) The report of the Executive Director for Finance & Resources which we considered proposed that there are no changes to the Council discounts for second homes which would remain at 0%. It also proposed to continue to charge a Long Term Empty Property Premium at the maximum percentage allowed for by the relevant legislation, which for 2021-22 is a 300% increase for a property that has been empty for over 10 years. Cabinet supports these proposals and is of the view that it is a right and proper to discourage residential properties from remaining empty particularly given the stress on housing demand in the borough.
- (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. Cabinet agreed with the proposals in the report for 2021/22, which is essentially a continuation of the scheme that was originally set by the Council in 2013/14. Technically this means that the original Council Tax Reduction Schemes (Default Scheme) Regulations are mirrored within the City Council's local scheme, with the addition that rates used to calculate the discount are updated each year, and War Disabled Pensions, War Widow, Pensions and Armed Forces Compensation scheme payments are disregarded in full when calculating a claimant's income. Cabinet agreed this to be especially important given the difficulties that residents have faced from the Coronavirus Pandemic.
- (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 from 1 April 2013, to enable the taxbase calculation to include a deduction for the equivalent number of Band D properties relating to the local authority's Council Tax Reduction Scheme. The Council Tax Base must be determined and be notified to the Greater London

Authority (GLA) and other levying and precepting 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 we considered confirm a figure of 133,817.98 equivalent Band D properties for the whole City, 100.40 Band D equivalent properties for Montpelier Square and 3,514.63 Band D equivalent properties for Queens Park. The Queen's Park Community Council was created on 1st April 2014 under the Council's Reorganisation of Community Governance Order 2013. The Queen's Park Community Council is a minor precepting authority for the purposes of Part 1 of the Local Government Finance Act 1992.
- (f) The full report that was considered is attached as Appendix 1.

The Cabinet recommends:

1. That the Council approve the following recommendations for the financial year 2021/22:-
 - (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 2021/22:
 - Properties empty between 2 years - 5 years: 100% Increase
 - Properties empty between 5 years – 10 years: 200% Increase
 - Properties empty over 10 years: 300% Increase
 - (iv) that the Director of Revenues & Benefits be given delegated authority to determine any individual local discount applications received from Council Taxpayers during the 2021/22 financial year under section 13A(1)(c) of the Local Government Finance Act 1992.
2. That the Council approve the same Council Tax Reduction Scheme for 2021/22 which has operated successfully since 2013/14. 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.
3. That the Council resolve that the Council Tax Base for 2021/22 for the Whole City is 133,817.98 equivalent Band D properties, for Montpelier Square alone 100.40 equivalent Band D properties and for Queen's Park 3,514.63 equivalent Band D properties.
4. That the Council resolve that the figures set out in paragraph 2.3 of the report for the Council Tax Base for 2021/22 be used by the Council to

make a determination pursuant to the requirements of the Local Government Finance Act 1992.

Reasons for Decision

1. The taxbase decision is sought in order that the Council complies with the requirements of the Local Government Finance Act 1992.
2. The retention of the same levels of Council Tax discount, for empty properties and second homes will continue to deliver additional Council Tax income for the Council without disadvantaging any vulnerable members of the community.
3. The recommendation to allow the Director of Revenues and Benefits to continue to determine any individual local discount claims will enable assistance to be given to individual Council Taxpayers if required, especially as there is no longer the ability for taxpayers to claim Discretionary Housing Payments (DHP) in relation to their Council Tax liability. This will also provide the mechanism for granting the local Council Tax discount for Care Leavers and other vulnerable Council Taxpayers.
4. The Council's proposed Council Tax Reduction Scheme will mean that the level of Council Tax support provided to the borough's working age claimants will effectively mirror that previously provided under the national Council Tax Benefit scheme.
5. The recommendation to set the Long-Term Empty Property Premium at the new maximum allowed for within current legislation aligns with the Council's City for All agenda and the Council's aim of a fairer Council Tax system for all residents.

Councillor Rachael Robathan
Leader of the Council

Local Government Act 1972 (Background Papers)

Appendix 1 – Report of Executive Director of Finance & Resources -
Council Tax Discounts (including Council Tax Local Reduction Scheme) and Council
Tax Base

<https://committees.westminster.gov.uk/documents/s39952/Cabinet%20Report%20-%20Council%20Tax%20Base%202021-2022%20Final.pdf>