

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	16 November 2022
Subject:	Council Tax Reduction Scheme and Council Tax Discounts 2023/24
Report of:	Revenues and Benefits Manager
Head of Service/Director:	Head of Corporate Services
Lead Member:	Lead Member for Finance and Asset Management
Number of Appendices:	None

Executive Summary:

There is a requirement to have a Council Tax Reduction Scheme to support residents who qualify for assistance in paying Council Tax. The Local Government Finance Act 1992 requires each billing authority in England to make a scheme specifying the reductions which are to apply to amounts of Council Tax payable by persons, or classes or person, whom the authority considers are in financial need ("a Council Tax Reduction Scheme").

The report also provides Members with an update on the annual review of Council Tax discounts and seeks approval for their adoption from the 1 April 2023.

It is proposed the current Council Tax Reduction Scheme and Council Tax discounts in place for 2022/23 remain unchanged in respect of 2023/24.

Recommendation:

To RECOMMEND TO COUNCIL:

- 1. That the default Council Tax Reduction Scheme be ADOPTED effective from 1 April 2023 with a minor revision to the national working age regulations to allow for a de minimus tolerance for income changes.**
- 2. That authority is delegated to the Head of Corporate Services, in consultation with the Lead Member for Finance and Asset Management, to agree the uprating of the working age regulations incorporated into the local Council Tax Reduction Scheme in line with those announced by the Department for Work and Pensions.**
- 3. That the following Council Tax discounts be ADOPTED effective from 1 April 2023:**
 - The discount for unoccupied and substantially unfurnished properties is 25% for the maximum period of six calendar months.**
 - The discount for properties that are unoccupied and require major structural repair work to render them habitable is 25% for the maximum period of 12 calendar months.**
 - The discount for unoccupied furnished properties (second homes) is zero.**

- **An empty home premium of an additional 100% is levied on properties that have remained unoccupied and substantially unfurnished for at least two years, but less than five years.**
- **An empty home premium of an additional 200% is levied on properties that have remained unoccupied and substantially unfurnished for at least five years, but less than ten years.**
- **An empty home premium of an additional 300% is levied on properties that have remained unoccupied and substantially unfurnished for at least ten years.**

Reason for Recommendation:

The report recommends that the Council continues with the default Council Tax Reduction Scheme that was first adopted in April 2013. To reduce costs to the Council, changes would have to be made to the level of support provided to working age claimants. Most authorities have already incorporated a reduced level of support into their local scheme however it is not considered appropriate to do so at the present time having consideration to the recovery from the COVID-19 pandemic and financial impact of rising energy costs.

There was a minor revision made to the Council Tax Reduction Scheme for 2020/21 in order to reduce the administrative complexity of the default scheme. This means income changes of £10 or less per week do not require the reassessment of Council Tax Reduction. This has proved successful in managing the workload of the Benefits Team and in giving claimants more certainty in managing their finances.

It is best practice to review Council Tax discounts annually to ensure they reflect any changes in legislation and best meet the financial needs of the Council.

Financial Implications:

For the past 10 years the Borough Council has absorbed the cost of the 10% initial reduction of funding imposed by the Government following the introduction of the local Council Tax Reduction Scheme and the subsequent reduction to needs based funding. This significant cut to funding has resulted in most Councils making changes to their local scheme to balance their budgets.

Tewkesbury has made significant savings in a range of areas over the period as well as increasing income and Council Tax but, it still finds itself facing a shortfall in funding of at least £2.9million over the next two years according to the latest Interim Medium Term Financial Strategy. However, given the current financial pressures affecting Council tax payers, it is felt that now is not the right time to amend the CTRS scheme to a version that provides less support.

Legal Implications:

The Welfare Reform Act 2012 abolished Council Tax Benefit and instead required each billing authority to design a scheme specifying the reductions which are to apply to amounts of Council Tax. The prescribed regulations set out the matters that must be included in such a scheme.

All authorities in England are required to have a scheme identifying the reductions payable by their constituents who are in financial need under Section 13A of the Local Government Finance Act 1992 (updated in 2012). Schedule 1A paragraph 5 of the Act states that for each financial year, Councils must consider whether to revise their scheme or replace it with another scheme and that such decisions need to be made by 11 March in the financial year preceding that for which the revision or replacement scheme is to take effect. If the Council does not make/revise its scheme by 11 March 2023, a default scheme will be imposed on the Council which will be effective from April 2023.

The Local Government Finance Act 2012 amended the Local Government Finance Act 1992. Section 13A of the Local Government Finance Act 1992 (as amended) requires each billing authority to make a scheme specifying the reductions which are to apply to the amount of Council Tax payable.

Section 11B of the Local Government Finance Act 1992 (as amended) allows the Council to charge a Council Tax premium. Section 67(2) of that Act provides that the power to decide to charge a premium can only be exercised by Council. Further, The Rating (Property in Common Occupation) and Council Tax Empty Dwellings Act 2018 allows billing authorities, from 1 April 2020, to apply a premium of an additional 200% of the Council Tax due where a dwelling has been empty for five years and over. A premium of an additional 300% can be applied where the dwelling has been empty for ten years and over from April 2021.

Environmental and Sustainability Implications:

None.

Resource Implications (including impact on equalities):

None directly associated with this report other than officer time.

Safeguarding Implications:

None.

Impact on the Customer:

None.

1.0 INTRODUCTION

- 1.1 The Council has remained on the national default scheme since Council Tax Reduction was first introduced from 1 April 2013. Following public consultation on three options for a revised scheme, it was agreed that we would remain on the default scheme for working age claimants for 2020/21 with a minor revision of a tolerance for income changes.
- 1.2 This was due to the impact of the rules regarding the reassessment of Universal Credit and its impact on Council Tax Reduction. It was also agreed that alternative options would again be reviewed to ensure any future scheme provides the right level of support for residents as well as its impact on the Council's wider financial position. Due to the current, and likely ongoing, impact of the COVID-19 pandemic the advice of Officers is to remain on the default scheme for working age claimants for the 2023/24 financial year.

2.0 COUNCIL TAX REDUCTION SCHEME

- 2.1 Since April 2013, the Council has been required to establish a Local Council Tax Reduction Scheme to help working age people on a low income to pay their Council Tax. This scheme replaced the national scheme for Council Tax Benefit which was fully funded by central government. Tewkesbury Borough Council have remained on the default scheme since it was introduced in April 2013.
- 2.2 The Council is also required to administer the prescribed government Council Tax Reduction Scheme for pension age customers and is not able to make any changes to this scheme.

- 2.3** Council Tax Reduction is currently provided to 4,753 households in Tewkesbury Borough. This includes working age and pension age claimants. At present there are 2,963 working age claimants. The cost of the Council Tax Reduction Scheme is met by Tewkesbury Borough Council and the major precepting authorities in proportion to their share of Council Tax.
- 2.4** The legislation requires the Council to review its Council Tax Reduction Scheme on an annual basis. If there are amendments to be made to the scheme these must be done by the 11 March 2023.
- 2.5** It is proposed that the Council Tax Reduction Scheme adopted for 2020/21, i.e the default national scheme with a tolerance level of income changes of £10 or less per week, is maintained for 2023/24. This will reduce the administration burden for the team who are required to reassess entitlement each time there is a change to income. This will also assist claimants to manage their finances and reduce unnecessary costs in postage for amended Council Tax bills.

Council Tax Discounts

- 2.6** The Local Government Finance Act 2012 abolished certain Council Tax Discounts with effect from the 1 April 2013 and replaced them with discounts which can be determined locally. These have remained broadly unchanged since 2013/14 financial year other than a change to the level of discount given to short term empty properties and the levying of an empty homes premium from 1 April 2019. Options for Council Tax discounts have been reviewed in conjunction with proposals for the Council Tax Reduction Scheme in order to determine the most effective use of local discretions.
- 2.7** Council determined that furnished chargeable dwellings which are not someone's sole or main residence (i.e. second homes) will not receive a discount.
- 2.8** Council also determined that the discount in respect of unoccupied and substantially unfurnished properties should be 25% for six months. This was changed for 2020/21 (it has been a 100% discount for one month followed by a 25% discount for five months) to prevent landlord/tenant disputes regarding tenancy end dates. This change has proved successful and it is recommended the current level of discount is maintained for 2023/24.
- 2.9** Council further exercised its discretion to determine that chargeable dwellings which are vacant and undergoing major repair work to render them habitable should be given a discount of 25% for 12 months.
- 2.10** Prior to 1 April 2013 billing authorities could charge up to a maximum 100% Council Tax on dwellings that have been empty for more than two years. New legislation was introduced which allows for a 100% empty homes premium to be levied from 1 April 2019. This was first agreed by Members in February 2019. There are currently 60 properties subject to a 100% premium within the borough resulting in additional income of £113,000 with the Council retaining approximately £7,750.
- 2.11** From 1 April 2020 an additional power has been granted to allow the increase of the levy charge to 200% for properties which have been unoccupied and unfurnished for a period of over five years. Council adopted this option for the 2020/21 financial year. The premium is currently levied on 22 properties resulting in additional income of £73,000 with the Council retaining approximately £6,000.

2.12 From April 2021, the power to increase the empty homes premium to 300% for properties that have been unoccupied and substantially unfurnished for more than 10 years was granted. There are seven properties that meet these criteria and the levying of the additional charge results in further income of £41,500 with our share being approximately £3,000. More widely, however, it would continue to support the Council's strategy to bring empty properties back into use.

3.0 CONSULTATION

3.1 The legislation requires consultation prior to making change to the Council Tax Reduction Scheme, but there is no such requirement where no changes are being made. Accordingly, no public consultation has taken place regarding the proposed scheme for 2023/24 as the proposal is that it remains unchanged.

4.0 ASSOCIATED RISKS

4.1 None.

5.0 MONITORING

5.1 The impact of the Council Tax Reduction Scheme and its costs will be closely monitored and updated through Lead Member briefings.

6.0 RELEVANT COUNCIL PLAN PRIORITIES/COUNCIL POLICIES/STRATEGIES

6.1 The Local Council Tax Reduction Scheme.

6.2 Housing Strategy Action Plan 2017-2021 regarding bringing empty properties back into use.

Background Papers: None.

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Appendices: None.