

Report to Council
28 January 2014
Report of Executive head of business relationship management
Subject Council tax reduction scheme for 2014 - 15

Item

8

Purpose

To consider a council tax reduction scheme for 2014 - 15

Recommendations

To:-

- a) approve the council tax reduction scheme for 2014 - 15 i.e. continue with the council's 2013 - 14 scheme which adopted the "default regulations" [The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012] and gave 100% disregard to war pensions when calculating a claimant's income;
- b) adopt the Department for work and pensions 2014 housing benefit figures for personal allowances; premiums; employment and support allowance work-related and support components for its council tax reduction scheme;
- c) adopt the DCLG advised council tax reduction scheme pensioner applicant prescribed figures for non-dependant deductions and alternative council tax reduction scheme ('second adult reduction') and also apply these to working-age applicants; and,
- d) approve continuing with the same discounts and exemptions as for 2013 - 14 i.e:
 - i) To increase the amount of council tax payable by second home owners from 90% to 95% and that the additional income generated is utilised in accordance with the existing second homes council tax agreement.
 - ii) To allow a 50% discount for up to 12 months for empty dwellings undergoing major repairs (Class A).
 - iii) To grant a 100% discount for vacant dwellings (Class C) for the first month and that the discount is then reduced to zero up to 6 months.
 - iv) To charge 100% council tax for long term empty properties (vacant between 6 months and 24 months) and allow no discount.and;
- v) After two years to levy an empty homes premium of an additional 50% in council tax.

Corporate and service priorities

The report helps to meet the corporate priority *Value for money services*.

Financial implications:

The report proposes no change to the existing council tax reduction scheme and exemptions and discounts. Therefore there are no direct financial implications from the report.

Ward/s: All Wards

Cabinet member: Councillor Waters – Deputy leader and resources

Contact officers

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Report

Introduction

- 1) In April 2013 the government abolished the previous national council tax benefit scheme which helped those people with no or low income to pay their council tax. The government set the rules regarding who can claim and how much benefit they would receive. Previously the government funded 100% of the council tax benefit scheme.
- 2) To replace council tax benefit the government told local councils to come up with their own locally run scheme called the council tax reduction scheme. As part of this the government reduced the amount of funding it provided to councils for this by 10%. In Norwich this was a reduction of about £1.5 million per year. However, the government also said that pensioner households could not lose any of their council tax benefit.
- 3) On 29 January 2013 council considered options for the council's first council tax reduction scheme and opted for no changes to the then existing scheme for council tax benefit. This meant adopting the "default regulations" [The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012]
- 4) Further, on 29 January 2013 council approved raising income through changing council tax discounts and exemptions.

Consultation process for 2014 - 15 Council Tax Reduction Scheme

- 5) Schedule 1A to the Local Government Finance Act 1992 states:
 - (1) For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme.
 - (2) The authority must make any revision to its scheme, or any replacement scheme, no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect.
- 6) The council consulted with the other precepting authorities, the office of the police and crime commissioner and Norfolk county council. No adverse comments have been received.
- 7) The council has also consulted through the wider consultation on the development of the council's budget for 2014 - 15. 60.3% of comments support the current scheme.

Proposal for 2014 - 15 Council Tax Reduction scheme

- 8) The proposal is for the 2014 - 15 council tax reduction scheme to continue with the council's 2013/14 scheme which adopted the "default regulations" [The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012] and continue to give 100% disregard to war pensions when calculating a claimant's income.

Proposal for 2014/14 tax discounts and exemptions

- 9) The proposal for 2014 - 15 is to continue with the same discounts and exemptions as for 2013/14 i.e.
- a) To increase the amount of council tax payable by second home owners from 90% to 95% and that the additional income generated is utilised in accordance with the existing second homes council tax agreement.
 - b) To allow a 50% discount for up to 12 months for empty dwellings undergoing major repairs (Class A).
 - c) To grant a 100% discount for vacant dwellings (Class C) for the first month and that the discount is then reduced to zero up to 6 months.
 - d) To charge 100% council tax for long term empty properties (vacant between 6 months and 24 months) and allow no discount; and,
 - e) After two years to levy an empty homes premium of an additional 50% in council tax.

Uprating figures

- 10) The council tax reduction scheme is a locally determined scheme. In 2013 the council adopted a scheme modelled on the default regulations as detailed in paragraph 7 of this report. This model requires that awards are made through an income-related (often referred to as a 'means tested') decision making process. In order to carry out this requirement it is necessary to have a baseline starting point to apply a calculation to each applicant's award. In social security income-related benefits the baseline is provided by central government through annually provided figures. For housing benefit (also administered by local authorities) these government figures are referred to as the 'applicable amount' which consists of a number of elements.
- 11) In practice housing benefit is administered alongside the council tax reduction scheme. Department for communities and local government (DCLG) prescribed figures for 2013, mirrored the Housing Benefit figures. This facilitated easier administration and reflected what happened with the former council tax benefit.
- 12) For 2014 - 15, DCLG has prescribed figures for pension-aged applicants; however figures for working-aged applicants need to be agreed by individual local authorities. It is therefore recommended that the council adopts the Department for work and pensions 2014 housing benefit figures for personal allowances; premiums; employment and support allowance work-related and support components.
- 13) Additionally it is recommended that the council adopts the DCLG advised council tax reduction scheme pensioner applicant prescribed figures for non-dependant deductions and alternative council tax reduction scheme ('second adult reduction') and also apply these to working-age applicants.
- 14) Failure to agree an uprating of the applicable amounts in line with benefit increases by central government will lead to claimants receiving less council tax reduction, as such having more council tax to pay, and increased administration and recovery costs for the council.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Council
Committee date:	28 January 2014
Head of service:	Anton Bull
Report subject:	Council tax reduction scheme for 2014 - 15
Date assessed:	20 January 2014
Description:	Council tax reduction scheme for 2014 - 15

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The report recommends continuing with the council tax reduction scheme adopted for 2013/14 and an annual uprating for personal allowances etc. in line with those applied to housing benefit claimants.
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment
Positive
Negative
Neutral
Issues