

## Cabinet

19 December 2012

### Local Council Tax Support Scheme, Review of Discretionary Council Tax Discount on Unoccupied Properties & Calculation of Council Tax Base 2013/14



CORP/R/12/02

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#### Report of Corporate Management Team, Don McLure, Corporate Director Resources Councillor Alan Napier, Portfolio Holder, Resources

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#### Purpose of the Report

- 1 To consider the outcome of the consultation on the Local Council Tax Support Scheme (LCTSS) and the proposed changes to Council Tax discounts on empty properties, including second homes, plus the withdrawal of the 'double taxation' payments currently provided to some parish and town councils.
- 2 To make recommendations to Council with regards to the Local Council Tax Support Scheme to be implemented from 1 April 2013.
- 3 To consider implementing changes to a number of Council Tax exemptions and discounts relating to empty properties and second homes in order to generate additional council tax income for the Council with effect from 1 April 2013.
- 4 To consider the withdrawal of double taxation payments currently made to 69 of the parish and town councils.
- 5 To determine the Council's Council Tax Base for 2013/14, taking into account the impact of the Local Council Tax Support Scheme and changes to discounts on empty properties and second homes, which is an important component in the Council's budget setting process for 2013/14.

#### Executive Summary

- 6 Government funding for the LCTSS will only be 90% of the forecast costs. This results in a circa £5.5m loss of Government funding in total, taking into account the cost to the Council, Police, Fire and local Town and Parish Councils. The expectation from Government is that councils will recover this shortfall by reducing benefit entitlement to working age claimants, seeking efficiencies and by taking up the increased flexibilities afforded through its technical reforms of council tax discounts.
- 7 In Durham, the overall aim of the recommended LCTSS in 2013/14 is to provide the same level of support to council tax payers as the current Council Tax Benefit Scheme would have done. In so doing, the scheme will protect

vulnerable households at a time of great uncertainty over the impact of the wider Welfare Reforms agenda and the ongoing difficult economic conditions in County Durham.

- 8 There is a statutory requirement to publish and consult on the Council's proposals with regards to the new Local Council Tax Support Scheme (LCTSS), which must be approved by Council before 31 January 2013.
- 9 On 12 September 2012 Cabinet agreed to undertake consultation on its proposals for the Durham LCTSS and on withdrawing the council tax discounts currently awarded for Class A, C and L empty properties, plus removing the remaining 10% discount on second homes and charging an empty property premium on properties that are long-term empty (i.e. 2 years or more) of up to 150% of the full council tax from 1 April 2013.
- 10 Subsequent to the Cabinet report on 12 September, the Government has firmed up their proposals with regard to giving councils greater discretion over council tax discounts. There are no provisions within the Statutory Instrument issued 30 November 2012 for billing authorities to amend the Class L exemption, so class L exemptions have been excluded from consideration in this report.
- 11 The Council's Hardship Relief Policy has also been updated to take into account the potential for more hardship cases should the council tax discount changes be implemented.
- 12 Parish and town councils have been consulted on the proposed removal of the 'double taxation' grants currently paid to 69 of them.
- 13 The Equality Impact Assessment has been updated in line with feedback and evidence gathered during the consultation period and is appended to this report.
- 14 Since the September Cabinet report, a number of Government policy changes, together with the revised forecast of LCTSS grant and technical changes have had a significant impact on the original financial projections. Updated forecasts of the additional council tax yield and LCTSS grant receivable next year are shown in the body of the report.
- 15 The updated financial forecasts for 2013/14 are considered robust and prudent for budget setting purposes and the forecasts include a provision for LCTSS caseload growth of 1% next year. The forecasts are shown below:
  - Loss of Council Tax yield from Council Tax Base reductions linked to the introduction of the LCTSS = -£42.784m;
  - Council element of the forecast LCTSS Grant 2013/14 = +£37.394m;
  - Additional Council Tax yield from Council Tax Base increases linked to removal of discounts and general growth in the tax base in year = +£5.465m;
  - Net Impact on MTFP in 2013/14 = Balanced (after allowing for a £75k contingency)

- 16 This report includes details of the Council and parish and town Council Tax Bases for 2013/14. Setting and agreeing the tax base is a statutory requirement and these figures are an important component in the budget setting process. The Council Tax Base for the whole county has been calculated to be 128,205.0 Band D equivalent properties in 2013/14.
- 17 The actual cost of the LCTSS will be kept under continuous review and the scheme will be reviewed again ahead of 2014/15 budget setting. Any changes to the LCTSS will need to be consulted on and, should any changes be proposed, a report would need to be brought back to Cabinet in September 2013 before embarking on consultation in autumn 2013.
- 18 As agreed at the September Cabinet, officers have consulted with parish and town councils on the withdrawal of the double taxation grants currently paid to 69 local parish and town councils. The proposal is to withdraw these payments in 2013/14, realising MTFP savings for the Council of circa £246,000 next year. The impact on individual parish and town councils' budgets ranges from between £16 a year to £38,475 a year. For the parish and town councils to make up this shortfall from council tax payers would mean an increase in council tax within a range of less than 1 pence a week to a maximum of 8 pence a week per Band A household.
- 19 The report includes an overview of the impact of these decisions on individual parish and town councils. Discussions are ongoing with representatives from parish and town councils to see how the formula applied to the distribution of the parish element of the LCTSS grant can be best used to offset reductions across the sector. In line with Government guidance, the Council will passport 100% of the parish element of the LCTSS grant to parish and town councils in 2013/14.

## **Background**

- 20 On 18 April 2012 and 12 September 2012 Cabinet have previously considered the implications of the Local Council Tax Support Scheme (LCTSS), which replaces the Council Tax Benefit Scheme from 1 April 2013, and the opportunities to review a range of discounts linked to empty properties and second homes.
- 21 Government funding for the LCTSS will only be 90% of the forecast costs. This results in a circa £5.5m loss of Government funding in total, taking into account the cost to the Council plus the level of precepts levied by Police, Fire and local Town and Parish Councils.
- 21 The expectation from Government is that councils will recover this shortfall by reducing benefit entitlement to working age claimants, seeking efficiencies and by taking up the increased flexibilities afforded through its technical reforms of council tax discounts.
- 22 At the September meeting of Cabinet, it was agreed that:
  - (i) The Council would undertake consultation on introducing a Local Council Tax Support Scheme from 1 April 2013 that retains the same level of support to council tax payers as the current Council Tax Benefit Scheme;

- (ii) The Scheme would be initially introduced for one year only and be kept under continuous review with a further decision to be considered by Cabinet in September 2013;
  - (iii) The Council would undertake consultation on withdrawing all the discounts currently awarded for Class A, C and L empty properties, plus removing the remaining 10% discount on second homes and charging an empty property premium on properties that are long-term empty (i.e. 2 years or more) of 150% of the full council tax:
    - a. Class A relates to properties which are empty, unfurnished and undergoing major structural work to make them habitable. Currently, properties falling within Class A are exempt for a maximum period of 12 months after which time, Council tax is charged at 100%. The Government was proposing to allow discretion over the amount of discount awarded, including the ability to withdraw the discount in full, but no discretion to vary the 12 month qualifying period;
    - b. Class C relates to properties which are empty and unfurnished. Currently, properties falling within Class C are exempt for a maximum period of 6 months after which Council tax is charged at 100%. The Government was proposing to allow discretion over both the amount of discount awarded, including the ability to withdraw the discount in full, and the ability to vary the level of discount over time;
    - c. Class L relates to properties which have been repossessed by banks and building societies due to defaults on mortgages and are unoccupied. Currently, properties falling within Class L are permanently exempt until the property is sold or let. The Government was proposing to allow discretion over the amount of discount awarded, including the ability to withdraw the discount in full.
  - (iv) To revise and update the Council's Hardship Relief Policy; and
  - (v) The Council would undertake consultation with the Town and Parish Councils on the potential removal of the current £246k 'double taxation' grant paid to Town and Parish Councils.
- 23 On 28 August, the Government published a consultation document proposing to protect parish and town councils from the impact of the introduction of the LCTSS. This would have had a significant detrimental financial impact on the County Council and Fire Authority budgets from 2013/14, which, based on the updated modelling would have resulted in a circa £553,500 budget pressure in total, of which circa £513,600 would be a budget pressure for the Council.

### **Government Consultation and Reclassification of Registered Social Landlords**

- 24 On 28 September, the Government published a further consultation document relating to the proposed long term empty property premium. This consultation document set out the Government's views on the circumstances in which

dwellings should not be liable for the empty property premium. These revised proposals stated that councils should not apply the premium to a dwelling which is “genuinely on the market for sale or letting”. This change had a significant impact on the previous financial modelling.

- 25 Whilst the Council does not hold data relating to which long term empty properties fall into this category, it would have seemed likely that the majority of owners would be able to justify that they are trying to sell or let their property, therefore making the proposed changes difficult to administer and to raise additional council yield from.
- 26 In addition, it has come to light that Registered Social Landlords as charities should continue to be exempt from council tax for any void properties for the first 6 months under a Class B exemption rather than being liable for council tax from day one on any void properties by the proposed removal of the Class C exemption. Reclassification of RSL Class C exemptions has an adverse impact on council tax yield of £580k included in the previous financial modelling.
- 27 On 26 November, the Government published its response to the consultation regarding the protection of parish and town councils, confirming that it would not be implementing the revised proposals set out in its consultation paper issued on 28 August which would have exempted them from the impact of the local council tax support scheme.
- 28 There is still an expectation however that the Council will pass on the parish and town council share of the LCTSS grant it will receive next year which we estimate to be circa £2.298m, the methodology for doing this is to be determined locally. The Charter Trust for the City of Durham would also be entitled to a share of the LCTSS grant, as their levy has been taken into account in determining the parish and town council element of the LCTSS grant. The Government has indicated that it will monitor increases in local parish and town councils’ council tax precepts and does not rule out applying tax setting controls to “higher-spending” parish and town councils in the future. The Government has not defined what it categorises as the “higher spending” local parish and town councils.
- 29 The Government has made it clear that it expects the two tiers to work together on mitigating the impacts of LCTSS, which the Council will continue to do.
- 30 On 30 November, the Government published the Statutory Instrument enacting the LCTSS and providing the powers to amend the discounts at Class A and C, plus remove the remaining 10% discount on second homes and charging an empty property premium on properties that are long-term empty (i.e. 2 years or more) of up to 150% of the full council tax. There was no provision to amend the Class L exemption in the Statutory Instrument and no legislative restrictions placed the empty property premium adopted by a local authority.

## **Consultation**

- 31 Consultation on the Council’s proposed LCTSS; the technical changes to council tax discounts and the withdrawal of the double taxation grants was

carried out in two phases, between 18 June 2012 and 9 November 2012. The impact of the Government's additional consultation paper on long term empty property premium and the treatment of RSLs with regards to Class B versus Class C exemptions were factored into the consultation process as these issues emerged post the September Cabinet meeting.

- 32 During Phase 1, the Council consulted with the Police and Fire Authorities (the major preceptors) and the County Durham Association of Local Councils (CDALC) to identify and understand the potential impacts of the Government's proposals and to raise awareness about how the different aspects of the proposals interrelate. Two member seminars were also held during this period to raise awareness within the Council.
- 33 During this phase it was also made clear to parish and town council representatives that, in response to the significant financial pressures being faced by the Council, we intended to review the continuation of the 'double taxation' payments. Whilst not directly linked to the LCTSS changes, the Council was keen to give parish and town councils as much notice as possible in terms of their financial planning, in light of the potential impacts also brought about by LCTSS tax base changes. The Council gave an early undertaking to work with the parish and town councils over the pass porting of the parish element of the LCTSS grant subsequently received from Government
- 34 Phase 2 consultation, which commenced immediately after Cabinet on 12 September and ran for 8 weeks, concentrated on engaging individuals and groups that could be impacted upon by the proposed changes. A Consultation and Communications Plan was developed and monitored to ensure a robust process was followed. The consultation involved the following:
- Members' Seminars / Presentations to Overview and Scrutiny Committees;
  - Specific meetings with private landlords, social landlords, major preceptors including Fire Authority, Police Authority, Local Councils, and MPs and Lords;
  - A series of focus groups;
  - An on-line questionnaire;
  - Website information and press releases;
  - Encouraging views, opinions and concerns to be expressed in other correspondence;
- 35 The aim of the consultation was to gather the views of local people and key stakeholders on the proposals and to identify potential impacts which would help shape the final modelling and decision making processes.
- 36 256 people were engaged in the consultation process, either as individuals or representing wider groups. 52 people completed the on-line questionnaire; the others took part in meetings, focus groups and forums that were arranged during the Phase 2 consultation period.

- 37 The majority supported the Council's overall proposed approach although there were some stakeholders with group specific issues:
- 60% of total participants agreed with the Council's proposed approach,
  - 28% neither agreed or disagreed
  - 12% of total participants disagreed with the approach.
  - 100% of current Council Tax Benefit claimants taking part in focus groups supported the Council's approach
  - 100% of support and advice agencies participating in meetings and focus groups also supported the Council's approach.
  - 17 Local parish / town councils (13% of the total number of Local Councils in County Durham) responded to the consultation. Whilst mainly supporting the overall approach, they raised objections to the proposed changes to double taxation
  - 100% of private landlords disagreed with the withdrawal of discounts linked to empty properties
- 38 In terms of equality and diversity, no impacts specific to any protected characteristic group were raised during the consultation.
- 39 It was important to identify the views and concerns of current Council Tax Benefit claimants in order to understand their views through their experiences, and identify and understand potential impacts. 11.5% of respondents in the online questionnaire were benefit claimants. The key message from current claimants was:
- That the Council should carefully consider the impacts on claimants in other local authorities where the cuts are being passed on to working age claimants before considering introducing any reductions in County Durham after 2013/14.
- 40 A dedicated focus group was arranged involving the County Durham Residents Association, representatives from the Tenants' Panels and the Social Landlords Forum. In addition a focus group was arranged bringing together a range of young tenants and support workers. 27.5% of respondents in the on-line questionnaire were aged under 35. The key messages from these Young People were:
- There was general agreement to protect all claimants as they were all vulnerable people, not just older people;
  - If cuts were passed on in future, then the Council should be urged to consider that some young tenants are very vulnerable with nowhere else to go for help;
  - There was real concern about what happens after the first year
- 41 A range of agencies were identified and contacted to raise awareness of the consultation, how to participate and were invited to a Focus Group. Key messages from support agencies were:
- There was strong support for the Council's proposal to protect all claimants for at least one year;

- Concern was raised about the possibility of passing on the cuts in 2014/15 and the need to consult early about who to protect if cuts were to be taken;
- The Citizens Advice Bureau stated that the Council's approach struck the right balance in the current economic conditions and in light of the wider welfare reform Agenda; and
- The long term empty property premium was welcomed and would hopefully encourage owners of empty properties to bring them back into use, helping those in housing need.

42 The views of private landlords on the proposed scheme and potential impacts were identified through a range of methods including a focus group, presentations and feedback at two private landlords' forums, direct correspondence to the four forums within County Durham and direct contact with larger private landlords to raise awareness. Key messages from private landlords were:

- The majority disagreed with the Council's proposals to remove discounts on empty properties immediately when they become empty (Class A and C);
- The main concerns included the financial impact on landlords and that as a result private landlords would need to reduce planned property maintenance, which would reduce the quality of housing and could bring an area into decline;
- There was concern about the financial disincentive (need to reduce costs from voids) to carrying out robust vetting and referencing procedures, which could lead to a growth in anti-social behaviour and tenancies are let to people that otherwise wouldn't have been the case.

43 Local parish and town councils are important stakeholders and their views were sought at both phases of the consultation. The consultation period was extended by two weeks at the request of local parish and town councils.

44 In addition to seeking views on the Council's proposed LCTSS and the review of discounts on empty properties, local parish and town councils were consulted on the proposal to remove the double taxation grants. Key messages from the 17 local parish and town councils that responded were:

- 41% appreciated the position that the Council is in, and support the proposed protection of working age claimants in year 1, with the position being reviewed in subsequent years;
- 29% commented that they supported the withdrawal of the discounts on empty properties and second homes;
- 35% felt that the proposals to withdraw the double taxation payments were unacceptable;
- 24% expressed the clear view that it was not right to link double taxation to the impact of LCTSS and that they should be considered separately.



- 45 An on-line questionnaire was available throughout the consultation period, 52 responses were received, including responses from four local businesses and three registered charities. Key messages from the online questionnaire were:
- 54.9% of respondents agreed with the overall proposals;
  - 87.5% of landlords and second home owners disagreed with the overall proposals, particularly the withdrawal of discounts on empty properties;
  - Most objections to the proposals concerned the potential financial impact the protection of Council Tax Benefit would have on non-claimants who would effectively be subsidising the continuation of these benefits

### **‘Double Taxation’ Grants to Parish and Town Councils**

- 46 Since Local Government Reorganisation on 1 April 2009, 69 parish and town councils have been receiving a ‘double taxation’ grant from the Council towards the costs of allotments (£8,066), bus shelter (£44,593), public conveniences (£40,169) and cemetery maintenance (£153,126). Payments total £245,943 in 2012/13, ranging from £16 to £38,475. A full schedule of current double taxation payments is attached at Appendix 2.
- 47 Since 2010, the Council has faced significant challenges in dealing with the Government’s austerity measures and pressures within its Medium Term Financial Plan with forecasted savings of over £180m having to be made through cuts in services. During this period, parish and town councils have remained largely unaffected by the Government’s austerity measures or capping controls to date.
- 48 In preparing MTFP (3), proposals were being developed to withdraw these payments from 2013/14 onwards, which would produce a £245,943 MTFP saving to the Council.
- 49 Given the combined impacts of tax base changes resulting from the introduction of the LCTSS and the proposals on withdrawing the double taxation payments the Council was keen to flag these issues early via the County Durham Association of Local Councils. This was followed up with individual letters to all parish and town councils during the Phase II consultation period.
- 50 The impact on the parish and town councils from the withdrawal of the double taxation grant ranges from £16 a year to £38,475 a year. Parish and town councils affected would be faced with making corresponding budget reductions to compensate or increase their precepts on council tax payers to generate the corresponding additional income. For the parish and town councils to make up this shortfall from council tax payers would mean an increase within a range of less than 1 pence a week to a maximum of 8 pence a week per Band A household.
- 51 Should the parish and town councils decide to cut or withdraw services, there could be implications on the Council should some of the services be statutory services that must be provided for the residents of the county.

## Forecast of Council Tax Benefit Claimants and Assumptions

- 52 On 18 October, the Department for Works and Pensions (DWP) published their forecasts and assumptions with regards to Council Tax Benefit claimant numbers and costs to 2016/17. This information will be used by the Office for Budget responsibility (OBR) to update the financial forecasting to inform the LCTSS grant for all Councils.
- 53 The DWP is forecasting a significant fall in working age CTB caseload up to 2016/17, the underlying assumptions being:
- Reductions in the jobseeker claimant count as the economy recovers
  - Reductions in numbers receiving incapacity benefits
  - Reduction in numbers receiving lone parent benefits
- 54 The Government's original forecasts indicated that the claimant count would reach its peak in 2012, but will then fall by 28% by 2016/17. Analysis of the actual claimant figures show that number of claimants nationally has not reached the forecast peak of 1.65m in the first six months of 2012/13 peaking so far, at 1.60m in April 2012.
- 55 The latest national figures for October 2012 indicate that the claimant count has started to rise again. In County Durham the claimant count has seen small month-on-month increases since June 2012. Whilst the growth in claimant count has slowed there are no indications that the large declines in volumes of job seeker allowance claimants has begun. As of October 2012 there were over 16,000 people claiming JSA in the county – the highest number since 1996.
- 56 The DWP estimates forecast reducing numbers of people claiming incapacity benefits (IB) and employment and support allowance (ESA), which would contribute a predicted decline in CTB caseload.
- 57 Since October 2010, IB claimants have been undergoing reassessment to check whether they are fit for work or eligible for ESA. If eligible for ESA they are placed into either the Work Related Activity Group (WRAG), where they receive help and support for a future move into work, or the Support Group (SG) where they will receive unconditional financial support and not be expected to work. However, though these reforms are expected to reduce the overall numbers on these benefits, many may continue to receive CTB as a jobseeker or in-work claimant, and are therefore not expected to deflate the CTB caseload significantly.
- 58 In County Durham, there continues to be large numbers of people on IB and ESA despite an 11% fall since November 2008, with over 11,000 people (around a third of the IB+ESA caseload) being assessed for ESA. As noted above, some of remaining claimants who currently claim IB but do not qualify for ESA, will move onto JSA and even into low paid work therefore any reduction in CTB caseload because of this policy change may be limited.
- 59 Lone parents receiving income support (LPIS) is also cited as a reason for a reducing CTB caseload. Since November 2008, there have been phased

changes in entitlement for Income Support for lone parents, with the age of the youngest child required to qualify being progressively reduced from 15 to 5 years by April 2012. As the roll out is now nearing completion, most of the effects have already filtered through the data, with the caseload being broadly flat from 2013/14 onwards. However, the claimant count is affected by changes to the overall benefits system. For example, since 24 November 2008 several changes in the eligibility rules for LPIS have resulted in fewer lone parents (predominantly women) being able to claim that benefit resulting in more lone parents claiming JSA while they look for work. This has affected the claimant count since December 2008. The number of lone parents claiming JSA in Great Britain (not seasonally adjusted) increased from 9,300 in November 2008 to 143,600 in September 2012.

- 60 Locally, the number of LPIS claimants has fallen by almost 9% – a relatively small decline and many former claimants will have transitioned to JSA are therefore still likely to claim CTB. These benefits policy changes appear to have had very little impact in reducing CTB caseload overall.
- 61 DWP also identify some inflationary factors in CTB caseload. Growth in part-time working means more and more households are likely to satisfy the means testing regime for CTB thereby adding to the caseload though not increasing expenditure by the same factor as they may only receive partial benefit. This would act to reduce the average payment made to claimants. Furthermore the equalisation of state pension age means an increasing proportion of those who would have been pensioner claimants would be re-classified as working age.
- 62 Overall the key drivers of decline in working age CTB caseload are not present locally at this time. The OBR estimates are a national average but for OBR's growth expectations to be realised locally around four and half thousand fewer people of working age would be claiming JSA by 2016/17.
- 63 While this type of shift is not impossible (a decline of this order would take the claimant count levels back to what they were in December 2008) it is unlikely given the scale of recent claimant count growth. County Durham would have to see significant improvements in the local economy over the next five years to register this scale of decline and for this reason it is prudent to forecast an increase in claimant numbers and costs next year, rather than a decrease in line with the OBR forecasts / national assumptions.

### **Tax Base Setting 2013 / 14 and Overall Financial Implications**

- 64 Regulations made under the Local Government Finance Act 1992 (The Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended)) require each billing authority to calculate its 'Council Tax Base'.
- 65 The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (SI 2012:2914) provides amended statutory guidance to incorporate the changes as a result of the introduction of LCTSS's from 1 April 2013. This was published 30 November 2012.
- 66 The Council Tax Base is a measure of the County Council's taxable capacity, for the purpose of setting its Council Tax. Legislation requires the Council to

set out the formula for that calculation and that the tax base is formally approved.

- 67 Section 84 of the Local Government Act 2003 enables authorities to set their Council Tax Base, other than by a decision of the full Council, therefore, allowing Cabinet to take the necessary decisions to determine the Council Tax Base for 2013/14.
- 68 Appendix 3 shows the number of dwellings in County Durham, allocated across the various Council Tax Bands. At 16 November there were 236,170 dwellings in County Durham. 85% of these are within bands A to C, with 61% of all properties being in Band A. Council Tax for a Band A property is 6/9<sup>ths</sup> of the Band D council tax; Band B is 7/9<sup>ths</sup> and Band C is 8/9<sup>ths</sup>.
- 69 Some of these properties are exempt from council tax (e.g. dwellings occupied solely by students), whilst in single person households only 75% of the tax is payable. The number of dwellings, therefore, needs to be adjusted to reflect these features giving a net property base (chargeable dwellings) for each band. Prior to consideration of the impact of LCTSS and the review of discounts on empty homes, there are 205,135.5 chargeable properties in County Durham.
- 70 The Council Tax varies between the different bands according to proportions laid down in legislation. These proportions are based around Band D, and are fixed so that the bill for a dwelling in Band A will be a third of the bill for a dwelling in Band H. Applying the relevant proportion to each band's net property base produces the number of 'Band D Equivalent' properties for the area. Prior to consideration of the impact of LCTSS and the review of discounts on empty homes, there are 160,557.9 Band D Equivalent properties in County Durham.
- 71 In determining the Council Tax Base for 2013/14, three further issues must be factored into the calculation:
- Forecast increases in the tax base as a result of the removal of discounts currently awarded at Class A and C, plus removing the remaining 10% discount on second homes and charging an empty property premium on properties that are long-term empty (i.e. 2 years or more) of 150% of the full council tax, net of the reclassification of RSL properties continuing to qualify for the Class B exemption;
  - Forecast reductions in the tax base as a result of the move to the LCTSS, which is a discount rather than a benefit payment - including a 1% assumed increase in caseload / costs in 2013/14 over the 2012/13 CTB base costs; and
  - Provision for non-collection
- 72 In 2012/13 the provision for non-collection was 1.5%, giving a forecast collection rate of 98.5% and it is proposed to retain the same collection rate for 2013/14.
- 73 Taking into account the forecast collection rate and factoring in the adjustments to the Band D Equivalent properties as a result of the proposed changes to discounts and the proposed LCTSS next year, the Band D

Equivalent Tax Base will be 128,205.0 in 2013/14, which compares to the current 2012/13 tax base figure for the County of 157,295.3 – a reduction of 29,090.3 (18.5%).

- 74 The council tax base for the County Council will be used by the Police and Fire Authorities to set their council tax precepts for 2013/14 and will be included in the council tax bills sent to every council tax payer in the County.
- 75 The parish and town council and The Charter Trust for the City of Durham, council tax bases are set out at Appendix 4 and will be used to calculate the parish and town council and The Charter Trust for the City of Durham precepts in 2013/14. These will be added to the council tax bills and sent to every council tax payer in the respective parish and town council areas.
- 76 On 17 May 2012, the Government published indicative LCTSS grant allocations for 2013/14, based on the Office of Budget Responsibility (OBR) forecasts of what would have been council tax benefit expenditure in 2013/14 had the current scheme continued, less the 10% cut, but factoring in assumed council tax increases up to and including 2013/14. The indicative allocations were as follows:

	<b>LCTSS Grant payable in 2013/14 (£m)</b>	<b>% Total</b>
Durham County Council	38.123	80.31%
Police Authority*	4.405	9.28%
Fire Authority*	2.597	5.47%
Town & Parish Councils	2.344	4.94%
<b>Total</b>	<b>47.469</b>	

\* These figures are the estimated figures relating to County Durham – the published data was for the combined authorities, including Darlington.

- 77 These indicative grant allocations will be updated in the Autumn Statement on 5 December and Local Government Grant Settlement on 19 December based on 2011/12 subsidised council tax benefit expenditure levels and revised OBR forecasts, which will also factor in changes to the OBR national forecasts of Council Tax Benefit caseload in 2013/14; plus the impact of the availability of Council Tax Freeze Grant and changes to the capping criteria on council tax increases, which will impact on the previous assumptions on national council tax increases of 2.9%.
- 78 On 17 October, the Government announced that it was making £100m available by way of Transitional Grant in 2013/14 for Councils (billing and major precepting authorities) who chose to design their LCTSS so that:
- those who would be on 100 per cent support under current council tax benefit arrangements pay no more than 8.5 per cent of their council tax liability under the new scheme from 1 April 2013;
  - the taper rate does not increase above 25 per cent;
  - there is no sharp reduction in support for those entering work - for claimants currently entitled to less than 100 per cent support, the taper

will be applied to an amount at least equal to their maximum eligible award.

- 79 Subsequent to the announcement, funding allocations were published indicating that circa £1.292m was available for County Durham, of which £1.094m relates to the Council; £0.123m to Police; and £0.075m to Fire. The transitional grant is to be provided only for 2013/14 and Councils must apply for the grant by 31 January 2013, certifying that their scheme complies with the above criteria. The proposed LCTSS within County Durham complies with these requirements.
- 80 The Autumn Statement and Local Government Finance Settlement will clarify the final LCTSS grant position, but it is expected that there will be a number of changes to the previously published figures. The latest forecasts are as follows:

	<b>Council (Incl. Parish &amp; Town Councils) £m</b>	<b>Police Authority £m</b>	<b>Fire Authority £m</b>	<b>Total £m</b>
Indicative LCTSS Grant (May 2012)	40.467	4.405	2.597	<b>47.469</b>
Reduction in LCTSS due to 2011/12 Subsidised Benefit Position	(0.533)	(0.060)	(0.035)	<b>(0.628)</b>
Reduction in Grant due to revised OBR Forecasts	(1.336)	0.001	(0.002)	<b>(1.337)</b>
LCTSS Transition Grant [2013/14 Only]	1.094	0.123	0.075	<b>1.292</b>
<b>Revised Forecast</b>	<b>39.692</b>	<b>4.469</b>	<b>2.635</b>	<b>46.796</b>
<b>Reduction Anticipated</b>	<b>(0.775)</b>	<b>0.064</b>	<b>0.038</b>	<b>(0.673)</b>

- 81 The above forecasts assume that the £100m available nationally to fund the transition scheme is not 'new' money, and is in effect the sum that will be saved nationally when the OBR update their forecasts to take account the council tax freeze / revised capping criteria now in place for 2013/14. The Councils share of the national LCTSS grant is forecast to decrease based on the fall in the proportion of national subsidised Council Tax Benefit expenditure in Durham in 2011/12 compared to 2010/11, on which the previous allocations were based. This is primarily due to the impact of the Council taking the council tax freeze grant in 2012/13 and the backlog in benefit claims in 2011/12 due to the migration to the new ICT system in December 2011.
- 82 Taking into account the revised forecasts for LCTSS grant and the impact on council tax yield as a result of the tax base changes from the Council's proposed LCTSS (including provision for a 1% increase over 2012/13 CTB entitlement); removing the discounts awarded at Class A and C; removing the remaining 10% discount of second homes; plus charging an empty property premium on properties that are long-term empty (i.e. 2 years or more) of 150% of the full council tax (and assuming this applies in only 45% of cases), the forecast position for the Council is as follows:

- Loss of Council Tax yield from Council Tax Base reductions linked to the introduction of the LCTSS = -£42.784m;
- Council element of the forecast LCTSS Grant 2013/14 = +£37.394m;
- Net Impact on MTFP in 2013/14 = Balanced (after allowing for a £75k contingency)

- 83 The previous financial forecasts have been significantly impacted by Government policy changes; the fact that there is no provision to amend the Class L discount; the reclassification of RSL properties qualifying for Class B exemptions; and anticipated reductions in the LCTSS grant.
- 84 The tax base forecasts provide for a 1% increase in LCTSS caseload / costs next year and only factor in 45% of the previously forecast yield from the long term empty property premium. There is a balanced position in 2013/14; however, the scheme may not be sustainable into MTFP (4) once the Councils LCTSS Transition Grant (£1.094m) ceases in 2014/15.
- 85 The situation will need careful monitoring during 2013/14 given the uncertainty and financial burdens and risks around potential increased demand for the LCTSS and the future financial outlook in terms of the wider austerity measures facing the Council over the medium term. In addition, no growth in tax base from any new build properties has been factored into the forecasts at this stage.
- 86 Withdrawing the double taxation grant from the 69 parish and town councils currently receiving these payments from 1 April 2013 would produce a MTFP saving of £245,943 in 2013/14.

### **Overall Impact on Parish and Town Councils**

- 87 Appendix 5 summarises the financial impact on individual parish and town councils across the county and The Charter Trust for the City of Durham from the combined effects of the changes to tax base, resulting from the introduction of the LCTSS offset by the changes to discounts, and the withdrawal of the double taxation grants.
- 88 Appendix 5 shows how the forecast parish element of the LCTSS grant might be distributed to offset these pressures. The LCTSS grant figures will need to be confirmed when the Local Government Finance Settlement figures are received, but the intention is to pass on 100% of the final figure.
- 89 In Appendix 5, the parish element of the LCTSS has been allocated proportionate to changes in tax raising capacity brought about by year on year changes in the tax parish and town council and The Charter Trust for the City of Durham tax bases. The final method of distribution would need to be discussed and agreed with representatives from the parish and town councils and The Charter Trust.
- 90 In overall terms the reduction in resource next year for the parish and town councils is circa £799,500 – of which £246,000 relates to the withdrawal of the double taxation grants and £553,500 to the shortfall between the loss of tax raising capacity from the net tax base reduction and receipt of the parish

element of the LCTSS grant. The removal of the discounts awarded at Class A and C; removal of the remaining 10% discount of second homes; plus introduction of the empty property premium on properties that are long-term empty (i.e. 2 years or more) of 150% of the full council tax has the effect of protecting tax raising capacity by circa £268,000 for town and parish councils.

- 91 To maintain spending at current levels, and assuming no efficiencies are achievable to offset these pressures, the average increase in town and parish precepts would be 6.50% in 2013/14.
- 92 Because the level of precepts and Band D Council Tax varies significantly across the various areas, the average actual £ increase varies considerably, ranging from a 1 pence per annum increase at Band A to a £19.07 per annum increase at Band A.
- 93 The opportunity exists to adjust the method of distribution of the parish element of the LCTSS grant to smooth out the potential impacts across the County, for example by not transferring grant to those parishes where the impact is less than an agreed percentage. This would need to be agreed with colleagues representing the parish and town councils and The Charter Trust for the City of Durham.

### **Hardship Relief Policy**

- 94 Councils have the power to reduce the amount of council tax a person has to pay. In cases of demonstrable financial hardship or extenuating circumstances, a reduction in liability of up to 100% can be granted where the Council is satisfied that the liable person of an empty domestic property has made their best efforts to sell or let the property and to levy a council tax charge will cause them exceptional financial hardship. These provisions are set out in Section 13A (1) (c) of the Local Government Finance Act 1992.
- 95 Any reduction made in accordance with Section 13 A (1) (c) is effectively a Council decision and as such the Council must fund the total cost of the reduction, with no financial impact on other precepting bodies.
- 96 The current Hardship Relief Policy was approved by Cabinet 7 December 2011, following the decision to reduce the council tax discount on long term empty properties from 50% to 0% from 1 April 2012.
- 97 In the current year there have been 30 applications to date and 17 have been refused, with 13 being awarded other relevant exemptions and discounts to mitigate the liability. Whilst the numbers appear low, the policy is advertised on the Council's website and referenced in the supporting information sent out with council tax bills.
- 98 The revised "Council Tax Discretionary Reduction Policy" maintains its alignment to the Non-Domestic Rates Hardship Relief Policy and is attached at Appendix 6. It has been updated to take into account the proposed changes to council tax discounts; include references to the Local Council Tax Support Scheme and strengthen the decision making process and timescales. The policy has been subject to an equality impact assessment, with no issues arising from the screening.



- 99 Subject to Cabinet approval, the revised policy will be updated on the website; staff briefings will be issued to all frontline employees advising them of the revised policy and the application process; and standard recovery letters / council tax documentation will be updated to draw attention to the availability of this policy. In addition, a briefing will be issued to welfare rights and voluntary sector partners to encourage applications and take up of the scheme.

## **Equality Impact Assessment**

- 100 The Equality Act 2010 aims to advance equality of opportunity and provide protection from discrimination for people based on their 'protected characteristics'. We are legally required under the public sector equality duty (PSED) to have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
  - advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and
  - foster good relations between those who share a relevant protected characteristic and those who do not.
- 101 In relation to the LCTSS, this means that the Council needs to take account of the available data and broader evidence to actively consider how the scheme might affect people who share a relevant protected characteristic and people who do not share it. The PSED does not prevent public authorities making difficult decisions but we must ensure that the decision making process is fully informed by equality impacts and, where there is potential for negative impact, full consideration is given to mitigating actions and implementation of the final decision can be clearly justified.

### ***Government Equalities Impact Assessment (EIA)***

- 102 The Government EIA was published in January 2012 and is relatively brief. It considered equality impacts in relation to age and disability, concluding that protection for pensioners would be a positive impact and the effects on disabled people would depend on how each local authority responded to the reduction in council tax support. No impacts were identified in relation to gender or ethnicity and no other protected characteristics were considered and it was left to individual councils to identify full local impacts, based on local implementation.

### ***Durham County Council LCTSS Equalities Impact Assessment: Summary***

- 103 An initial equality impact assessment for the local implementation of the national LCTSS proposals was undertaken in February 2012. The equality impact assessment has been updated and refined as part of the modelling work and the outcome of the consultation process and is attached at Appendix 7.

- 104 The equality impact assessment considers:
- the impact should the council decide to protect the financial position of all claimants by adopting the default scheme in 2013/14;
  - the impact should the council decide to pass on the reduction to working age claimants.
- 105 The assessment does not consider alternative ways of passing on differential reductions to some groups of working age claimants. Protecting council tax support for some working age claimants would require problematic judgements on entitlement and determining which groups were most vulnerable.
- 106 Given the proposals to adopt a LCTSS that seeks to protect current entitlement, then there will be no negative equalities impact, with the financial position of claimants protected in 2013/14, and the position to be revisited next year once the wider impact of the new council tax support scheme and welfare reform are better understood. On the positive side, the move to a discount rather than a benefits payment may improve take up amongst older people as there is some evidence to suggest some feel a stigma associated with claiming a benefit which reduces take up.
- 107 Should the Cabinet decide against adopting the proposals in 2013/14, and elect instead to pass on the reduction in funding to working age claimants, there would be a range of potential negative equalities impacts. These include financial impact for working age claimants and possible additional impacts in relation to health and wellbeing, housing and the consequences of debt or legal action. These impacts are most likely in relation to gender, age and disability with limited impacts for race and sexual orientation and no evidence of impact on transgender status, religion or belief. Further details are provided in the attached equalities impact assessment (Appendix 7).
- 108 There was little additional evidence of equality impact from the consultation undertaken; a small number of respondents identified the positive impact if vulnerable people were protected whilst others suggested the protection could be negative by encouraging reliance on benefit. The equality impact assessment does not include cumulative impacts of the Government's other welfare reforms but the combined financial effect could be significant for some people.

***Durham County Council Technical Reforms of Council Tax EIA: Summary***

- 109 An equality impact assessment of the impact of withdrawing or reducing discounts from Classes A, C and L along with the remaining 10% discount on Second Homes and increasing the charge on long term empty properties to 150% has been undertaken and is attached at Appendix 8.
- 110 There is potential for financial impact on some individuals who will be required to pay more or are exempt for shorter periods. However there is limited evidence available relating to individuals so it is not possible to specify which equality groups are particularly affected.
- 111 Some empty properties are owned by organisations and landlords with multiple properties but some may be owned by individuals from particular

equality groups. No equality data is collected for these exemptions so it is not possible to assess whether some groups are more numerous under the three exemptions than other groups. In respect of Class L exemptions for repossession there are some sources of evidence which can be used to make assumptions, for example national research by Shelter suggests that women who go through divorce, separation or death of a partner are more likely to suffer financial hardship and be at risk of losing their home through repossession than men in the same situation. Local data on homelessness support shows a higher proportion of women receiving help as a result of mortgage arrears or repossession. Given that there are no provisions within the final regulations covering Class L exemptions this is not an issue at this stage.

- 112 There may also be potential impacts for those who inherit homes and are unable to sell or rent them out in the current financial climate, this may be more likely to affect those over 50 but no data is available. Consultation responses were relatively low with the majority citing increased costs for landlords and potential problems if homes were not maintained properly where there was pressure to re-let them quickly. Some felt there could be a positive for communities if properties did not remain empty for long periods but a small number of people did highlight the difficulties of selling an inherited home and the related financial hardship the increased charge would create.
- 113 The existing mitigating action of a hardship relief policy will continue whatever the outcome of this proposal and the policy has been reviewed to ensure it is fit for purpose going forward. In cases of demonstrable financial hardship, discounts of up to 100% can be granted where the local authority is satisfied that the liable person of an empty domestic property has made their best efforts to sell or let the property and to levy a council tax charge would cause exceptional financial hardship. In addition there is a range of other exemptions which will continue to apply and mitigate the financial impact on vulnerable people, including properties where the individual has gone into a hospital or care home, moved away to receive or provide care or where the individual has died.

### **Next Steps**

- 114 Police, Fire and local parish and town councils will be notified of their Council Tax Bases. Local parish and town councils will be notified of the Council's decision to withdraw the current double taxation payments from 1 April 2013 and officers will work with colleagues in parish and town councils to determine the best method of apportioning and distributing the parish element of the new LCTSS grant.
- 115 The Local Government Finance settlement will be scrutinised to verify the planning assumptions with regards to LCTSS grant in 2013/14, with appropriate adjustments being made within MTFP (3) as appropriate.
- 116 A report will be prepared for consideration by Council on 8 January 2013, seeking adoption of a Durham Local Council Tax Support scheme, which protects entitlement to all current Council Tax Benefit claimants in 2013/14.

- 117 The proposals set out in this report with regards to the removal of the discounts awarded at Class A and C; removal of the remaining 10% discount of second homes; plus introduction of the empty property premium on properties that are long-term empty (i.e. 2 years or more) of 150% will be incorporated into the MTFP and 2013/14 Budget and council tax setting report to Council on 20 February 2013.
- 118 The Council will submit its application for Transition Grant Funding, in line with the Department for Communities and Local Government (CLG) requirements by 15 February 2013.
- 119 The recently received software / system upgrades will be fully tested in advance of annual billing in late February / early March 2013.
- 120 Phase III of the Communication and Consultation Strategy will be implemented. This focuses on information sharing and awareness raising of the impact of Cabinet / Council decisions on the proposed LCTSS, withdrawal of discounts etc.
- 121 Robust monitoring arrangements will be established to track and monitor the Council tax Base and Collection Fund performance, with a full review of the LCTSS being undertaken in the summer of 2013. This review will draw on experiences elsewhere and the impact of the wider welfare reforms in County Durham.

## **Recommendations**

- 122 It is recommended that Cabinet:
- (i) notes the content of the report, particularly the outcomes of the consultation process, updated equality impact assessments and the revised financial forecasts;
  - (ii) agrees to recommend to Council, adoption of a Local Council Tax Support Scheme in 2013/14 that seeks to protect entitlement to the new discount in line with the level of Council Tax Benefit that would otherwise have been granted had the Council Tax Benefit system continued;
  - (iii) agrees that the Scheme be introduced for one year only and be kept under continuous review with a further decision for 2014/15 to be considered by Cabinet in September 2013;
  - (iv) agrees to recommend to Council the withdrawal of the discounts currently awarded at Class A and C, plus the removal of the remaining 10% discount on second homes and introduction of an empty property premium on properties that are long-term empty (i.e. 2 years or more) of 150% of the full council tax from 1 April 2013;
  - (v) agrees to passport the parish element of the LCTSS grant, as notified in the Local Government Finance Settlement in December, to local parish and town councils and The Charter Trust for the City of Durham in full and to work with colleagues in these authorities as to the best method of apportioning / allocating this grant;

- (vi) agrees to the withdrawal of double taxation grants to parish and town councils with effect from 1 April 2013;
- (vii) approves the updated Council Tax Discretionary Reduction Policy and Business Rates Hardship Relief Policy attached at Appendix 5.
- (viii) approves the Council Tax Base for the financial year 2013/14 for the County, which has been calculated to be **128,205.0** Band D equivalent properties.

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**Contact: Paul Darby Tel : 03000 261 931**

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### **Background Papers**

- Welfare Reform Act 2012.
- Localisation of Council Tax Benefit: Introduction of the Local Council Tax Support Scheme – Report to Cabinet 18 April 2012
- Welfare Reforms – Report to Cabinet 30 May 2012
- Localising Support for Council Tax & Technical Reforms of Council Tax – CLG Consultation Papers & Statements of Intent:  
<http://www.communities.gov.uk/localgovernment/localgovernmentfinance/counciltax>
- Localising Support for Council Tax - Council Tax Base and Funding for Local Precepting Authorities: Government consultation dated 28 August 2012
- Local Council Tax Support Scheme and Review of Discretionary Council Tax Discount on Unoccupied Properties - Report to Cabinet 12 September 2012
- Technical Reforms to Council Tax - Determining the circumstances in which dwellings should not be liable to the empty homes premium: Government consultation dated 28 September 2012
- Localising Support for Council Tax – Council tax base and funding for local precepting authorities: Government response to the outcome of consultation: Published 26 November 2012  
<https://www.gov.uk/government/consultations/localising-support-for-council-tax-council-tax-base>
- Technical Reforms to Council tax – Empty Homes Premium : calculation of Council tax base: Government response to the outcome of consultation: Published 26 November 2012  
<https://www.gov.uk/government/consultations/technical-reforms-to-council-tax-calculating-the-council-tax-base-with-the-empty-homes-premium>
- Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI:2012:2914)

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## **Appendix 1: Implications**

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### **Finance**

The Council needs to adopt a LCTSS scheme by 31 January 2013, effective from 1 April 2013. The Council will receive a 90% un-ring fenced grant based on OBR estimates of what would have been its CTB spend in 2013/14. The grant will be fixed for a number of years. Whilst indicative grant allocations were published on 17 May, updated forecasts, based on recent DWP published would suggest that the Council will see a reduction in this sum when the Local Government Finance settlement is published in mid December 2012.

The Council has developed and consulted on a Local Council Tax Support Scheme that seeks to ensure that entitlement to the new discount for all claimants will be in line with the level of Council Tax Benefit that would otherwise have been granted had the Council Tax Benefit system had continued.

The Council has consulted on and is planning to withdraw the discounts currently awarded at Class A and C, plus the removal of the remaining 10% discount on second homes and introduction of an empty property premium on properties that are long-term empty (i.e. 2 years or more) of 150% of the full council tax from 1 April 2013. Whilst the Council consulted on its intention to withdraw the Class L exemption, there are no provisions within the regulations published to date to enact those provisions and therefore this cannot be taken forward at this stage.

Whilst prudent estimates and provisions have been built into the forecasts, the Council will be subject to greater financial risk as a result of the changes to Council Tax Benefits. The overall financial impact on the Council can be summarised as follows:

- Loss of Council Tax yield from Council Tax Base reductions linked to the introduction of the LCTSS = -£42.784m;
- Council element of the forecast LCTSS Grant 2013/14 = +£37.394m;
- Additional Council Tax yield from Council Tax Base increases linked to removal of discounts and general growth in the tax base in year = +£5.465m;
- Balanced (after allowing for a £75k contingency)

The Council element of the forecast LCTSS Grant in 2013/14 includes £1.094m of LCTSS Transition grant which drops out in 2014/15.

### **Staffing**

There are no staffing resource implications at this stage. There will be an increased workload for council tax billing and recovery staff as a result of the review of discounts and staffing levels will be carefully monitored. The service is planning to undertake a restructure during 2013/14 linked to the delivery of MTFP savings requirements in 2014/15. The impact of the LCTSS and changes to discounts and exemptions, plus the impact of the Business rate Retention scheme will be factored into the planned restructure.

### **Risk**

The report outlines a range of financial risks surrounding the implementation of the Governments proposals. The most significant with regards to the ability to achieve

an implementation date of 1 April 2013 has been mitigated somewhat. The consultation process has been undertaken to plan and systems software upgrades are due imminently, providing sufficient time for robust testing in advance of annual billing in February / March 2013.

### **Equality and Diversity / Public Sector Equality Duty**

The benefits service provides a service to vulnerable client groups. These include some of the protected characteristics as defined by the Equality Act 2010 such as people with a disability and older persons. Full equality impact assessments have been completed and kept under constant review /update throughout the consultation process.

### **Accommodation**

None

### **Crime and Disorder**

A reduction in Council Tax support, alongside other welfare changes could see an increase in crime if customers seek to increase their income to make up for the benefits lost. The proposals set out in this seek to protect current entitlement in 2013/14 and as such have no implications, though the impact of the wider welfare reforms agenda will need to be kept under constant review.

### **Human Rights**

None

### **Consultation**

In developing this report the Council undertook a two phase consultation process.

During Phase 1 the Council consulted with the Police and Fire Authorities (the major preceptors) and the County Durham Association of Local Councils (CDALC) to identify and understand the potential impacts of the changes and raise awareness about how the different aspects of the proposals interrelate. Two member seminars were also held during this period.

Phase 2, which commenced immediately after Cabinet on 12 September and ran for 8 weeks, concentrated on engaging individuals and groups that could be impacted upon by the proposed changes.

A Consultation and Communications Plan was developed and monitored to ensure a robust process was followed. The consultation involved the following:

- Members' Seminars / Presentations to Overview and Scrutiny Committees;
- Specific meetings with private landlords, social landlords, major preceptors including Fire Authority, Police Authority, Local Councils, and MPs and Lords;
- A series of focus groups;
- An on-line questionnaire;
- Website information and press releases;

- Encouraging views, opinions and concerns to be expressed in other correspondence;

Full details of the outcomes and views expressed during the consultation are disclosed in the body of the report. This evidence has been used to update the equality impact assessments.

### **Procurement**

None

### **Disability Issues**

See above.

### **Legal Implications**

The Council has a statutory responsibility to set its council tax base for the purpose of levying council tax from its council tax payers in order to raise the required amount of council tax income to balance its 2013/14 revenue budget

There is a statutory requirement for the Council to adopt a local council tax support scheme by 31 January 2013. Council will need to approve resolutions to adopt the changes to the discounts and exemptions included in this report as part of the 2013/14 Budget and Council tax setting report on 20 February 2013.

The final regulations / statutory instruments with regards to the withdrawal of the Class A and C exemption, plus the removal of the remaining 10% discount on second homes and introduction of an empty property premium on properties that are long-term empty (i.e. 2 years or more) of 150% of the full council tax from 1 April 2013 was published 30 November 2012.

There is no provision within the regulations published to date to amend the Class L exemption and no legislative restrictions have been placed the empty property premium where adopted by a local authority.