

Cabinet**12 July 2017****Medium Term Financial Plan(8), Council Plan, Service Plans 2018/19-2021/22 and Reviews of the Local Council Tax Reduction Scheme, Council Tax Discounts and Business Discretionary Rate Reliefs****CORP/R/17/02**

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Purpose of the Report

- 1 To provide an update on the development of the 2018/19 budget, the Medium Term Financial Plan (MTFP(8)) and Council Plan / Service Plans 2018/19 to 2021/22. The report also considers reviews of the Local Council Tax Reduction Scheme, Council Tax discounts and Business Rates Discretionary Rate Relief.

Executive Summary

- 2 The financial outlook for the Council continues to be extremely challenging with government funding reductions confirmed as continuing until at least 2020. At this stage however there is no certainty as to what will happen with local authority funding beyond this point. This position will also be impacted by decisions following the General Election, although the precise nature of the impact on local government is at present uncertain.
- 3 The Chancellor of the Exchequer's 8 March 2017 Budget reported a further deterioration in the public finances. The national finances continue to face significant uncertainty. The performance of the economy is not meeting expectations which has resulted in the previous government dropping the policy of achieving a surplus in the national finances. This was replaced with an aspiration to eradicate the deficit by the end of the next parliament.
- 4 In addition to this there is significant uncertainty as to the impact of Brexit and the knock on impact for local government. The policy of introducing 100% Business Rate Retention for local government could impact significantly upon local authorities baseline funding levels and their ability to raise sufficient

funding to meet future service demands. The expectation was for 100% Business Rate Retention to be introduced in 2019/20 although following the General Election this is now uncertain and may slip to 2020/21 if the policy is implemented. These uncertainties considered alongside the possible impact of new policies from the government after the General Election generate significant complications and areas of uncertainty in developing plans for MTFP(8).

- 5 At this stage the Council is planning on the basis of the funding reductions confirmed for the next two years as part of our previous four year settlement. At the same time the council recognises that additional funding reductions from government could still be forthcoming. As part of MTFP(8) however a four year strategy has been developed to ensure long term planning continues. At this stage in the absence of a confirmed position the Council is assuming no further government core funding reductions beyond 2019/20.
- 6 Although the settlement from government is unchanged to that reported to Council in February 2017, in line with previous practice the MTFP Model has been reviewed. Savings of £41 million are forecast to be required to balance the budget over the 2018/19 to 2021/22 period. Although core funding reductions are assumed to have ended in 2019/20, savings are still forecast to be required in later years as service demands and inflationary pressures outstrip the council's ability to raise additional funds from council tax and business rates.
- 7 The achievement of an additional £41 million of savings over the next four years will be extremely challenging. The emphasis since 2011/12 has been to minimise savings from front line services by protecting them wherever possible whilst maximising savings in management and support functions. This is becoming much more difficult however, as the scope for further savings in managerial and back office efficiencies are becoming exhausted following the delivery of £209 million of savings up to 31 March 2018.
- 8 The total savings required at this stage for 2018/19 to balance the budget amount to £25.6 million, which is 60% of the £41 million required over the next four years. Savings plans will be considered over the coming months to determine how savings can be achieved across MTFP(8) to balance the budget. The council will also consider how best to utilise the Budget Support Reserve (BSR) across the MTFP(8) period to ensure the impact of all savings plans are carefully considered and fully consulted upon. The current balance on the BSR as reported to Cabinet on 14 June 2017 is £30 million.
- 9 The Council, along with Northumberland, are the only two local authorities in the North East to have retained entitlement levels for Council Tax support within the Local Council Tax Reduction Scheme (LCTRS) in line with that which applied under the national Council Tax Benefit regime prior to 2013/14. The policy has protected vulnerable residents at a time when welfare reform changes have had a significant adverse impact. This report recommends that the current LCTRS is retained for a further year into 2018/19. Should the Cabinet agree, the Council will need to formally adopt this policy at Full Council prior to 31 January 2018.

- 10 As part of the March Budget, the Chancellor of the Exchequer announced a range of measures to reduce Business Rates liabilities, including funding to support the introduction of local policies to support businesses most impacted by the revaluation. This report sets out proposals to amend the Council's Discretionary Rates Relief Policy to incorporate the announcements made in March.

Background

- 11 To ensure MTFP(8) Council Plan and Service Plans can be developed effectively and savings targets delivered in time to produce a balanced budget, it is important that a robust plan and timetable is agreed and followed.
- 12 The current MTFP(7) forecast that the Council agreed in February 2017 covers the three year period 2017/18 to 2019/20. It is recommended at this stage that MTFP(8) covers a four year period 2018/19 to 2021/22 which takes plans up to the end of current four year confirmed settlement in 2019/20, plus a further two years where significant government reductions in core funding are forecast to have ended but the council will continue to face significant increases in the demand for services and inflationary pressures.
- 13 At this stage of the planning cycle for MTFP(8) the following areas are presented for consideration of Cabinet:
- (a) an update on the development of the 2018/19 budget since the Council agreed its MTFP(7) strategy on 22 February 2017;
 - (b) an update on the MTFP(8) savings forecast for the period 2018/19 to 2021/22;
 - (c) proposed approach to the Council Plan and Service Plans 2018/19 to 2021/22;
 - (d) a draft MTFP(8) and Council Plan decision making timetable;
 - (e) proposed approach for consultation of MTFP(8) and Council Plans;
 - (f) workforce implications;
 - (g) equality considerations;
 - (h) consideration of the proposed Local Council Tax Reduction Scheme (LCTRS) for 2018/19;
 - (i) consideration of a review into Council Tax discounts;
 - (j) consideration of a review of Business Rates Discretionary Rate Reliefs.

Review of MTFP Model

- 14 The financial outlook for the Council continues to be extremely challenging with government funding reductions confirmed as continuing until at least 2020. There is a possibility that Government funding reductions could extend beyond this date. The Chancellor of the Exchequer's 8 March Budget reported a further deterioration in the public finances. At this stage however

the government have stated that this deterioration in the public finances will not result in a change to the four year settlement provided to local authorities in February 2016 which ends in 2019/20.

- 15 The national finances continue to face significant uncertainty. The performance of the economy is not meeting expectations, which is likely to result in the deficit reduction targets being missed. There is also the significant uncertainty in relation to the impact of Brexit, the move to 100% Business Rate Retention and any policy initiatives from the new government.
- 16 The Council may need to review the MTFP(8) projections and savings requirements over the coming months in light of future announcements.
- 17 The Council will receive additional improved Better Care Fund monies in both 2018/19 and 2019/20 of £8.1 million and £4 million respectively. These sums are in addition to the £13.1 million received in 2017/18. At this stage this additional funding has not been brought into MTFP(8) planning. The Council must work with the Clinical Commissioning Groups in determining how to invest this funding which must be spent on Adult Social Care. The funding is also reducing over time with no guarantee of ongoing funding beyond 2019/20. On that basis there is an risk in investing these sums on a recurrent basis. Options available to support MTFP(8) however will be kept under review in the coming months.
- 18 In line with previous years, a thorough review of the Council's budget has taken place subsequent to the approval of MTFP (7) by the Council on 22 February 2017. This has resulted in a number of changes to the assumptions built into 2018/19 and where necessary future years' budget models. The key adjustments are detailed below:

(a) Revenue Support Grant (RSG)

Reductions in RSG for 2018/19 and 2019/20 of £14.1 million and £14.2 million respectively were confirmed by the government as part of the council's current four year settlement. For planning purposes at this stage it is assumed that there will be no further core funding reductions across the MTFP(8) period. There is a risk of additional funding reductions but this cannot be assumed with any level of accuracy at this stage.

(b) Housing Benefit Administration Grant

The government has a track record of reducing this grant annually although there has been no significant reduction in workload in terms of housing benefit processing. Workloads over the coming years however will be impacted due to the introduction of the Universal Credit. Although the workload will reduce it is forecast that the reduction in grant will far outstrip the council's ability to reduce costs. Reductions in the grant across the 2018/19 to 2020/21 period are forecast to be £300,000 per annum.

(c) Business Rates and Top Up Grant Retail Price Index (RPI) and Consumer Price Index (CPI) increases

In MTFP(7) a 2% forecast was built into 2018/19 plans for an increase in RPI. At this stage RPI is utilised by government to uplift business rates and the Top Up Grant with the 2018/19 uplift based upon the September 2017 RPI rate. The April 2017 RPI rate is 3.5%. It is likely however that the movement in the RPI rate could be volatile in the next few months as Brexit negotiations begin. On that basis at this stage for MTFP planning the September 2017 forecast for RPI has been increased to 3%.

For 2019/20 the forecast has been retained at 2%. In 2020/21 RPI will no longer be utilised to uplift business rates and the Top Up grant. At this point CPI will be utilised which is historically lower than RPI. On this basis the forecast increase in 2021/22 has been forecast to be 1.5%

(d) Council Tax – Adult Social Care Precept

MTFP(7) includes an assumption that the council will utilise the adult social care flexibility to increase council tax by an additional 2% on top of the 2% referendum level for both 2018/19 and 2019/20. There is no confirmation from government however that this flexibility will be available beyond 2019/20. In MTFP(8) it is assumed that the adult social care precept flexibility will end in 2019/20.

(e) Council Tax Collection Rate

The current council tax collection rate is 98.5%. This level has been in place since Local Government Reorganisation. In the years since 2009 the country has experienced a significant recession with large reductions in benefit payments due to austerity. These issues have influenced the council's decision to retain the 98.5% collection rate.

A point has been reached however where the council continues to exceed 98.5% collection. With this in mind it is felt prudent that consideration is given to increasing the collection rate prudently to 99%. On an annual basis this will increase the council tax available to support the budget by £1 million per annum.

(f) Council Tax/Business Rate Taxbase increases

An assumption has been built in across the MTFP(8) period of a £1.5 million annual increase in the tax base for both council tax and business rates. Overall at this stage this would require a circa 0.5% increase in tax base every year. This position will need to be reviewed on a regular basis.

(g) **National Living Wage (NLW)**

MTFP(7) assumptions were built upon the government's previously published desire for the NLW to exceed £9 per hour by 2020. The annual increase in the NLW however is linked to the annual increase in wages nationally. Increases in this regard are falling well behind government expectations with the current annual rate of wage growth nationally being 2.3%.

With this in mind it is felt prudent at this stage to reduce the forecast increase in the NLW for the next two years from £5 million and £5.5 million respectively to £4 million and £4.25 million. Additional base budget pressures have been included in 2020/21 and 2021/22 for NLW as it is expected that the NLW is still likely to increase above the 1.5% price inflation limit built into MTFP(8)

(h) **Microsoft Licencing / Office 365**

The Council utilises a wide range of Microsoft software products for which licences are payable. Microsoft are presently reviewing licence costs after a number of years and the council originally forecast in MTFP(7) an increase in costs of £720,000. This position has continued to be reviewed alongside the option of moving functionality onto an Office 365 cloud based solution. Having reviewed the current position it is now forecast that the additional cost in this regard will be £1.2 million. This sum has been included in MTFP(8) as a 2018/19 cost.

(i) **Children's Look After Children (LAC) Pressures**

Significant pressure continues to be experienced in children's social care due to the additional number of children entering the care system. It was anticipated that numbers would have stabilised however short term financial support is required in this area. Additional budget support is forecast to be required of £1.8 million in 2018/19 to allow numbers to stabilise and to ensure the most efficient and effective placement mix which will reduce future years costs. The additional £1.8 million provided in 2018/19 will be gradually withdrawn over the 2019/20 to 2021/22 period as the placement mix is considered.

2018/19 Savings Forecast

- 19 Based upon the revised assumptions detailed in this report, the savings requirement for 2018/19 is forecast to be £25.6 million, slightly lower than the MTFP(7) forecast of £26.8 million. The 2018/19 £25.6 million saving figure is inflated due to the need to recover the £12.6 million of the BSR utilised in 2017/18 to balance the budget and delay the impact of savings upon front line services.
- 20 Work will continue over the coming months to identify the savings required to balance the 2018/19 budget. Consideration will also be given as to whether the BSR should be utilised in 2018/19 to delay the impact of savings upon front line services and to allow time to implement more challenging savings

proposals. The prudent financial management of the council in recent years continues to provide the scope to utilise this flexibility.

- 21 It is expected that efficiency savings driven through the Transformation Programme will contribute to the achievement of 2018/19 savings and later years savings plans.

MTFP(8) – 2018/19 to 2020/21 Update

- 22 The adjustments to MTFP(8) planning detailed in this report have impacted upon the forecast savings requirements for the 2018/19 to 2021/22 period.
- 23 The current forecast of savings yet to be identified for the period 2018/19 to 2021/22 are detailed below.

New Savings Proposals to be Identified £million

2018/19	25.588
2019/20	6.895
2020/21	5.690
2021/22	2.770
TOTAL	40.943

- 24 Work to identify savings options for 2018/19 will also need to consider options for the period 2019/20 to 2021/22. The realisation of additional £41 million of savings will have resulted in the council being required to save £250 million from 2011/12. The MTFP(8) Model is attached at Appendix 2.

Proposed Approach to the Development of the Council Plan and Service Plan

- 25 The Council's current high level planning framework consists of a partnership led Sustainable Community Strategy which runs to 2030, setting out the vision for the County. This is supported by a council plan and service plans which set out the council's contribution to the SCS vision and our approach to improving the council's operation and customer service. All of these documents are due for review this year.
- 26 Following the election of the new Council, there is strong commitment to progressing the Council's transformation programme driven by a focus on delivering the best possible outcomes within available resources. It is therefore proposed that an outcome based approach to planning is adopted. This will include a review of the SCS and partnership vision, and a review of council and service plans.
- 27 The review will be conducted according to six key design principles:
- (a) outcome-based vision and council plan;
 - (b) partnership based approach with engagement of key partners;

- (c) incorporate the transformation vision for communities of resilient self-reliant communities, with a focus on prevention and tackling poverty;
- (d) efficient planning – with as few key strategies and plans as possible, and concise focussed documents;
- (e) plans and strategies drive change;
- (f) cross council and cross-partnership not silo based.

28 It is proposed that the review is conducted across the following timetable:

- (a) June – October: Review of SCS and vision;
- (b) October – January: Development of outcome based council plan/ service plans;
- (c) February / March: Revised vision and council plan approved.

MTFP(8) and Council Plan Timetable

29 A high level timetable up to Budget setting is detailed below:

Date	Action
12 July	MTFP/Council Plan report to Cabinet
15 September	Corporate Overview and Scrutiny Management Board consider 12 July Cabinet Report
18 October	MTFP/Council Plan report to Cabinet
October/November	MTFP Consultation period
27 October	Corporate Overview and Scrutiny Management Board consider 18 October Cabinet Report
15 November	Tax Base/Collection Fund report to Cabinet
Early December	2018/19 Finance Settlement announced by DCLG
14 December	MTFP/Council Plan report to Cabinet – consultation outcomes
18 December	Corporate Overview and Scrutiny Management Board consider 14 December Cabinet Report
17 January	MTFP/Council Plan report to Cabinet – (if required)
7 February	Budget Report to Cabinet

Date	Action
14 February	Corporate Overview and Scrutiny Management Board consider 7 February Cabinet Report
21 February	Council Budget and MTFP report

Proposed Consultation Programme

- 30 Based on the best practice that has developed over previous consultations, the 14 Area Action partnerships (AAPs) will be a key mechanism to engage with the public, community groups and agencies during the first phase of the consultation during October and November. These meetings will be supplemented with presentations to local community groups as well holding a series of roadshows across the county.
- 31 In addition to providing the opportunity for respondents to discuss the Council's budget proposals at the events set out above, there will also be the opportunity for responses to be submitted via a questionnaire (both hard copy and online) during this phase of the consultation.
- 32 In line with previous years, these public consultation exercises will be supplemented with a second phase of consultation. This will involve targeted requests for views on the MTFP report presented to Cabinet in December from the Council's key partners that make up the County Durham Partnership.

Workforce Implications

- 33 The Council originally estimated 1,950 reductions to full time equivalent posts by the end of 2014/15. By 31 March 2018, it is forecast that there will have been a reduction of 2,674 posts, of which 663 will have been via the deletion of vacant posts. It is forecast that the number of post reductions will increase over the coming years as savings plans are developed and agreed to achieve the MTFP(8) required saving of £41 million.
- 34 The Council will continue to take all possible steps to avoid compulsory redundancies and minimise the impact upon the workforce. This will require a continued focus on forward planning, careful monitoring of employee turnover, only undertaking recruitment where absolutely necessary and retaining vacant posts in anticipation of any required service changes, seeking volunteers for early retirement and/or voluntary redundancy and maximising redeployment opportunities for the workforce wherever possible.
- 35 In addition, the way that work is organised and jobs designed will continue to be reviewed by service groupings, with the support of Human Resources, to ensure that changes that are made to maximise the use of the workforce numbers and skills and introduce flexibility into the way work is organised to maximise the capacity of the remaining workforce.

- 36 These actions will ensure that, wherever possible, service reductions continue to be planned well in advance of commencing the exercises, employees are able to consider their personal positions and volunteer for ER/VR prior to the start of the exercise should they wish to, thereby enabling, in a number of situations, the retention of sustainable employment in the County for those who wish to remain in the workplace.

Equality Impact Assessment of the Medium Term Financial Plan

- 37 Consideration of equality analysis and impacts is an essential element that members must consider in their decision-making in line with the Equality Act 2010. As in previous years, equality impact assessments will be a key way in which this analysis will be captured throughout the decision making process, alongside the development of MTFP(8).
- 38 The aim of this equality analysis is to:
- (a) identify any disproportionate impact on service users or staff based on the protected characteristics of age, gender (including pregnancy/maternity and transgender), disability, race, religion or belief and sexual orientation;
 - (b) identify any mitigating actions, which can be taken to reduce negative impact where possible;
 - (c) ensure that we avoid unlawful discrimination as a result of MTFP decisions.
- 39 This is required to support MTFP process decisions, which are both fair and lawful. The process is in line with the Equality Act 2010, which, amongst other things, makes discrimination unlawful in relation to the protected characteristics listed above and requires us to make reasonable adjustments for disabled people. In addition, the public sector equality duty requires us to pay 'due regard' to the need to:
- (a) eliminate discrimination, harassment and victimisation and any other conduct that is prohibited under the Act;
 - (b) advance equality of opportunity between persons who share relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 40 A number of successful judicial reviews have reinforced the need for robust consideration of the public sector equality duties and the impact on protected characteristics in the decision making process. Members must take full account of the duties and accompanying evidence when considering the MTFP proposals.

- 41 Throughout the period of MTFP planning through to setting the MTFP(8) budget in February 2018, the equality impact assessments will be developed alongside emerging savings proposals. Any relevant results of consultative activity will be fed into the assessments, and all assessments will be updated as further information becomes available. Final assessments will be considered as part of proposals' decision-making processes. In terms of the ongoing programme of budget decisions the Council has taken steps to ensure that impact assessments:
- (a) are built in at the formative stages so that they form an integral part of developing proposals with sufficient time for completion ahead of decision-making;
 - (b) are based on relevant evidence, including consultation where appropriate, to provide a robust assessment;
 - (c) objectively consider any negative impacts and alternatives or mitigation actions so that they support fair and lawful decision making;
 - (d) are closely linked to the wider MTFP decision-making process;
 - (e) build on previous assessments to provide an ongoing picture of cumulative impact.

Local Council Tax Reduction Scheme for 2017/18

- 42 The Government abolished the national Council Tax Benefits System on 31 March 2013, replacing it with a requirement for local authorities to work with their precepting bodies to establish a Local Council Tax Reduction Scheme (LCTRS) with effect from 1 April 2013. The LCTRS provides a 'discount' against the Council Tax charge, rather than a benefit entitlement.
- 43 The Council Tax Reduction Scheme Grant replaced Council Tax Benefit subsidy and from April 2013 is paid directly to the Council and the major precepting bodies (Police and Fire).
- 44 Government funding towards council tax support was reduced by 10 per cent nationally in 2013/14. By so doing, the Government also transferred the risk of any growth in the system through more council taxpayers becoming eligible for support with their council tax to local authorities as the government grant was a fixed amount.
- 45 The funding made available to support the Local Council Tax Support Schemes in 2013/14 (90% of the previous funding available under the Council Tax Benefit System) now forms part of the Council's formula funding arrangements. Whilst separate figures were published for this in 2013/14, there is no longer any visibility over what level of funding is actually contained within the formula now for Council Tax Reduction Schemes.
- 46 The Council's formula grant includes an element relating to Town and Parish (T&P) Councils and whilst the Council passed the grant on to the Town and Parish Councils in the last three years, there is no statutory requirement to do so.

- 47 Following discussions with the Town and Parish Councils' Working Group, and in the spirit of partnership working, recognising the important role Town and Parish Councils play in providing local services to communities, it is proposed to continue to pass on the Town and Parish element of the formula grant in 2018/19. In doing so, it is proposed that the Council continues to apply pro-rata reductions in the Council Tax Support Grant paid to Town and Parish Councils 2018/19 in line with reductions in the overall formula funding made available to the Council and this is reflected in the updated MTFP model.
- 48 In the North East region, Durham and Northumberland have schemes that continue to mirror entitlement under the former Council Tax Benefit (CTB) system, whilst the other ten Councils have schemes that cap the maximum entitlement to working age claimants.
- 49 Nationally, 74 Councils changed their schemes in April 2017. There are now only 37 Councils across the country who continue to mirror entitlement under the former Council Tax Benefit system (11%), with 277 out of 326 having cut the amount of support available to claimants by introducing either a minimum payment or a band cap. The other 12 councils have made other changes such as removing the second adult rebate to their schemes.
- 50 In some local authorities, low-income households continue to be exempt from paying Council Tax whilst in others they are required pay up to 45% of their bill. There is therefore a wide disparity of support available across the Country. In the fifth year of the LCTRS, around two million families across the Country continue to be adversely affected by the change from CTB. On average, these families will have to pay £191 additional Council Tax in 2017/18 in comparison to what they would have paid under the national CTB scheme. The number of LCTRS claimants paying £200 or more has increased to 825,000 in 2017/18.
- 51 There are currently 59,095 LCTRS claimants in County Durham, of which 25,209 (43%) are pensioners and 33,886 are working age claimants (57%), with 22,661 working age claimants on 'passported' benefits i.e. also in receipt of either Job Seekers Allowance or Income Support. LCTRS support to claimants in terms of discounts against their Council Tax liability currently totals circa £53.5million per annum.
- 52 There are 2,400 claimants in County Durham currently classed as working age that would have been treated as pensionable age claimants previously, and therefore fully protected from any changes in the LCTRS should the Council wish to do so, as a result of changes to the pensionable age eligibility across the last four years. Nationally there has been a 13.5% reduction in pensionable age claimants across the last four years; the reduction in County Durham has been a 6.8% reduction since 2013.
- 53 As Members will be aware, if any changes are made to the scheme, these must be consulted on and be subject to an equality impact assessment. Councils are required to review and approve their schemes annually and have this agreed by a Council Meeting before 31 January each year.

- 54 Pensioners, have to be protected from any changes, with any reductions applied to working age claimants only.
- 55 Four years after the Government abolished the national Council Tax Benefits System the Council continues to have a Local Council Tax Support Scheme, which mirrors the previous entitlement under the Council Tax Benefit System for all claimants. No council tax benefit claimants have therefore been financially worse off in the last four years than they would have been under the previous national scheme.
- 56 The Council has been mindful of the continuing impacts of the wider welfare reforms which are having a detrimental impact on many low income households and the fact that the additional Council Tax liabilities for working age households could have a significant impact on affected household budgets by around £100 to £130 a year based on a scheme whereby entitlement for working age claimants is set at a maximum of 90% entitlement. This would make collection of council tax more difficult and costly to recover from these low income households.
- 57 In approving the scheme for 2017/18, the Council (26 October 2016) gave a commitment to review the scheme on the grounds of medium term financial plan (MTFP) affordability and on-going austerity causing further MTFP pressures.
- 58 Based on Tax base assumptions, the estimated net cost of retaining the scheme in 2017/18 is circa £5.1 million. To recover the full £5.1 million cost by reducing the benefit awarded to working age claimants, which currently totals circa £31.3 million, would require us to reduce the maximum entitlement from 100% to 79.5%.
- 59 Should the Council review its scheme and reduce maximum entitlement to working age claimants, depending on the forecasted council tax collection from affected low income households, there would be scope to increase Council Tax revenues by between £2.5 million (based on a scheme that awarded maximum entitlement to working age households of 90% with a prudent collection rate of 80%) and £5.133 million (based on a scheme that awarded maximum entitlement of 79.5% with a prudent collection rate of 80%). This would impact circa 34,000 working age households across County Durham, where 7,235 are actually in low paid jobs rather than being unemployed.
- 60 Following careful consideration of the current financial position of the Council and in light of further cuts to the Welfare Budget planned by Government, including the roll out of Universal Credit Full Service from October 2017 in County Durham; it is proposed that Cabinet recommend to Council that the current scheme should be extended for a further year into 2018/19 and, therefore, that no additional council tax revenues are built into the MTFP projections from a review of the LCTRS at this stage.
- 61 The reasons for extending the current scheme are due to the current scheme remaining within existing cost parameters for the Council. In addition, whilst the full impacts of the Government's Welfare Reforms are complex and difficult to track, demand for Discretionary Housing Payments; Social Fund

Applications and Rent Arrears statistics in County Durham compared to others across the region, would suggest that the council tax benefit protection afforded to working age claimants, in addition to the wide ranging proactive support that has been put in place, is continuing to have a positive impact on these households.

- 62 The Council will need to continue to review the national situation and track what is happening in local authorities that have introduced Local Council Tax Reduction Schemes that have reduced entitlement to their working age claimants in terms of impacts and performance in terms of recovery of the council tax due.

Council Tax Discretionary Discounts – Review of Hardship Relief Policy

- 63 The Local Government Finance Act 1992 Section 13a makes the provision for Billing Authorities to reduce the amount of tax payable by awarding a discretionary relief of Council Tax in exceptional circumstances, including hardship.
- 64 The Local Government Finance Act 2012 made further provision for Councils' to introduce Local Council Tax Reduction Schemes, to replace Council Tax Benefit from April 2013.
- 65 The Council's Local Council Tax Reduction Scheme (LCTRS) commenced 1 April 2013. A number of changes to Council Tax exemptions and discounts, including those affecting empty properties, also became effective from the same date.
- 66 The Council Tax Discretionary Reduction (Hardship Relief) Policy was approved by Cabinet in December 2012 and has not reviewed to date.
- 67 Since the current Council Tax Discretionary Reduction (Hardship Relief) Policy was approved, there have only been 134 applications submitted under the provisions of the policy and only one award made. The award was made to a customer with an existing severe mental impairment exemption, with the Discretionary Reduction Policy being used to award relief for the period prior to the severe mental impairment exemption being applied.
- 68 Whilst the number of applications would appear to be low, when enquiries are raised from customers claiming hardship, they are often unaware or unfamiliar with the Council's LCTRS. In the majority of cases, customers are directed towards the LCTRS and asked to submit a claim under that route first.
- 69 An analysis of the 133 unsuccessful applications for Hardship Relief received over the last four years shows that the majority (72%) did not progress to a final decision because the applicant failed to provide the requested financial information to substantiate their financial hardship. Financial hardship is different to suffering financial detriment. This would suggest that the customers were unable to demonstrate financial hardship.
- 70 Of the remaining 28%, debt management advice and support was provided, with payment arrangements agreed in 10% of cases. Further information was provided on the availability of other exemptions or discounts, which were

subsequently awarded in 9% of cases; and in 9% of cases, the applications were declined, as financial hardship was not established, mainly for reasons of them holding excess capital.

- 71 In undertaking a review of the Council's Council Tax Discretionary Reduction (Hardship Relief) Policy, comparison has been made with the policies adopted and published by other Councils, including all twelve North East Councils.
- 72 Not all Council's publish their Council Tax Discretionary Reduction (Hardship Relief) Policy online and of those who did, very few were easily accessible.
- 73 In broad terms, the policies reviewed were all similar in terms of scope however, the level of detail included in the individual policies differed significantly, and some merely provided a high-level summary outlining the principals of the policy whilst others detailed the evidence needed to process the application.
- 74 Councils were found to be managing and accounting for hardship relief schemes in different ways including:
- (a) specific provisions within the LCTRS scheme to cover hardship;
 - (b) creation of additional local discretionary Council Tax discounts / exemptions categories;
 - (c) creation of a discretionary hardship fund, with awards credited direct to Council Tax accounts and funded from a General Fund budget;
 - (d) provision within their discretionary awards scheme (Welfare Assistance Schemes) for Council Tax payments to be met where financial hardship was evidenced, with awards credited direct to Council Tax accounts and funded from the WAS budget.
- 75 From the review undertaken it has been concluded that the Council's current policy is lacking in detail in a number of areas. A range of policy amendments have been made to improve transparency and clarity by providing information explaining how the Council will assess the claim and what the requirements are to be eligible for support. Proposed amendments and additions to the policy (attached at Appendix 3) include:
- (a) an explanation of the legislation covering hardship awards, i.e. section 13A of the Local Government Finance Act 1992;
 - (b) clarity over the process i.e. that all other reasonable steps should be taken first and how an application for Hardship Relief should be a last resort;
 - (c) clarity over the fact that awards for Hardship Relief would normally be for temporary, short and fixed periods;

- (d) clarity over the evidence required to substantiate a claim for Hardship Relief and how the Council will meet the costs associated with the award;
- (e) clarity over the decision making process for assessing claims received and the process for reviewing decisions and the rights of appeal;
- (f) detail on how fraudulent or misleading applications will be treated;
- (g) a revised and updated application form.

76 The proposed amendments to the policy outlined above have been factored into an updated policy, attached at Appendix 3. These amendments significantly strengthen the policy and will ensure that all applications continue to be assessed in a fair and open process, based on agreed policy clear criteria, on a more robust and meaningful basis whilst protecting the public purse.

77 In future, it is intended that the Council's Council Tax Discretionary Reduction (Hardship Relief) Policy will be reviewed on an annual basis, alongside the review of the LCTRS Scheme, to ensure that the policy continues to be fit for purpose and reflect customer needs.

Council Tax Discretionary Discounts – Council Tax Exemption for Care Leavers

78 The Government's Keep on Caring, Supporting Young People from Care to Independence (July 2016), identifies five key outcomes for care leavers and explains how they will be achieved.

79 One of the five key outcomes is to support care leaver to achieve financial stability and Councils were encouraged to consider exempting care leavers from Council Tax using existing discretionary powers.

80 The Children's Society also support this view and have made calls for Councils to exempt care leavers from paying Council Tax up to the age of 25.

81 In August 2016, the Communities and Local Government Select Committee also recommended that care leavers be exempted from Council Tax up to at least age 21.

82 Durham County Council understands that care leavers rarely have the support that families can offer young people to help them become independent. The Council want to support care leavers living in County Durham to help them become financially independent, breaking down some of the barriers that may prevent care leavers from progressing into opportunities. This includes the 'benefits trap' where starting an apprenticeship or other form of employment may leave them at a financial disadvantage.

83 The Council does not currently offer automatic support to care leavers to pay council tax. However some support is available:

- (a) the Local Council Tax Reduction Scheme (LCTRS). Care leavers in receipt of qualifying state benefits, universal credit or a low wage may qualify for a reduction in their Council tax liability to 100%;
- (b) offering student discounts/exemptions prescribed by existing Council Tax legislation. This means where the property is solely occupied by a student then the property is exempt from Council Tax;
- (c) offering a discretionary reduction outlined in the Council Tax Discretionary Reduction (Hardship) Policy.

84 Five Councils are currently offering specific support for care leavers. However, they all operate different LCTRSs, with only two of the five providing a reduction in Council Tax liability of up to 100% and the others applying a charge of between 20% and 25%:

- (a) Birmingham exempted care leavers from Council Tax up to age 25 from April 2017;
- (b) Cheshire East offer a Council Tax discretionary discount of up to 100% of the Council Tax liability up to age 25;
- (c) North Somerset exempt care leavers from Council Tax up to age 22;
- (d) Islington exempted care leavers from Council Tax up to age 25 from April 2017;
- (e) Hammersmith and Fulham exempted care leavers from Council Tax up to age 25 from April 2017.

85 Some award a new care leaver 100% exemption from the outset whilst others consider an additional exemption only after entitlement to CTR and/or existing exemptions and discount have been exhausted. Awards are accounted in different ways including:

- (a) provision within the Council Tax Reduction (previously known as Council Tax Benefit) scheme;
- (b) creation of additional discretionary Council Tax exemptions;
- (c) creation of discretionary funds, awards credited direct to Council Tax accounts.

86 None of the Councils in the North East currently offer automatic support to care leavers. However, Stockton and Middlesbrough have indicated that they plan to consult on providing support in 2018/19.

Durham County Council Care Leavers

87 Data obtained from Children and Young People's Services, based on Care Leavers up to the age of 21 in April 2017 shows that we have 188 care leavers, where the Council is the 'corporate parent'. This does not include care leavers who have moved into the area and where another authority is the corporate parent. The Council has no statutory duty to act on behalf of care leavers over the age of 21 and no obligation to keep records. Therefore,

details of care leavers between the ages of 21 and 25 are not included in the analysis.

- 88 The majority of young people leaving care in County Durham and being monitored continue to reside in the county:

Residing within the county	130	69%
Residing outside of the county	35	19%
No Fixed Abode	12	6%
In custody	11	6%

- 89 Only 53 (41%) of the 130 care leavers residing within the county have a Council Tax liability. The remaining 77 (59%) have no Council Tax liability, the majority either living with parents or relatives, in foster care conversion or living in a supported living scheme.

- 90 Whilst 53 care leavers have a liability to pay Council Tax, the majority, 39, do not actually currently pay Council Tax. This is because they already receive a discount or exemption and/or receive 100% Council Tax Reduction (CTR).

100% student exemption	2
25% single person discount & 75% CTR	33
100% CTR	2

- 91 The proposal to exempt care leavers from Council Tax, after consideration of entitlement to other statutory Council Tax exemptions/discounts would mean that the 35 care leavers currently receiving support via the Councils LCTRS would receive the care leaver exemption instead of LCTRS.

- 92 Whilst the proposals to replace LCTRS with a Care Leavers exemption are broadly financially cost neutral there are non-tangible benefits from introducing such a scheme. The LCTRS is means tested and the claim process is can be considered by some to be bureaucratic and sometimes confusing. An exemption process will be much simpler for care leavers and those supporting them and a streamlined application process will reduce the time taken to process applications and the administrative burden.

- 93 Of the 53 care leavers with a liability to pay Council Tax, after exemptions, discounts and disregards, and before CTR is applied – the charge would be £51,200. After CTR, only 14 have a net balance to pay. The total amount to be collectable in the current financial year is £14,123. Whilst all 14 have a balance to pay, only four have been billed for the full liability, the remaining ten receive an discount or exemption or partial CTR.

25% single person discount & partial CTR	3
Partial CTR	1
25% single person discount	6
Full charge – 100% Council Tax	4

- 94 Of the four that have been billed for the full Council tax liability in 2017/18, three are couples and the remaining single person should have claimed a single person discount and may have entitlement to CTR. This care leaver has been invited to claim both and applications are now being processed.

- 95 The proposal to exempt care leavers from Council Tax, after consideration of entitlement to other statutory Council Tax exemptions/discounts would mean that the nine single care leavers currently receiving 25% single person discount and/or CTR would receive a care leaver exemption reducing their liability to 'nil'.
- 96 The remaining four couples would receive a discretionary 50% Council Tax discount plus any CTR entitlement.
- 97 Based on these assumptions the cost to support the proposals for exempting DCC Care Leavers from Council Tax for those that are currently liable would be approx. £13,500.
- 98 Of the 77 care leavers who are not liable for Council Tax. The majority are living with parents, relatives or foster carers.

With parents/relatives	28
Supported lodgings	21
Foster care conversion	11
Other suitable	7
Semi independent	4
Independent living	3
Ordinary lodgings	1
Homeless	1
In custody	1

- 99 The proposal put forward is to award a discretionary 50% Council Tax discount when a care leaver moves in to live with an extended family member (or another adult) living on their own and receiving single person discount. This would mean that 17 of the households where the care leaver lives with parents, relatives or foster carer could be entitled to a 50% discount plus any CTR entitlement.
- 100 In financial terms, the award of a 50% discount to the 17 households would currently amount to £10,590.
- 101 Therefore, based on the current data, the potential cost of the proposals is circa £24,090. This does not include the cost of awarding a Council tax exemption for care leavers living in County Durham where the corporate parent is another authority. These costs can be considered to be minimal when balanced against the potential benefits, including a simple, less complicated and less bureaucratic process for Care Leavers living in County Durham.
- 102 More importantly, the proposals offer support to families and young people to help them become independent. It will help care leavers become financially independent, breaking down some of the barriers that may prevent care leavers from progressing into opportunities including opportunities to break away from the 'benefits trap' where starting an apprenticeship or other form of employment may leave them at a financial disadvantage.

- 103 It must be noted that in the absence data to quantify the number and circumstances of those care leavers between the ages of 21 to 25, it is impossible to accurately forecast the total impact and costs of the proposal to exempt care leavers living in County Durham.

Consultation Undertaken on the Proposals

- 104 The purpose of the consultation was to seek views on the Council's proposal to offer care leavers living in County Durham an exemption from Council Tax until the age of 25, laid out as follows:

'We want to help care leavers become financially independent. We are proposing the following changes for care leavers, up to the age of 25, living in County Durham, after considering entitlement to other discounts/exemptions:

- (a) exempting all care leavers from Council Tax up the age of 25, after consideration of entitlement to other statutory Council Tax exemptions/discounts;
- (b) awarding 50% discretionary relief to care leavers living with a partner (none care leaver), after consideration of entitlement to other statutory Council Tax exemptions/discounts;
- (c) awarding 50% discretionary relief to care leavers when part of a joint tenancy, after consideration of entitlement to other statutory Council Tax exemptions/discounts;
- (d) award 50% discretionary relief, where a care leaver (up to the age of 25) moves in to live with an extended family member (or another adult) living on their own and receiving single person discount.

The above would only apply to an occupied property.'

- 105 The consultation process ran from 5 May to 31 May, 2017. As well as care leavers, the consultation engaged key stakeholders including social workers and supported lodging providers through facilitated discussions. Information and questionnaires were sign posted via the Council's website and via the Care Leavers Forum, the Children in Care Council, the Housing Providers Support Group, the Foster Carers (in house provision), the Supported Lodgings Providers and the Fostering Provider Forum (N E Region).

- 106 There were five questions posed as part of the consultation:

- (a) What do you think about the proposal?
- (b) How could you make all care leavers aware of the Council Tax exemptions?
- (c) Do you think that care leavers moving into the area, from other authorities should receive the discretionary relief?
- (d) Do you have any other comments or alternative suggestions?

(e) Are you:

- (i) A young person in care?
- (ii) A young person who has left care?
- (iii) An organisation supporting young people in/or leaving care?
- (iv) A foster carer?
- (v) A supported lodgings provider?
- (vi) A member of the public?
- (vii) Other?

- 107 There were 162 responses to the online questionnaire, the majority of responses coming from the general public (61%) with 15% from care leavers or young people in care. As well as feedback received via forums and meetings, Investing in Children, a partnership with Durham County Council and the NHS also made representations on behalf of 22 young people, 10 of which were care leavers and 12 of whom were still in care.
- 108 Feedback from all the meetings and forums was very positive and both young people and stakeholders were very engaged and supportive of the proposals to exempt care leavers from council tax.
- 109 Based on the consultation undertaken there was overwhelming support for the proposals, with 78% of respondents indicating that they were very positive or fairly positive about the proposals. Only 11% of respondents indicated they were negative or very negative about the proposals.
- 110 Where additional feedback was received, it was generally positive, with feedback indicating that the proposals would: help the transition to independence; would help reduce stress and financial burden being experienced; be good to see the Authority being a supportive corporate parent.
- 111 Feedback from Investing in Children, from care leavers and children in care included:
- (a) it would give them less to worry about;
 - (b) a recognition that the Chief Executive was personally committed to helping them;
 - (c) it would help them avoid getting into debt;
 - (d) money is always an issue.
- 112 Some negative comments were also received, with some respondents questioning why only looked after children should be supported in this way, identifying that there was already support available via the CTR scheme and also questioning whether support should be made available to all young people, plus some feedback that support should be restricted up to age 21.
- 113 An Equality and Diversity Impact Assessment has been completed and updated as a result of the consultation into these proposals and is attached at Appendix 4.

Conclusions

- 114 A number of Councils have started to introduce policies to exempt care leavers living in their area from Council Tax. Some award a new care leaver 100% exemption from the outset whilst others consider an additional exemption only after entitlement to CTR and/or existing exemptions and discount have been exhausted.
- 115 Consultation on proposals to exempt care leavers living in County Durham was largely positive and analysis of the cost implications from introducing a similar policy in Durham are considered affordable, when set aside the benefits expected from introducing such a policy to support care leavers living in County Durham.
- 116 A Council Tax Discretionary Reduction (Relief) For Care Leavers Policy / Application Form and process devised to implement these proposals and is attached at Appendix 5. The Policy would be reviewed on an annual basis alongside the review of the LCTRS Scheme and Council Tax Discretionary Reduction (Hardship Relief) Policy, to ensure that it continues to be fit for purpose and reflects customer needs.

Discretionary Rate Relief - Review of Local Discretionary Rate Relief Policy

- 117 The business rates revaluation in England took effect from April 2017.
- 118 On 8 March 2017, as part of the Spring Budget, the Chancellor of the Exchequer announced a range of measures to reduce Business Rates liabilities, summarised as follows:
- (a) £435 million of support for businesses facing significant increases in their bills, including:
 - (i) support for small businesses losing Small Business Rate Relief (SBRR) as a result of the revaluation, where increases would be limited to the greater of £600 or the real terms transitional relief cap for small businesses each year;
 - (ii) providing local authorities with funding to support £300 million of discretionary relief, to allow them to provide support to individual hard cases in their local area.
 - (b) The government also introduced a £1,000 business rate discount for public houses with a rateable value of up to £100,000, subject to state aid limits for businesses with multiple properties, for one year from 1 April 2017.
- 119 In making these announcements, the government stated that local authorities would be fully compensated, by way of s31 grant, for the loss of income because of these measures, which were announced after budgets had been set for 2017/18.

Support for small businesses losing Small Business Rate Relief or Rural Rate Relief to limit increases in their bills to the greater of £600 or the real terms transitional relief cap for small businesses each year

- 120 This announcement came too late for annual billing 2017/18 for all authorities. To implement them software changes were required, but in order to amend the Business Rates systems, software suppliers required the detailed guidance notes from CLG before these changes could be actioned. These were not published until 16 May 2017 as part of the s31 grant determinations.
- 121 Prior to annual bills being issued, the Council was able to identify that there were only 55 cases in County Durham where this would apply. The estimated additional discount these 55 business would receive (reduction in rates liabilities) in 2017/18 would be circa £92,000.
- 122 In March 2017, letters were sent all these businesses notifying them that they could be impacted by the Governments announcements in March and to notify them that once the Government finalised the proposals the Council would re-bill them accordingly. All these businesses were advised to pay their accounts as billed at this stage.

Introduction of a £1,000 business rate discount for public houses with a rateable value of up to £100,000, subject to state aid limits for businesses with multiple properties, for one year from 1 April 2017

- 123 Again, this announcement came too late for annual billing 2017/18. These changes also require updates to be made to systems that in turn were reliant on the CLG publishing the detailed guidance notes, which were only published 16 May 2017 as part of the s31 Grant determinations.
- 124 Prior to annual billing, the Council was able to identify that there was 225 public houses that could qualify for this support. The estimated additional discount these 225 business could receive (reduction in rates liabilities) in 2017/18 would therefore be circa £225,000.
- 125 In March 2017, letters were sent all these pubs notifying them that they could be impacted by the Governments announcements in March and to notify them that once the Government finalised the proposals the Council would re-bill them accordingly. They were all advised to pay their accounts as billed at this stage.

New funding to support £300 million of discretionary relief, to allow them to provide support to individual hard cases in their local area

- 126 Following the March Budget announcements, the Government subsequently published their proposals in a consultation document on the design and implementation of locally administered Business Rates Relief Schemes.
- 127 The Government proposed that these discretionary schemes would be administered through existing discretionary relief powers under section 47 of the Local Government Act 1988 and that local authorities would need to develop their own discretionary relief schemes to deliver further targeted support to those businesses and locations in the within their area that are in 'greatest need'.

- 128 Responses to the Governments consultation proposals, where there were seven questions posed by Government, were submitted by Friday 7 April, 2017. The Government has not published its response to the consultation, but on 28 April, 2017 published the s31 Grant determinations for this element of their proposals.
- 129 The 2017/18 business rates revaluation has classed Small Businesses as those businesses with a Rateable Value (RV) of less than £51,000 (the Small Business Multiplier threshold). The Government has used RV up to £200,000 to distribute the proposed funding to support Billing Authorities in implementing their local schemes. Therefore, the conclusion was that the larger properties (with RVs above £200,000) should be excluded from this Discretionary Relief scheme in line with the government's allocation methodology.
- 130 As noted above, the Spring Budget announced a measure to cap increases to £600 for some properties, which because of RV increases, have lost some or all of their Small Business Rate Relief and Rural Rate Relief.
- 131 In developing a proposed local scheme this £600 threshold has been used to determine what constitutes a significant increase in rates liability. This matches thresholds set out in other government relief schemes. The following table identifies the number of properties facing rates bill increases over £600 in 2017/18 in Durham, excluding DCC, Police and Fire and Rescue Service premises as they are not eligible for this support, as a result of the revaluation:

Property Sizes	No. of Accounts with increases over £600 in 2017/18
Small Business <=£51,000 RV	318
Medium RV >£51,000<=£200,000	208
Larger RV > £200,000	68
Total	594

- 132 An analysis of small and medium sized businesses and their actual value of increased charges to rates bills in 2017/18 as a result of the revaluation, net of any reliefs and discounts therefore was:

Property Sizes	No. of Accounts with increases over £600	£Value of increase in net Rates Liability 2017/18	Less First £600 Met by Rate Payer	£Value increase in net Rates Liability over £600
Small Business <=£51,000 RV	318	433,422	-190,800	242,622
Medium RV >£51,000<=£200,000	208	1,045,667	-124,800	920,867
Total	526	1,479,089	-315,600	1,163,489

- 133 If the increase in rates bill for the above businesses were capped at £600, the cost of applying a discretionary scheme that would cap increases at £600 would be up to £1.163 million in 2017/18.
- 134 The gross funding made available to County Durham to fund the new discretionary relief scheme in 2017/18 is £663,000, reducing to £332,000 in 2018/19; £133,000 in 2019/20; and £19,000 in 2020/21. In theory, and notwithstanding any state aid issues, the grant could therefore reduce all increases above £600 by 57%, if all properties applied for and qualified for the relief in 2017/18 and there were no changes in the rateable values of any properties as a result of successful appeals.
- 135 A provision for appeals is prudent as these backdated changes can alter the baseline assumptions in determining the percentage of relief to award for 2017/18. Based on experience a provision for 61 successful appeals with a rates liability gap of circa £194,000, would seem appropriate. This would increase the cost of applying a discretionary scheme that would cap increases at £600 up to £1.357 million in 2017/18, reducing the percentage support that could be provided within the limitations of the grant awarded to circa 50%
- 136 In determining the local scheme, the Council has sought to determine a scheme that is easy to administer, uncomplicated / makes it easy to apply and which ensures (as far as is possible) all available funding is used to reduce rates liabilities, without overspending the allocation and impact on the Councils budgets.
- 137 To be eligible for this new relief, it is proposed that businesses will need to meet the following criteria :
- (a) have a rateable value of less than £200,000 (i.e. is classed as a small or medium sized business);
 - (b) have had an increase in rateable value following the 2017 revaluation;
 - (c) the ratepayer has a continuing liability i.e. was liable for business rates on 31/03/17 and continues to remain liable for business rates (to ensure the support is targeted to those small and medium sized businesses adversely impacted by the business rates revaluation);
 - (d) as a result of the above the rate payer has seen a net increase of over £600 in their rates bill in 2017/18.
- 138 Properties that continue to meet the above criteria will receive the following discounts:
- (a) 2017/18 - 50% of the increase above £600;
 - (b) 2018/19 - 25% of the increase above £600;
 - (c) 2019/20 - 10% of the increase above £600;
 - (d) 2020/21 - 1.5% of the increase above £600.

- 139 The amount of relief awarded may be reviewed in year and may be increased or decreased depending upon take up and the impact of appeals, to ensure the total amount of government grant received by Durham County Council is awarded to support local businesses.
- 140 In order to implement this new Discretionary Rate Relief Cabinet will need to approve amendments to the Discretionary Rate Relief Policy. The Policy has been updated and is attached at Appendix 6. An Equality and Diversity Impact Assessment has also been prepared and is attached at Appendix 7.
- 141 The Grant Determinations published on this aspect of the Governments proposals state there is a requirement to consult with the major precepting authorities (Police and Fire) and the Combined Authority on our proposed scheme.
- 142 Feedback has been received from both the Police and the Fire and Rescue Services who are both supportive of these proposals. The Council's proposals have also been shared with the North East Combined Authority (NECA) and it is understood that they will be presented to the NECA Board on 17 July, 2017 alongside policies developed by other local authorities in NECA, for noting and endorsement.
- 143 At the timing of preparing this report only South Tyneside Council had developed proposals but their policy was not yet finalised and they were awaiting the outcome of the General Election before proceeding further.

Conclusions

- 144 In March 2017 the Government made three announcements impacting on Business Rates liabilities in 2017/18:
- (a) a £600 cap on rates bills for those losing Small Business Rate Relief (SBRR) / Rural Rate Relief (RRR) as a result of the revaluation;
 - (b) introduction of a £1,000 discount relief for public houses with a rateable value up to £100,000;
 - (c) funding for the introduction of local Discretionary Rate Relief Scheme for businesses adversely impacted by the revaluation.
- 145 In making these announcements, the government stated that local authorities would be fully compensated, by way of s31 grant, for the loss of income because of these measures, which were announced after budgets had been set for 2017/18.
- 146 The announcements came too late for annual billing 2017/18 and could not be implemented until the Government published the technical guidance notes, which enable the necessary software upgrades to be developed and before the Council developed and updated its Discretionary Rate Relief Policy changes.

- 147 Now that this guidance has been issued, and subject to Cabinet approval of the attached Policy, progress can now be made, with plans are in place to implement these discounts as soon as possible. There are circa 280 business potentially impacted by the £600 cap on rates bills for those losing SBRR as a result of the revaluation (55 businesses) and the £1,000 relief for public houses with a rateable value up to £100,000 (225 businesses) in County Durham. No billing authorities have been able to implement these changes to date.
- 148 In terms of the new Discretionary Rate Relief proposals, the proposed policy for County Durham is set out above and has been incorporated into the updated Discretionary Rates Relief and Business Rates Hardship Relief Policy attached at Appendix 6.
- 149 The Policy will be monitored and reviewed, with increases to the awards to small businesses retrospectively applied should we need to in order to maximise spend against the available grant in year.

Recommendations and Reasons

- 150 Cabinet is asked to:
- (a) note the requirement to identify additional savings of £41million for the period 2018/19 to 2021/22;
 - (b) agree the approach to preparing the Council Plan and Service Plan;
 - (c) agree the high level MTFP(8) and Council Plan timetable;
 - (d) agree the approach outlined for consultation;
 - (e) note the workforce impact resulting from the need to realise additional savings of £41 million over the 2018/19 to 2021/22 period;
 - (f) agree the proposals to build equalities considerations into decision making;
 - (g) agree that Cabinet recommend to Full Council that the Local Council Tax Reduction Scheme should remain unchanged for 2018/19;
 - (h) approve the updated Council Tax Discretionary Reduction (Hardship Relief) Policy as attached at Appendix 3;
 - (i) approve the introduction of a Council Tax Discretionary Reduction (Relief) For Care Leavers Policy, as attached at Appendix 5;
 - (j) note that in the future the review of the Council Tax Discretionary Reduction (Hardship Relief) Policy will be undertaken on an annual basis and aligned to the review of the Local Council Tax Reduction Scheme;

- (k) note that Council Tax Discretionary Reduction (Relief) for Care Leavers Policy will be reviewed on an annual basis, review of the Council Tax Discretionary Reduction (Hardship Relief) Policy will be undertaken on an annual basis and aligned to the review of the Local Council Tax Reduction Scheme;
- (l) approve the proposals in terms of the Discretionary Rate Relief scheme to be applied in County Durham in line with the Government announcements in March 2017, which has been incorporated into the Discretionary Rates Relief and Business Rates Hardship Relief Policy attached at Appendix 6;
- (m) note that the Discretionary Rate Relief scheme will be monitored and reviewed, with delegated approval given to the Corporate Director of Resources, in consultation with the Cabinet Member for Finance, to vary the percentage awards to small businesses retrospectively should we need to in order to maximise spend against the available grant in year and to vary the rates applied to new applications should the need arise.

Background Documents

- Welfare Reform Act 2012.
- Medium Term Financial Plan (7), Council Plan, Service Plans 2017/18-2019/20 and Review of the Local Council Tax Reduction Scheme 2017/18 – report to Cabinet 20 July 2016
- Local Council Tax Reduction Scheme 2017/18 – report to Council 26 October 2016
- Changes to Council Tax Support in 2017/18 – Report of the New Policy Institute (commissioned by Joseph Rowntree Foundation) 4 April 2017
- Local Government Finance Act 1988 (as amended) - Section 47
- Localism Act 2011 (as amended) - Section 69

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Appendix 1: Implications

Finance – The report highlights that at this stage £25.6million of savings are required to balance the 2018/19 budget with £41million across the next four years. Work will continue over the coming months to identify savings to balance the budget across the MTFP(8) period.

The funding made available to support the Local Council Tax Reduction Schemes in 2013/14 (90% of the previous funding available under the Council Tax Benefit System) now forms part of the Council's formula funding arrangements.

The Council has continued to pass on the Town and Parish element of its formula grant over the last five years but in doing so continue to apply pro-rata reductions in the Council Tax Support Grant paid to Town and Parish Councils.

The Council is now responsible for the costs of any increase in caseload as the level of Government support is fixed within formula grant.

Prudent estimates and provisions were built into the tax base forecasts at budget setting, and whilst the Council is subject to greater financial risk now, the current scheme remains within the budget provisions.

Should the Council review its scheme and reduce maximum entitlement to working age claimants, depending on the forecasted council tax collection from affected low income households, there would be scope to increase Council Tax revenues by between £2.5million (based on a scheme that awarded maximum entitlement to working age households of 90% with a prudent collection rate of 80%) and £5.133million (based on a scheme that awarded maximum entitlement of 79.5% with a prudent collection rate of 80%). This would impact circa 34,000 working age households across County Durham, where 7,235 are actually in low paid jobs rather than being unemployed.

Since current Council Tax Discretionary Reduction (Hardship Relief) Policy was implemented in April 2013, there have only been 134 applications submitted under the provisions of the policy and only one award made.

Whilst the number of applications would appear to be low, it should be noted that customers claiming hardship they are often unaware or unfamiliar with the Council's LCTRS. In the majority of cases customers are directed towards the LCTRS and asked to submit a claim under that route first.

In terms of providing an exemption to Council Tax for care leavers living in County Durham, the report sets out details of a review of the 188 16 to 21 Durham care leavers identified by colleagues in Children and Young Peoples Services.

Based on the current data, the potential cost of introducing an exemption to care leavers is circa £24,000. This does not include the cost of awarding a Council tax exemption for care leavers living in County Durham where the corporate parent is another authority. These costs can be considered to be minimal when balanced against the potential benefits, including a simple, less complicated and less bureaucratic process for Care Leavers living in County Durham.

The Council has no statutory duty to act on behalf of care leavers over the age of 21 and no obligation to keep records. Therefore, full details of care leavers between the ages of 21 and 25 are not known.

In the absence of reliable data on the number and circumstances of those care leavers between the ages of 21 to 25, and a detailed understanding of the number and circumstances of all care leavers from other areas living in County Durham it is not possible to accurately forecast the total impact and costs of the proposal to exempt care leavers living in County Durham.

The financial implications arising from the introduction of this policy will be carefully monitored and will be used to inform the annual policy review.

The revisions to the Discretionary Rate Relief and Hardship Relief Policies relate to announcements made in the March 2017 budget.

The gross funding made available to County Durham to fund the new discretionary relief scheme in 2017/18 is £663k, reducing to £332k in 2018/19; £133k in 2019/20; and £19k in 2020/21. The cost of applying the £600 cap on rates bills for those losing Small Business Rate Relief / Rural Rate Relief as a result of the revaluation and the £1,000 relief for public houses with a rateable value up to £100,000 in County Durham is estimated at £315,000.

The government stated that local authorities would be fully compensated, by way of s31 grant, for the loss of income because of these measures, which were announced after budgets had been set for 2017/18. It is anticipated that there will not be full take up of the scheme, however there is a need to build in a provision for appeals, therefore if the Council awarded 50% relief over £600 of those who apply, rather than 57%, this should not exceed the awarded grant in 2017-18.

Staffing – The savings proposals in MTFP(8) will impact upon employees. HR processes will be followed at all times. It is now forecast that the forecast reduction in full time equivalent posts the 2011/12 to 2017/18 period will be over 2,600 with more reductions expected over the next four years. In terms of the changes to Council Tax Discounts and Business Rates Hardship Relief Policies, there are no additional staffing implications associated with this report. Processing applications under both policies is managed from within existing resources within the Assessments and Awards Team within Financial and Support Services, Resources

Risk – In terms of the Discretionary Rate Relief Policy, given the scope and nature of the organisations supported through this policy any changes which would reduce entitlement would have reputational risks to the Council and financial risks to the individual organisations. The proposals set out in this report seek to extend and enhance current arrangements in line with Government policy.

The report outlines a range of financial risks surrounding the Local Council Tax Reduction Scheme. These are being effectively managed at this time. Given that the proposal is to extend the current arrangements into 2018/19 there are no system development issues or risk associated with these proposals as the systems were amended in advance of 2013/14.

There is a risk that applications under the Council Tax Discretionary Reduction (Hardship Relief) Policy will increase in the coming years as Welfare Reforms continue to impact households.

Furthermore, although appeals to the Valuation Tribunal remain rare there is a potential that they may increase and re-determinations may result in decisions being overturned.

There is a risk that applications under the Council Tax Discretionary Reduction (Relief) For Care Leavers Policy would exceed modelling assumptions. The award of a Council Tax exemption to Care Leavers where 100% LCTRS support is not being awarded would result in an additional financial burden in terms of reducing the Tax base, which has not been factored into the MTFP. This risk is considered manageable within the existing projections, but will need careful monitoring going forward.

The proposals set out in this report seek to ensure that the Councils Policy is in line with legislative requirements and announcements made in the March 2017 Budget. There is a risk that applications received / awards made under the Discretionary Rate Relief and Hardship Relief Policies would not be in line with modelling assumptions.

The financial implications arising from the application of the Policy will be monitored and reviewed, with increases to the awards to small businesses retrospectively applied should we need to in order to maximise spend against the available grant in year. This risk is considered manageable within the existing projections, but will need careful monitoring going forward.

Equality and Diversity/ Public Sector Equality Duty – Equality considerations are built into the proposed approach to developing MTFP(8), Council Plan and Services Plans, as a key element of the process.

Four years after the Government abolished the national Council Tax Benefits System the Council continues to have a Local Council Tax Support Scheme which mirrors the previous entitlement under the Council Tax Benefit System for all claimants. No council tax benefit claimants have therefore been financially worse off in the last four years than they would have been under the previous national scheme and if the proposals set out in this report and ultimately agreed by Council in the autumn this will continue to be the case.

The Government EIA on the Local Council Tax Reduction Scheme 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.

Given the proposals to extend the current LCTRS into 2018/19, thereby continuing to protect current entitlement, then there will be no negative equalities impact, with the financial position of claimants protected in 2018/19.

Should the Council decide against extending the current scheme into 2018/19, and elect instead to pass on reductions 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.

An equality impact assessment has not been completed in terms of the Council Tax Discretionary Reduction (Hardship Relief) Policy as the proposal is to retain the existing policy, as updated. The updates made to the policy are largely to improve transparency and clarity by providing information explaining how the Council will assess the claim and what the requirements are to be eligible for support.

An equality impact assessment has not been completed at this stage in respect of the amendments to the Discretionary Rates Relief policy, as the amendments seek to extend and enhance current arrangements in line with Government policy, with regards to the increased Retail Relief and the extension of Transitional Relief for a two year period.

Accommodation – None specific within this report.

Crime and Disorder – Any 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 2018/19 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 – Any human rights issues will be considered for any detailed MTFP(8) and Council Plan proposals as they are developed and decisions made to take these forward.

Consultation – The approach to consultation on MTFP(8) is detailed in the report.

Town and Parish Councils have been consulted on the proposals to continue to passport an element of the Councils formula grant, equivalent to the Town and Parish share of the Local Council Tax Reduction Scheme grant funding, with pro-rata reductions applied in line with government grant cuts applied to the County Council.

No consultation as required in terms of the changes made to the Council Tax Discretionary Reduction (Hardship Relief) Policy as these are largely to improve transparency and clarity by providing information explaining how the Council will assess the claim and what the requirements are to be eligible for support.

Consultation on proposals to exempt care leavers living in County Durham from Council tax up to the age of 25 was undertaken during 5th May to 31st May, 2017. As well as care leavers, the consultation engaged key stakeholders including social workers and supported lodging providers through facilitated discussions. Information and questionnaires were sign posted via the Council's website and via the Care Leavers Forum, the Children in Care Council, the Housing Providers Support Group, the Foster Carers (in house provision), the Supported Lodgings Providers and the Fostering Provider Forum (N E Region).

There were 162 responses to the online questionnaire, the majority of responses coming from the general public (61%) with 15% from care leavers or young people in care. As well as feedback received via forums and meetings, Investing in Children, a partnership with Durham County Council and the NHS also made representations on behalf of 22 young people, 10 of which were care leavers and 12 of whom were still in care.

Feedback from all the meetings and forums was very positive and both young people and stakeholders were very engaged and supportive of the proposals to exempt care leavers from council tax.

Based on the consultation undertaken there was overwhelming support for the proposals, with 78% of respondents indicating that they were very positive or fairly positive about the proposals. Only 11% of respondents indicated they were negative or very negative about the proposals.

Where additional feedback was received, it was generally positive, with feedback indicating that the proposals would: help the transition to independence; would help reduce stress and financial burden being experienced; be good to see the Authority being a supportive corporate parent.

Some negative comments were also received, with some respondents questioning why only looked after children should be supported in this way, identifying that there was already support available via the CTR scheme and also questioning whether support should be made available to all young people, plus some feedback that support should be restricted up to age 21.

The Grant Determinations published on the new Discretionary Rate Relief proposals state there is a requirement to consult with the major precepting authorities (Police and Fire) and the Combined Authority on our proposed scheme.

Feedback has been received from both the Police and the Fire and Rescue Services who are both supportive of the Councils proposals. The scheme has been shared with the North East Combined Authority (NECA) and it is understood that they will be presented to the NECA Board on 17 July, 2017 alongside policies developed by other local authorities in NECA, for noting and endorsement.

Procurement – None specific within this report.

Disability Issues – All requirements will be considered as part of the equalities considerations outlined in the main body of the report.

Legal Implications – There is a statutory requirement for the Council to adopt a local council tax support scheme for the ensuing financial year by 31 January. Where the Council is proposing any changes to its scheme, there is a statutory requirement to consult on these proposals in advance of making any changes.

Section 47 of the Local Government Finance Act 1988 and subsequent amending legislation provides the provisions and criteria for awarding discretionary rate relief. The Localism Act 2011 amended Section 47 Clause 69, of the Local Government Finance Act 1988 to allow local authorities to reduce the business rates of any local ratepayer (not just those who can currently be granted discretionary relief), via a local discount scheme.

Statutory guidance states that any discretionary rate relief or local discount scheme must be in the interests of the wider council taxpayer.

The proposals set out in this report seek to ensure that the Councils Policy is in line with legislative requirements. Any changes to the Discretionary Rate Relief and Hardship Relief Policies need to be approved by Cabinet.

The Local Government Finance Act 1992 section 13a makes the provision for Billing Authorities to reduce the amount of tax payable by awarding a discretionary relief of Council Tax in exceptional circumstances, including hardship.

The proposed amendments / updates to the Council Tax Discretionary Reduction (Hardship Relief) Policy need to be approved by Cabinet before they can be implemented.

Appendix 2 -
Medium Term Financial Plan - MTFP (8) 2018/19 - 2021/22 Model

	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000
Government Funding				
Government RSG Funding Reduction	14,140	14,240	0	0
Impact of 100% Business Rate Retention	0	0	0	0
Reduction in Public Health Grant	1,363	1,363	0	0
Reduction in Education Services Grant	1,300	0	0	0
Reduction in Benefit Admin Grant	300	300	300	0
Town and Parish Council RSG Adjustment	-29	-103	0	0
Adult Social Care Support Grant (2017/18 One Off)	2,830	0	0	0
Impact of Business Rate Revaluation	-478	0	0	0
Bus. Rates - RPI increase - CPI from 20/21 (3%/2%/2%/1.5%)	-1,400	-1,000	-1,020	-780
Top Up - RPI increase - CPI from 20/21 (3%/2%/2%/1.5%)	-2,000	-1,380	-1,410	-1,080
Better Care Fund	-11,000	-9,700	0	0
New Homes Bonus	3,300	800	1,000	0
Other Funding Sources				
Council Tax Increase (1.99% per annum)	-3,920	-4,110	-4,300	-4,500
Council Tax Adult Social Care Precept (2% increase)	-3,940	-4,130	0	0
Council Tax - Increase in Collection Rate to 99%	-1,000	0	0	0
Council Tax/Business Rate Tax Base net increase	-1,500	-1,500	-1,500	-1,500
Estimated Variance in Resource Base	-2,034	-5,220	-6,930	-7,860
Pay inflation (1.5% - 1.5% - 1.5% - 1.5%)	3,100	3,100	3,200	3,300
Price Inflation (1.5% - 1.5% - 1.5% - 1.5%)	2,600	2,600	2,700	2,800
Reduction of Corporate Risk Contingency Budget	-250	0	0	0
Base Budget Pressures				
Costs Associated with National Living Wage	4,000	4,250	2,500	1,000
Additional Employer Pension Contributions	0	0	1,000	0
Energy Price Increases	250	250	250	250
Concessionary Fares	0	0	0	0
Pension Fund Auto Enrolment - Employer Contributions	600	0	0	0
Microsoft Licencing / O365	1,200	0	0	0
Medical Examiner	-50	100	0	0
SSID Replacement Licences	0	0	300	0
Adults Demographic Pressures	1,000	1,000	1,000	1,000
Adults - Winterbourne	350	365	0	0
Childrens - Demographics	500	500	500	500
Childrens - LAC Pressures	1,800	-950	-730	-120
Unfunded Superannuation	-100	-100	-100	-100
Prudential Borrowing to fund new Capital Projects	0	1,000	2,000	2,000
TOTAL PRESSURES	15,000	12,115	12,620	10,630
Use of One Off funds				
Adjustment for use of BSR in previous year	12,622	0	0	0
Savings				
Savings Requirement	25,588	6,895	5,690	2,770
SUM REQUIRED TO BALANCE BUDGET	25,588	6,895	5,690	2,770

**Council Tax
Discretionary
Reduction (Hardship
Relief) Policy**

Altogether better



JULY 2017

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2.7 Review of Decision

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2.9 Fraud

ANNEX 1 Application Form

1. Purpose of Policy Document

- 1.1 This policy sets out the Council's approach to the awarding of discretionary hardship relief in respect of Council Tax liability. It has been designed to ensure that all customers making an application for relief are treated in a fair, consistent and equal manner.
- 1.2 This policy has been written to:
- Set guidelines for the factors that should be considered when making a decision to award or refuse an application
 - Set out the delegated authority to award relief in appropriate circumstances
 - Establish an appeals procedure for customers dissatisfied with a decision
 - Safeguard the interest of the local taxpayers by ensuring that funds that are allocated for the award of relief are used in the most effective and economic way

2. Council Tax Discretionary Reduction Policy

2.1 Introduction

- 2.1.1 Councils have the power to reduce the amount of Council Tax a person has to pay to such an extent as they see fit. This includes the power to reduce an amount to nil, and may be exercised in relation to particular cases or by determining a class of property in which liability is to be reduced to an extent provided for by the determination. There is a cost to the Council in respect of any hardship relief awarded and is met by the Council's collection fund.
- 2.1.2 This policy will incorporate the Localised Council Tax Support Scheme and Council Tax Technical Changes introduced from 1st April 2013.

2.2 Legislation

- 2.2.1 Council Tax hardship awards are included in Section 13A Local Government Finance Act 1992 as amended by Local Government Act 2003, section 76. Section 76 gives councils the authority to make a discretionary payment of Council Tax where it is satisfied that the taxpayer would sustain exceptional hardship if it did not do so.

2.3 Durham County Council Policy

- 2.3.1 Durham County Council has not defined any specific class of property on which to award a section 13A discount.
- 2.3.2 Applications for a reduction will usually only be considered in individual cases where severe hardship or extenuating circumstances can be demonstrated.

2.3.3 Where an application is successful, the award will be paid/credited directly to the Council Tax account.

2.4 Criteria

2.4.1 Each hardship application will be assessed on its individual merits. When assessing applications, the following considerations will be made:

- All applications are only intended as short term assistance and awards will not extend beyond the current financial year, and should not be considered as a way of reducing Council Tax liability indefinitely
- Hardship relief or remission will be the exception and not the rule
- Council Tax hardship relief will not be awarded for any reason other than to reduce Council Tax liability
- Relief is not to be granted in order to prevent recovery action being instigated by the Council or to stop bankruptcy or committal to prison proceedings commenced by the Council or any other body
- The applicant must detail the reasons for the application, explaining the specific circumstances and hardship being experienced
- There must be evidence of hardship or personal circumstances that justifies a reduction in Council Tax liability. There is no definition in the legislation for 'hardship' and as the scheme is aimed at covering unforeseen events it is not possible to list precise criteria. Applications will be accepted on the basis that the applicant or household would suffer exceptional financial hardship if financial assistance were not given
- Exceptional circumstances for hardship under the Council Tax regulations will usually be circumstances that are outside the control of the household and beyond normal risks faced by a household. The household must demonstrate that it has done all it can to mitigate those risks and is taking action to minimise them
- The Council's finances allow for a reduction to be made and it is reasonable to do so in light of the impact on other Council Tax payers
- The Council Tax payer (applicant) must be able to demonstrate that all reasonable steps have been taken to meet their full Council Tax liability prior to application including exploring entitlement to all other reliefs, discounts, exemptions, reductions, discretionary payments and valuation office appeals

- The Council Tax payer does not have access to other assets that could be realised and used to pay Council Tax
- Application for hardship relief should be one of last resort. Applicants will be expected to have explored and secured any lawful entitlement to other benefits, incomes and reductions in preference to claiming hardship relief. This particularly includes an application for Council Tax Reduction
- The liable person for an unoccupied domestic property has made their best efforts to sell or let the property and to levy a Council Tax charge would cause them exceptional financial hardship
- The Council's finances allow for a reduction to be made
- The amount outstanding must not be the result of wilful refusal to pay or culpable neglect

2.4.2 Hardship relief will normally be awarded for a short, fixed period depending on the nature and likely duration of the hardship. In all cases relief will end in the following circumstances:

- At the end of a financial year
- There is a change of liable person
- The Council Tax payer enters any form of formal insolvency
- The Council Tax payer's financial circumstances significantly change.
- At the end of any fixed period notified to the Council Tax payer at the time of the award

2.5 The Application

2.5.1 All applications should be made in writing or electronically from the Council Tax payer, their advocate/appointee or a recognised third party acting on their behalf, using the relevant form and contain the necessary information including a full financial statement. Postal application forms and any supporting information should be completed and returned to:

Durham County Council
 Revenues and Benefits
 PO Box 238
 Stanley
 Co Durham
 DH8 1FP

2.5.2 It is the responsibility of the Council Tax payer applying for relief to provide sufficient information and documentary evidence to support their applications. If the Council Tax payer applying does not, or will not, provide the required evidence; the application will still be considered, but only on the basis of the information and evidence provided. No costs will be borne by the Council in the provision of this evidence.

2.5.3 Further information may be requested to support an application. Where a request for further information is made information must be provided within 4 weeks. Failure to provide information within 4 weeks may lead to the refusal of the application unless good cause can be shown.

2.6. The Decision Making Process

2.6.1 Upon receipt of a signed application and all supporting documentation /information a standard decision making process will be followed:

- Initial applications will be considered by Team Leader (Collections and Enforcement) within 28 days of receipt of a signed application and all supporting information. This will include a review sheet, with findings and financial implications and initial recommendations
- Recommendations will then be forwarded to Assistant Payments Income & Support Manager within 7 days
- These will then be forwarded to Head of Finance and Transactional Services for approval / refusal within 7 days
- Once a decision has been approved the Council Tax payer will be notified in writing of the decision within 28 days and revised Council Tax demand notices will be issued where applicable
- Whilst every effort will be made to meet the deadlines outlined above, failure by the Council to do so does not qualify the claimant for relief

2.7. Review of Decision

2.7.1 The Council will accept a request from a Council Tax payer for a re-determination of its decision.

- Re-determination of the decision will be by the Corporate Director of Resources.
- Requests should be made in writing stating reasons why it is believed that the decision should be reviewed
- In the case where the customer has been notified of a decision and they exercise their rights to appeal, payment cannot be withheld pending an appeal decision. In the event that an appeal is successful, any interim overpayment will be refunded.

- The Council will consider whether the Council Tax payer has provided any additional information that will justify a change to its original decision.
- The Council will notify the Council Tax payer of its final decision within 21 days of receiving a request for a re-determination.
- Whilst every effort will be made to meet the deadline outlined above, failure by the Council to do so does not qualify the claimant for relief.
- If a claimant remains dissatisfied with refusal of their application they may appeal to the Valuation Tribunal for England (VTE). You have two months to do this from the date of our reply.

Valuation Tribunal
Hepworth House

Trafford Court
Doncaster
DN1 1PN
Email: vtndoncaster@vts.gsi.gov.

2.8 Recovery of a Hardship Relief Award

2.8.1 If an award is subsequently cancelled the amount will be withdrawn from the applicant's Council Tax account and will be payable as the Council Tax due under the regulations.

2.9 Fraud

2.9.1 The Council reserves the right to withdraw any award made under this scheme where fraud or error has occurred

2.9.2 The Council reserves the right to withdraw any award where the applicant has failed to provide, or, has knowingly provided false or misleading information.

Application for Council Tax Reduction under Section 13A of the Local Government Finance Act 1992

* Please note that if a joint bill has been issued then the application must also be made in joint names

Name of applicant/s:

Contact Address:

Telephone:

Email Address

Address of property for which relief is being claimed:

Owners Name/s:

Is the property currently vacant? YES/NO

What is the value of equity in the property? £

Is the property currently marketed for sale? *YES/NO

*Please provide details of marketing agent/ estate agent for the property

Is the property currently marketed for rent? *YES/NO

*Please provide details of marketing agent/ estate agent for the property

Please provide details of any other properties or land owned by yourself and value of any rental income you are in receipt of

If you have left a property empty to move to more suitable accommodation or to receive or provide care due to old age, disablement, illness, alcohol or drug abuse or mental disorder, then please provide details below

Please provide the detailed reasons why you are applying for a reduction in Council Tax. This should fully explain the circumstances that are creating financial difficulty and how long you expect these circumstances to continue.

Has an application for Council Tax Reduction been made? YES/NO

Are you receiving financial assistance from any other source? *YES/NO

*please provide details:

Have you approached any organisation to assist with your current financial situation such as Citizen Advice Bureau/ Welfare Rights etc? *YES/NO *please provide details?

Please provide details of any stocks/shares/savings/ money you may have or money you are owed

Please provide any additional information you wish to provide in support of your application

Your application will not be processed unless the enclosed financial information sheet is completed and returned.

All applicants must provide documentary evidence in support of their claim. At a minimum these should include the following:-

- Confirmation • of all income received
- Bank • Statements
- Any • additional information to support the application
- Written • Details of any Savings/Stocks/Shares

I declare that the information given on this form is, to the best of my knowledge, accurate and complete.

I understand that a copy of this form may also be sent to the Welfare Rights who may be able to offer me further advice and assistance.

I also understand that whilst this application for relief is pending I am not entitled to withhold payment of Council Tax due to the Council.

Signed:

Capacity of person signing:

Date:

Daytime telephone number:

**Please return your completed form to:-
Durham County Council
Revenues and Benefits
PO Box 238
Stanley
County Durham
DH8 1FP**

If you have any queries relating to completion of this form please do not hesitate to contact us.

For information: In line with Data Protection law we may use information you give us to prevent or detect fraud or other crimes. We may also share it with other Council Services or public organisations if they need it to carry out their legal duties.

FINANCIAL INFORMATION SHEET

<p>Revenues and Benefits PO Box 238 Stanley County Durham DH8 1FP</p> <p>Tel: 03000 265000 On Line: www.durham.gov.uk/counciltax</p>	
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CTHARDSHP

Name of Owner 1:
Address of Owner 1:

Income	Amount	Weekly/Monthly
Wages	£	
JSA/Income Support	£	
Working Tax Credit	£	
Disabled Tax Credit	£	
Child Tax Credit	£	
Retirement Pension	£	
Works Pension	£	
Guaranteed Pension Credit	£	
Savings Credit	£	
Child Benefit	£	
Incapacity Benefit/ESA	£	
Maintenance	£	
Non Dependant Contribution	£	
D L A	£	
Any Other Income	£	
Total Income	£	

FINANCIAL INFORMATION SHEET

<p>Revenues and Benefits PO Box 238 Stanley County Durham DH8 1FP</p> <p>Tel: 03000 265000 On Line: www.durham.gov.uk/counciltax</p>	
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CTHARDSHP

Name of Owner 2:
Address of Owner 2:

Income	Amount	Weekly/Monthly
Wages	£	
JSA/Income Support	£	
Working Tax Credit	£	
Disabled Tax Credit	£	
Child Tax Credit	£	
Retirement Pension	£	
Works Pension	£	
Guaranteed Pension Credit	£	
Savings Credit	£	
Child Benefit	£	
Incapacity Benefit/ESA	£	
Maintenance	£	
Non Dependant Contribution	£	
D L A	£	
Any Other Income	£	
Total Income	£	

Durham County Council Equality Impact Assessment

NB: The Public Sector Equality Duty (Equality Act 2010) requires Durham County Council to have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people from different groups. Assessing impact on equality and recording this is one of the key ways in which we can show due regard.

Section One: Description and Screening

Service/Team or Section	Financial Services, Resources
Lead Officer	Michelle Waters
Title	Review of Council Tax Discretionary Reduction and Hardship Relief Policy
MTFP Reference (if relevant)	-
Cabinet Date (if relevant)	12 July 2017
Start Date	April 2017
Review Date	

Subject of the Impact Assessment

Please give a brief description of the policy, proposal or practice as appropriate (a copy of the subject can be attached or insert a web-link):

To seek Cabinet approval to the proposed updates of the Council Tax Discretionary Reduction (Hardship) Policy and to seek approval from Cabinet on providing Council Tax (CT) exemptions to County Durham care leavers, up to age 25 as an element of this policy.

Proposed policy updates aim to improve transparency and clarity by providing information explaining how the Council will assess a claim and what the requirements are to be eligible for support. One of the key policy changes is to provide CT exemptions for care leavers up to the age of 25, either leaving DCC care or having left care elsewhere but now living in the county. Furthermore, it is proposed to review the policy on an annual basis going forward to ensure it continually reflects customer needs.

Durham County Council understands that care leavers rarely have the support that families can offer young people to help them become independent. The council want to support care leavers living in County Durham to help them become financially independent and therefore propose the following policy change for all care leavers living in County Durham to:

- Exempt all care leavers from Council Tax up to the age of 25, after consideration of entitlement to other discounts / exemptions;
- Award 50% discretionary relief, after consideration of other entitlements, to care leavers (up to the age of 25) living with a partner (none care leaver);
- Award 50% discretionary relief, after consideration of other entitlements, to care leavers (up to the age of 25) when part of a joint tenancy;
- Award 50% discretionary relief, where a care leaver (up to the age of

25) moves in to live with an extended family member (or another adult) living on their own and receiving single person discount.

Who are the main stakeholders? (e.g. general public, staff, members, specific clients/service users):

Care leavers and children and young people currently in care, Revenues and Benefits, Children's Social Care, Carers living in County Durham, Care Leavers Forum and Children in Care Council.

Screening

Is there any actual or potential negative or positive impact on the following protected characteristics?

Protected Characteristic	Negative Impact Indicate: Y = Yes, N = No, ? = unsure	Positive Impact Indicate: Y = Yes, N = No, ? = unsure
Age	N	Y
Disability	N	N
Marriage and civil partnership (workplace only)	N	N
Pregnancy and maternity	N	Y
Race (ethnicity)	N	N
Religion or Belief	N	N
Sex (gender)	N	Y
Sexual orientation	N	N
Transgender	N	N

Please provide **brief** details of any potential to cause adverse impact. Record full details and analysis in the following section of this assessment.

It is acknowledged that those care leavers who choose to live outside of County Durham would not be able to take advantage of the discount. Care leavers choosing to live outside of the County will be advised of the financial benefit, in terms of CT exemptions, of remaining in their home community in order to make informed choices.

How will this policy/proposal/practice promote our commitment to our legal responsibilities under the public sector equality duty to:

- eliminate discrimination, harassment and victimisation,
- advance equality of opportunity, and
- foster good relations between people from different groups?

The policy would benefit all care leavers living in County Durham (including those moving into the area from another authority). This policy change alongside the current support given to care leavers to get them into employment will help breakdown some of the financial barriers that many of our care leavers face that prevent some of them from progressing into opportunities. This includes what can be termed a 'benefits trap', whereby starting an apprenticeship or other form of employment leaves them at a financial disadvantage. This proposed policy change for care leavers aims to reduce the negative impact of the benefits trap and support progression with positive life choices.

This policy meets the needs of care leavers living in County Durham to transition safely and successfully into independence and support them at this especially vulnerable point in their lives. DCC will be the only council in the region to offer an exemption to all care leavers living in the County up to the age of 25, regardless of their financial situation i.e. without a financial assessment. This positively supports our consideration of the public sector duty especially in relation to age (younger people).

Other policy updates are largely to improve transparency and clarity for all potential customers by providing information explaining how the Council will assess a claim and what the requirements are to be eligible for support. Customers claiming hardship are often unaware of the Local Council Tax Reduction Scheme (LCTRS) and the majority are directed to this route first.

Evidence

What evidence do you have to support your findings?

Please **outline** your data sets and/or proposed evidence sources, highlight any gaps and say whether or not you propose to carry out consultation. Record greater detail and analysis in the following section of this assessment.

One of the 5 key outcomes of the Government's Keep on Caring, Supporting Young People from Care to Independence (July 2016) is to support care leavers to achieve financial stability. In August 2016, the Communities and Local Government Select Committee recommended that care leavers be made exempt from paying Council Tax up to the age of 21.

A snapshot of care leavers up to the age of 21 taken on 18th April 2017 showed that there were 188 care leavers, where the Council is the 'corporate parent'. This does not include care leavers who move into the area and where another authority is the corporate parent.

The personal circumstance of each individual young person is not clear in terms of income and living arrangements; they could be living with partners, living in supported accommodation or not living independently e.g. living with foster carers.

The majority of DCC care leavers continue to reside in the county.

Residing within the county	130	69%
Residing outside of the county	35	19%
No Fixed Abode	12	6%
In custody	11	6%

Whilst the proposals are financially cost neutral i.e. replacing CTR with an exemption there are non-tangible benefits. The CTR scheme is means tested and the claim process is bureaucratic can be confusing. An exemption process will be much less

confusing for care leavers and those supporting them and a streamlined application process will reduce the time taken to process applications and the administrative burden.

Update June 2017

Consultation took place from 5th to 31st May. As well as care leavers, the consultation engaged key stakeholders including social workers and supported lodging providers.

Results of the consultation indicate overwhelming support for the proposals 78% of respondents indicating that they are very positive or fairly positive about the proposals. Only 11% indicating that they are fairly negative or very negative.

Further details of the consultation are available within the management report and within section two of this assessment.

Screening Summary

On the basis of this screening is there:	Confirm which refers (Y/N)
Evidence of actual or potential impact on some/all of the protected characteristics which will proceed to full assessment?	Y
No evidence of actual or potential impact on some/all of the protected characteristics?	N

Sign Off

Lead officer sign off: Paul Darby	Date: 02 May 2017
Service equality representative sign off: Claire Maddison / Mary Gallagher	Date: 02 May 2017

If carrying out a full assessment please proceed to section two.

If not proceeding to full assessment please return completed screenings to your service equality representative and forward a copy to equalities@durham.gov.uk

If you are unsure of potential impact please contact the corporate research and equalities team for further advice at equalities@durham.gov.uk

Section Two: Data analysis and assessment of impact

Please provide details on impacts for people with different protected characteristics relevant to your screening findings. You need to decide if there is or likely to be a differential impact for some. Highlight the positives e.g. benefits for certain groups, advancing equality, as well as the negatives e.g. barriers for and/or exclusion of particular groups. Record the evidence you have used to support or explain your conclusions. Devise and record mitigating actions where necessary.

Protected Characteristic: Age										
What is the actual or potential impact on stakeholders?	Record of evidence to support or explain your conclusions on impact.	What further action or mitigation is required?								
<p>The proposed policy change to provide CT exemptions for all care leavers up to the age of 25 has a positive impact for this younger age group.</p> <p>Replacing CTR (a means tested benefit) with an exemption process will be much less confusing for care leavers and those supporting them and a streamlined application process will reduce the time taken to process applications and the administrative burden.</p> <p>The proposal to award a discretionary 50% CT discount when a care leaver moves in to live with an extended family member (or another adult) living on their own and receiving single person discount means that households where the care leaver lives with parents, relatives or foster carer could be entitled to a 50% discount plus any CTR entitlement.</p>	<p>A snapshot of care leavers up to the age of 21 taken on 18th April 2017 showed that there were 188 care leavers, where the Council is the 'corporate parent'. This does not include care leavers who move into the area and where another authority is the corporate parent.</p> <p>Consultation feedback: There were 162 responses to the online questionnaire, the majority of responses coming from the general public 61% and 15% from care leavers or young people in care. As well as feedback received via forums and meetings, Investing in Children, a partnership with Durham County Council and the NHS also made representation on behalf of 22 young people, 10 of which are care leavers and 12 who are still in care.</p> <p>Where additional feedback was received it was positive; proposals would help the transition to independence, reduce stress and financial burden and it would be good to see the Authority being a supportive corporate parent.</p> <p>Age range of consultation respondents:</p> <table border="1"> <thead> <tr> <th>Age</th> <th>Respondents (%)</th> </tr> </thead> <tbody> <tr> <td>Under 16</td> <td>0.00</td> </tr> <tr> <td>16-24</td> <td>0.68</td> </tr> <tr> <td>25-34</td> <td>17.69</td> </tr> </tbody> </table>	Age	Respondents (%)	Under 16	0.00	16-24	0.68	25-34	17.69	<p>Seek Cabinet approval to introduce proposals in relation to care leavers.</p>
Age	Respondents (%)									
Under 16	0.00									
16-24	0.68									
25-34	17.69									

Protected Characteristic: Age												
What is the actual or potential impact on stakeholders?	Record of evidence to support or explain your conclusions on impact.	What further action or mitigation is required?										
	<table border="1"> <tr> <td>35-44</td> <td>23.13</td> </tr> <tr> <td>45-54</td> <td>21.77</td> </tr> <tr> <td>55-64</td> <td>25.17</td> </tr> <tr> <td>65-74</td> <td>10.20</td> </tr> <tr> <td>75+</td> <td>1.36</td> </tr> </table>	35-44	23.13	45-54	21.77	55-64	25.17	65-74	10.20	75+	1.36	
35-44	23.13											
45-54	21.77											
55-64	25.17											
65-74	10.20											
75+	1.36											

Protected Characteristic: Disability		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
Unable to ascertain any specific impact in terms of disability.	14.29% of consultation respondents said they were disabled and 85.71% were not.	

Protected Characteristic: Marriage and civil partnership (workplace only)		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?

Protected Characteristic: Pregnancy and maternity		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
<p>The proposed policy change to provide CT exemptions for all care leavers up to the age of 25 has a positive impact for care leavers who are parents.</p> <p>Replacing CTR (a means tested benefit) with an exemption process will be much less confusing for care leavers and those supporting them and a streamlined application process will reduce the time taken to process applications and the administrative burden.</p> <p>The proposal to award a</p>	<p>Between April 2016 and February 2017 of those young people who left council care 16 were young parents.</p> <p>It is likely that the number of parents would increase up to the age of 25.</p> <p>Consultation feedback: There were 162 responses to the online questionnaire, the majority of responses coming from the general public 61% and 15% from care leavers or young people in care. As well as feedback received via forums and meetings, Investing in Children, a</p>	<p>Seek Cabinet approval to introduce proposals in relation to care leavers.</p>

Protected Characteristic: Pregnancy and maternity		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
discretionary 50% CT discount when a care leaver moves in to live with an extended family member (or another adult) living on their own and receiving single person discount means that households where the care leaver lives with parents, relatives or foster carer could be entitled to a 50% discount plus any CTR entitlement.	partnership with Durham County Council and the NHS also made representation on behalf of 22 young people, 10 of which are care leavers and 12 who are still in care.	

Protected Characteristic: Race (ethnicity)		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
Unable to ascertain any specific impact in terms of race.	2.86% of respondents were BME.	

Protected Characteristic: Religion or belief		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
Unable to ascertain any specific impact in terms of religion or belief.	3.7% of respondents had a religion or belief other than Christian and 37.04% had no religion or belief.	

Protected Characteristic: Sex (gender)		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
The proposed policy change to provide CT exemptions for all care leavers up to the age of 25 has a positive impact for all care leavers but is of greater benefit to males who make up the larger proportion of care leavers. Replacing CTR (a means tested benefit) with an exemption process will be	A snapshot of care leavers up to the age of 21 taken on 18 th April 2017 showed 54% were male. Consultation feedback: There were 162 responses to the online questionnaire, the majority of responses coming from the general public 61% and 15% from care leavers or young people in care. As well	Seek Cabinet approval to introduce proposals in relation to care leavers.

<p>much less confusing for care leavers and those supporting them and a streamlined application process will reduce the time taken to process applications and the administrative burden.</p> <p>The proposal to award a discretionary 50% CT discount when a care leaver moves in to live with an extended family member (or another adult) living on their own and receiving single person discount means that households where the care leaver lives with parents, relatives or foster carer could be entitled to a 50% discount plus any CTR entitlement.</p>	<p>as feedback received via forums and meetings, Investing in Children, a partnership with Durham County Council and the NHS also made representation on behalf of 22 young people, 10 of which are care leavers and 12 who are still in care.</p> <p>29.45% of consultation respondents were male and 70.55% were female.</p>	
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Protected Characteristic: Sexual orientation														
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?												
<p>Unable to ascertain any specific impact in terms of sexual orientation.</p>	<p>Consultation Respondents:</p> <table border="1" data-bbox="592 1171 1034 1473"> <thead> <tr> <th data-bbox="592 1171 810 1249">Sexual Orientation</th> <th data-bbox="810 1171 1034 1249">Respondents (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="592 1249 810 1290">Bisexual</td> <td data-bbox="810 1249 1034 1290">0.00</td> </tr> <tr> <td data-bbox="592 1290 810 1330">Gay man</td> <td data-bbox="810 1290 1034 1330">3.70</td> </tr> <tr> <td data-bbox="592 1330 810 1408">Gay woman / lesbian</td> <td data-bbox="810 1330 1034 1408">0.74</td> </tr> <tr> <td data-bbox="592 1408 810 1449">Heterosexual</td> <td data-bbox="810 1408 1034 1449">92.59</td> </tr> <tr> <td data-bbox="592 1449 810 1473">Other</td> <td data-bbox="810 1449 1034 1473">2.96</td> </tr> </tbody> </table>	Sexual Orientation	Respondents (%)	Bisexual	0.00	Gay man	3.70	Gay woman / lesbian	0.74	Heterosexual	92.59	Other	2.96	
Sexual Orientation	Respondents (%)													
Bisexual	0.00													
Gay man	3.70													
Gay woman / lesbian	0.74													
Heterosexual	92.59													
Other	2.96													

Protected Characteristic: Transgender		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?

Section Three: Conclusion and Review Summary

Please provide a brief summary of your findings stating the main impacts, both positive and negative, across the protected characteristics.

The proposed policy change would benefit all care leavers living in County Durham and has a particularly beneficial impact in relation to age (younger people), gender (proportionately more males are positively impacted) and pregnancy and maternity.

This policy meets the needs of care leavers living in the county to transition safely and successfully into independence and support them at this especially vulnerable point in their lives.

Other policy updates are largely to improve transparency and clarity for all potential customers by providing information explaining how the Council will assess a claim and what the requirements are to be eligible for support.

Will this promote positive relationships between different communities? If so how?

--

Action Plan

Action	Responsibility	Timescales for implementation	In which plan will the action appear?
Seek Cabinet approval to introduce proposals in relation to care leavers.	Paul Darby	July 2017	

Review

Are there any additional assessments that need to be undertaken? (Y/N)	N
When will this assessment be reviewed? Please also insert this date at the front of the template	July 2018

Sign Off

Lead officer sign off: Michelle Waters	Date: 2.6.17
Service equality representative sign off: Claire Maddison / Mary Gallagher	Date: 2.6.17

**Council Tax
Discretionary
Reduction (Relief) For
Care Leavers Policy**

Altogether better



Contents

- 1 Introduction and Purpose of Policy Document**
- 2. Care Leavers Definition**
- 3. Legislation**
- 4. Application**
- 5. Procedure**
- 6. Exclusions**
- 7. Appeals**
- 8. Monitoring and Reporting**
- 9. Review**

1. Introduction and Purpose

- 1.1 Some councils have introduced measures to exempt care leavers from Council Tax following the recommendations made in Government's care leavers strategy, Keep On Caring, published in July 2016, which encouraged local authorities to do so.
- 1.2 While being supported by Children Young Peoples Services, care leavers are faced with a new set of potentially overwhelming responsibilities, often without the family support and wider network that most other young people can rely on.
- 1.3 As a corporate parent, Durham wants to do as much as possible to support care leavers up to the age of 25 years. By granting 100% exemption from Council Tax, the Council will be providing practical help and financial assistance to care leavers whilst they are developing independent lives and their life skills.
- 1.4 This policy sets out the Council's approach to the award of discretionary council tax relief in respect of Council Tax liability for Care Leavers living in County Durham. There are two elements to the Policy
 - Care leavers who are liable to pay Council Tax in their own right will have their bill reduced to nil
 - Single householders who may be disadvantaged, from a Council Tax perspective, when a Care Leaver moves in will have their bill reduced to 50%.
- 1.5 The discretionary relief will be awarded only after entitlement to other legislative discounts or exemptions have been applied (except Council Tax Reduction) and will apply to all care Leavers living in County Durham.
- 1.6 Councils have the power to reduce the amount of Council Tax a person has to pay, in line with legislation. This includes the power to reduce an amount to nil, and may be exercised in relation to particular cases or by determining a class of property in which liability is to be reduced to an extent provided for by the determination.

This policy has been written to:

- Set procedures for awarding the relief / exemption to Care Leavers living in County Durham
- Establish an appeals procedure for customers dissatisfied with a decision made in the determination of entitlement to this relief / exemption
- Safeguard the interest of the local taxpayers by ensuring that funds that are allocated for the award of relief are used in the most effective and economic way

2. Care Leavers - Definition

- 2.2 The term 'care leaver' is defined in The Children (Care Leavers) Act 2000 and refers to eligible, relevant and former relevant children:
 - Eligible children are those young people aged 16-17 who are still in care and have been 'looked after' for a total of 13 weeks from the age of 14 and including their 16th birthday;

- Relevant children are those young people aged 16 and 17 who have already left care, and who were 'looked after' for at least 13 weeks from the age of 14 and have been 'looked after' at some time while they were 16 or 17;
- Former relevant children are those young people aged 18, 19 or 20 who have been eligible and/or relevant.

2.2 Care Leavers can also be classified as 'qualifying' care leaver. This category applies to young people who:

- Left care after 1st October 2001, after they had turned 16, but who are not 'eligible' or 'relevant' because they did not fulfil the 13 week criteria
- Were accommodated, but in residential education, mental/health provision private fostering or Special Guardianship

For this category of care leaver, local authority help is discretionary, but can include advice, assistance, be-friending, help with education and training costs and the provision of accommodation during college/university vacations.

3. Legislation

3.1 Council Tax discretionary reduction (relief) awards are included in Section 13A of the Local Government Finance Act 1992 as amended by Local Government Act 2003.

3.2 There is a cost to the Council in respect of any reduction or relief awarded and this is met by the Council's collection fund / General Fund by way of a reduction in the relevant tax base calculation for the County

3.3 There is a series of discounts, disregards and exemptions available under current Council Tax legislation for people and properties in certain circumstances.

3.4 Exemption from council tax means that there is no liability to pay council tax, and generally applies to properties.

3.5 A discount from council tax usually relates to people, and means that a person is liable for less than the full amount of council tax. For example:

- A liable person living on their own would be entitled to a 25% single person discount
- A liable person living on their own who is a full time student would be entitled to a full exemption
- A liable person who is a student but resides with another person would be 'disregarded' and entitled to a 25% discount

4. The Application

4.1 An application form (ANNEX 1) will be required to be completed by the care leaver (or his/her appointee or a recognised third party acting on his/her behalf), and, the liable

person where relevant (i.e. the liable person at the property in which the care leaver resides).

- 4.2 Applications should be made in writing, or, may be received electronically, currently emailed to counciltax@durham.gov.uk. Postal application forms should be returned to:

Durham County Council
Revenues and Benefits
PO Box 238
Stanley
Co Durham
DH8 1FP

- 4.3 The application form requires only pertinent details to be submitted in order to process the award of this relief. Basic information requirements are:

- Full name
- Date of birth
- Which authority is the corporate parent
- Current address
- Details of any other relevant addresses
- Details of any other adults in the property
- Details of any circumstances that would be relevant to entitlement to legislative discounts, disregards or exemptions
- Contact details

- 4.3 The application form should be as clear and concise as possible in order to encourage take up and expedite administration.

- 4.4 A new application may need to be completed if the care leaver moves, to confirm any change in circumstances

5. The Procedure

System

- 5.1 Administration of the discretionary relief within the system (Open Revenues) will utilise the Discretionary Awards Module, as opposed to the functionality used to apportion discounts, disregards and exemptions.
- 5.2 This will ensure that the Tax Base and the awarded discretionary relief is reported correctly and accurately. The relief will also be detailed separately to any other appropriate discount, disregard or exemption on the actual council tax demand notice (bill).
- 5.3 The system will work to award discretionary relief on a percentage basis, i.e. 25%, 50%, 75% or 100% where appropriate, and prior to the calculation of Council Tax Reduction (which replaced Council Tax Benefit) therefore CTR will be assessed using the net charge.

Administration

- 5.5 Applications will be administered by the Awards (Billing) Team. Children and Young Peoples Services will be requested to confirm the care status of the applicant, this will need to be confirmed with:
- The Children and Young Peoples Service, where Durham is the corporate parent (protocol to be agreed between the two services)
 - Where the corporate parent is another authority, written confirmation must be sought from the relevant council
- 5.7 The general principles of awarding the discretionary relief are as follows:
- Care leavers who are the liable person to pay council tax and live alone will receive a 100% discretionary relief, only after any other appropriate legislative discounts or exemptions are applied (e.g. Single Persons Discount or Student Exemption)
 - Care leavers who are jointly liable with another resident in the property, who is a non-care leaver, will receive 50% discretionary relief on the total charge, i.e. the proportion of the charge due to the care leaver, only after any other appropriate legislative discounts or exemptions are applied
 - Where a property is occupied only by care leavers, and there is more than one care leaver resident at the property, 100% discretionary relief will be applied. Please see exclusions
 - Where the care leaver moves into a household and the council tax is subject to either a 25% discount or disregard (prior to the care leaver moving in), discretionary relief will be awarded to reduce the total charge to 50%
 - Where the care leaver moves into a household and the liable person is already exempt (prior to the care leaver moving in), full discretionary relief will be applied

Due to the number of existing discounts, disregards and exemptions, it is important to consider all scenarios. The general principle is that council tax payers will not be financially disadvantaged with regard to council tax by a care leaver moving in. Further coverage of these scenarios is detailed at ANNEX 2.

- 5.9 Awards will be paid directly to the council tax account only and notification of the award of discretionary relief will be by way of the council tax bill
- 5.10 The care leaver (or his/her appointee or a recognised third party acting on his/her behalf) or the liable person where relevant (i.e. the liable person at the property in which the care leaver resides) must advise of any change of circumstances which may impact the council tax charge within 21 days
- 5.11 Any overpaid discretionary relief will be reclaimed through the relevant council tax account and collected and recovered under the Council Tax (Administration and Enforcement) Regulations 1992

6. Exclusions

Houses in Multiple Occupation (HMOs) where occupants:

- Do not constitute a single household
- Are a tenant or a have licence to occupy only part of the dwelling
- Share living space
- Are not the liable party to pay council tax

HMOs are generally ran as a business with the liable party for council tax being the landlord(s). For that reason, these properties and respective liable parties are excluded from this Policy.

7. Review of Decision/Appeals

7.1 The Council will accept a written request from a care leaver (or his/her appointee or a recognised third party acting on his/her behalf) or the liable person where relevant (i.e. the liable person at the property in which the care leaver resides), for a re-determination of its decision.

- Re-determination of the decision will be an officer who has not previously been involved with the award
- The re-determination will be reviewed a manager or team leader within the service
- In the case where the customer has been notified of a decision and they exercise their rights to appeal, payment cannot be withheld pending an appeal decision. In the event that an appeal is successful, any interim overpayment will be refunded.
- The Council will consider whether any additional information has been provided that will justify a change to its original decision.
- The Council will notify the Council Tax payer of its final decision within 21 days of receiving a request for a re-determination.
- Whilst every effort will be made to meet the deadline outlined above, failure by the Council to do so does not qualify the applicant for relief.
- If an applicant remains dissatisfied with refusal of their application they may appeal to the Valuation Tribunal for England (VTE). You have two months to do this from the date of our reply.

Vvaluation Tribunal
Hepworth House

Trafford Court
Doncaster
DN1 1PN

Email: vtndoncaster@vts.gsi.gov.

8. Monitoring and Reporting

8.1 Discretionary awards made under this policy will be monitored and all awards made will be subject to regular quality assurance checking / annual reviews as appropriate

9. Policy Review

9.1 This Policy will be reviewed on an annual basis alongside the review of the Local Council Tax Reduction Scheme, with any changes being reported to Cabinet for consideration.

ANNEX 1 – APPLICATION FORM

ANNEX 2 – POTENTIAL SCENARIOS

ANNEX 1 – APPLICATION FORM

Revenues and Benefits
PO Box 238
Stanley
County Durham
DH8 1FP

Tel: 03000 264 000
On Line: www.durham.gov.uk/counciltax
Email: help@durham.gov.uk

Account Reference if known:



Council Tax Care Leavers - Discretionary Payment Application

In order to be considered for a discretionary payment you must be a care leaver under the age of 25 who is liable to pay Council Tax in their own right, or, a single householder who may be disadvantaged, from a Council Tax perspective, when a care leaver under the age of 25 moves in. To apply please complete the details below and return to us via email or post. Our contact details are shown above.

1. About the Care Leaver – please complete this section giving details of the care leaver.

Title	
First Name	
Middle Name	
Last Name	
Date of Birth	
Address and Postcode of the property you will be moving in to or are living at	
Date moved in	
If you have recently moved please provide the previous address	

Email	
Phone	
Local Authority that looked after you*	
Are you, as the care leaver, the only adult in the property	Yes/No – if yes go to section 3

*we will contact the Local Authority to confirm this person is a care leaver.

2. Anyone else who lives in the property – please tell us about anyone else who lives in the property if they are aged over 17.

Full Name	Date of birth if 17

3. Other Discounts and Exemptions - certain people may be entitled to a discount or exemption from council tax. This includes students, trainees and more. Please tell us if you think any of the following apply to the care leaver.

- full time student, student nurse, apprentice and youth training trainee
- severely mentally impaired
- care workers working for low pay, usually for charities
- caring for someone with a disability who is not their spouse, partner, or child under 18-years-old

4. Is there anything that you would like to tell us

Declaration

I declare that the information given by me on this form is correct to the best of my knowledge and belief. I understand that failure to supply or giving false information is an offence for which a penalty may be imposed. I also understand that I must inform the Council Tax Section as soon as there is any change in the information.

Full name of person who has completed the form (please print)		Role/Position if necessary	
Signature		Date	
Contact telephone		Contact email	

You must notify the Council immediately if there is a change in your circumstances, which may affect this information. Contact details are provided above.

Data Protection Act

For information: In line with Data Protection law we may use information you give us to prevent fraud or other crimes. We may also share it with other Council Services or public organisations if they need it to carry out their duties.

ANNEX 2 – POTENTIAL SCENARIOS

Where the care leaver is the person responsible for council tax:

- Care leaver living alone will receive single person discount of 25% and a discretionary payment of 75%
- Care leaver living with a non care leaver who is a partner/joint tenant will receive a discretionary payment of 50%
- A household (excluding a HMO) made up of just care leavers will receive a discretionary payment of 100%
- Two residents where one is a full time student and one is a care leaver will receive a student disregard of 25% and a discretionary payment of 75%
- Two residents where one is a care leaver and one is under 18 years will receive a single person discount of 25% and a discretionary payment of 75%
- Two residents where one is a care leaver and one is an apprentice will receive an apprenticeship disregard of 25% and a discretionary payment of 75%

Householders whose council tax charge would change when a care leaver moves in:

- Households which would be entitled to a 25% reduction, due to a discount or disregard, if the care leaver was not present will receive a discretionary payment of 50%

The above scenario assumes that the care leaver is not entitled to any disregards or discounts due to their circumstances. If the care leaver is a student for example, then the following would apply:

- The householder would receive a student disregard of 25% and a discretionary payment of 25%

If the householder was a full time student and the care leaver was a full time student the following would apply:

- The householder would receive an exemption, due to the house being occupied by only students, of 100%

**Discretionary Rates
Relief & Business
Rates Hardship Relief
Policy**

Altogether better



JULY 2017

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1 Introduction and Purpose of Policy Document

1.1 This policy has been designed to ensure that all customers making an application for rate relief are treated in a fair, consistent and equal manner.

1.3 This policy has been written to:

- Demonstrate how Durham County Council will operate its discretionary powers set out in the Local Government Finance Act 1988 and Localism Act 2011 and the factors that will be considered when deciding if relief can be awarded and the way in which the value of relief will be granted.
- Demonstrate how Durham County Council will administer Government funded rates relief schemes – including the proposals announced in the March 2017 budget with regards to:
 - support for small businesses losing Small Business Rate Relief (SBRR) as a result of the revaluation effective from April 2017, where increases would be limited to the greater of £600 or the real terms transitional relief cap for small businesses each year;
 - the new local local discretionary relief scheme to provide support to businesses adversely impacted by the revaluation effective from April 2017; and
 - a £1,000 business rate discount for public houses with a rateable value of up to £100,000, subject to state aid limits for businesses with multiple properties, for one year from 1 April 2017.
- Set guidelines for the factors that should be considered when making a decision to award or refuse an application.
- Set out the delegated authority to award relief in appropriate circumstances.
- Establish an appeals procedure for customers dissatisfied with a decision.
- Safeguard the interest of the local taxpayers by ensuring that funds that are allocated for the award of relief are used in the most effective and economic way.

2 Legislation

2.1 Section 47 of the LGFA 1988 permits the billing authority to grant discretionary rate relief. This was amended by the Localism Act 2011 section

69 from 1 April 2012, which removed the previous restrictions of discretionary relief to only apply to charities and other organisations of prescribed types.

2.2 The billing authority may make a decision to grant relief, only if it is satisfied that it would be reasonable to do so, having regard to the interests of the council taxpayers.

2.3 Discretionary relief may not be granted where the property is an excepted property i.e. occupied by a billing authority or a precepting authority.

3 Business Rates – Discretionary Rates Relief Policy

3.1 Equality and Fairness

3.1.1 Each application for relief will be dealt with on its own merits and the Council will treat all organisations that apply for discretionary rate relief equally and fairly. The scheme will operate in a manner that helps support Durham County Council priorities and key objectives contained in the Sustainable Community Strategy and the Council Plan. Public funds are not however unlimited, a proportion of the costs of relief granted is borne by council taxpayers.

3.2 Criteria Used in the Decision Making Process

3.2.1 The criteria to be used in deciding whether to give discretionary rate relief are based on assessing how an organisation's work helps achieve the Council's priorities and meeting the community's needs for services and facilities.

3.2.2 The following essential criteria **must** be met before Durham County Council would consider awarding discretionary rate relief:

- the ratepayer must be a non-profit making body, and/or
- Irrespective of whether an organisation is registered as a charity or not the property must be used by the ratepayer wholly or mainly for charitable, philanthropic or religious purposes, or concerned with education, social welfare, science, literature and the fine arts, or the ratepayer must use the property wholly or mainly for recreation by a non-profit making club or society. This is essential if any relief (either mandatory or discretionary) is to be granted. In most cases this can be readily seen by inspection but on occasions the authority has had to question the actual use of the premises to which relief is being sort.
- Consideration will be given as to what proportion of the premises is wholly or mainly used for the purposes of the organisation. Has the organisation exercised due diligence in ensuring the premises are of a suitable size for their requirement and have not committed to an onerous lease or excessive space.

3.2.3 It is possible for a voluntary organisation to apply for 100% discretionary rate relief, and for registered charities to apply for an additional 20% discretionary relief in addition to the mandatory relief they already receive providing they meet the essential criteria detailed in the Levels of Discretion detailed in paragraphs 3.3.1 to 3.3.2.

- 3.2.4 Community Interest Companies (CICS) would not qualify for mandatory relief and any discretionary relief application would be considered based on the essential criteria detailed in the Levels of Discretion detailed in paragraphs 3.3.1 to 3.3.2.
- 3.2.5 There are however, exceptions to this general rule which include; Housing Associations, Leisure Trusts, Voluntary Schools, Colleges and Universities or similar, these organisations are charitable trusts for the purposes of the rating legislation and qualify for mandatory relief. However due to the funding streams available no discretionary top-up relief will be granted to these bodies.
- 3.2.6 Every application for discretionary rate relief will be considered on an individual basis.
- 3.2.7 The Council will need to be satisfied that value for money is being provided to the people of Durham County, bearing in mind the relief an organisation will receive. In making awards, consideration will be given to the financial impact on the Council and whether or not an organisation is already funded or commissioned by the Council. The decision to award relief must only be taken where it is in the wider interest of Council Taxpayers in County Durham.
- 3.2.8 Relief may be refused if it is considered that the cost to the Council and its taxpayers outweighs the benefit that will be gained from the award of the relief. If the benefit of the rate relief is kept locally, the relief is more likely to be awarded.
- 3.2.9 The finances of the organisation will be examined. This will include examination of the membership fees structure, examination and reasoning of level of reserves in relation to the amount of turnover and the rates actually charged, payments to staff and directors will all be taken into consideration when determining the application. If it appears that the reserve finances are not being used or partially used to benefit the local community, the application may be refused unless the ratepayer can demonstrate their reasoning.
- 3.2.10 Some organisations or charities do not need to be registered with the Charity Commission where the annual income is under £5,000. In these cases, if the organisation has applied to Her Majesty's Revenue and Customs (HMRC) for tax relief, a HMRC number will be provided and mandatory relief can be awarded.
- 3.2.11 Organisations that meet the qualifying criteria for small business rates relief will not be considered for discretionary rate relief until they have applied for small business rates relief. This will reduce the financial contribution on the authority. These organisations even though they may not be a small business, they are however ratepayers who are entitled to apply for this relief. Durham County Council will provide support and guidance on how to apply for small business rates relief from the Council.

3.3 Levels of Discretionary Rate Relief Available

3.3.1 Registered charities or equivalent already in receipt of mandatory relief will receive the following top up relief provided they meet the relevant criteria (as identified above):

For Registered Charities or Equivalent (CASC's, CIO or Exempt Charities) entitled to Mandatory Rate Relief	% Relief Awarded (Top up to Mandatory Rate Relief)
1. Community Centres/Community Associations and other registered charities responsible for paying rates on Community Centre and village halls.	100
2. Training Centres/Training Organisations offering schemes for particular groups to develop their skills e.g. young people, unemployed people.	100
3. National Charity Shops	0
4. Local Charity Shops	100
5. Local Heritage Projects	100
6. Essential Community Services e.g. CAB, Hospice, Samaritans	100
7. Sports Clubs (Must be CASC or registered Charity)	Up to 100
8. Museums	100
9. Private Schools, Leisure Trust, Universities/Colleges and Academies	0
10. Housing Associations or similar organisations	0

3.3.2 Non Registered charities and community based organisations will receive the following relief provided they meet the relevant criteria.

Organisations not entitled to Mandatory Rate Relief but who are established Not for Profit Making Organisation	% Relief
1. Community Centre, Community Associations, Agencies, Community Resource Centres which are not conducted for profit and which occupy premises that provide a community focal point.	100
2. Recreational community based clubs or societies e.g. youth clubs, boy scouts, girl guides. (Sports Clubs will not qualify unless CASC or registered Charity)	100
3. Philanthropic organisations that are community based.	100
4. Religious organisations that promote an understanding of religion that leads to a greater awareness of religious differences within the community.	100

Organisations not entitled to Mandatory Rate Relief but who are established Not for Profit Making Organisation	% Relief
5. Educational organisations that provide education support or training.	100
6. Scientific organisations that promote an awareness of science etc.	100
7. Literature and Fine Arts that promote an awareness of Literature and Fine Arts.	100
8. Training Centres/Training Organisations offering schemes for particular groups to develop their skills e.g. young people, unemployed people.	100
9. Training Centres/Training Organisations offering schemes and advice to businesses.	50
10. Private Nurseries and Day Care Centres	0
11. Community Interest Companies (CICS)	Up to 100

The following additional criteria will be used when dealing with applications for discretionary rate relief.

Reason for Increasing Amount of Relief:

1. Active encouragement of membership for all groups
2. Affiliated to local or national organisations
3. More than 50% drawn locally

Reason for Reducing Amount of Relief:

1. Bar facilities**
2. Restrictive fees and Restrictive membership***

	Maximum Percentage of Relief to be Awarded
Bar Facilities** Licensed Bar – Full licence operating through the year for registered charities or CASC.	10% Discretionary Rate Relief top-up.
Licensed bar is open but where the club/organisation has a restricted seasonal/match day licence for registered charities or CASC:-	10% or 20% Discretionary Rate Relief top-up.
No Bar and a registered charity or CASC	20% Discretionary Rate Relief or top-up.
Restrictive fees and membership*** Where coaching, mentoring or training is at a minimal cost and the membership subscription can be shown not to exclude the general community.	50%

	Maximum Percentage of Relief to be Awarded
Where the organisation encourages the young, those with disabilities and the elderly to partake in their activities and where the organisation benefits the local community by its activities.	40%
Where the organisation actively seeks to eliminate all forms of discrimination in its activities, in line with the new authority's own commitment to Equal Opportunities	10%

3.3.3 Businesses in Rural settlement lists will receive the following relief provided they meet the relevant criteria and receive mandatory rural relief.

Rural relief	% Relief
1. Sole shop in a rural settlement area selling mainly food and household goods meeting the criteria of mandatory relief	100
2. Sole Post Office in a rural settlement area meeting the criteria for mandatory relief	100
3. Sole public house in a rural settlement area meeting the criteria for mandatory relief	100
4. Sole petrol station in a rural settlement area meeting the criteria for mandatory relief.	100

3.4 Claiming Mandatory and Discretionary Rate Relief

3.4.1 A claim must be made using the discretionary rate relief application form which is also available on the Councils website (www.durham.gov.uk). This application form and supporting information, including the Memorandum, Articles of Association or constitution, the latest Annual Report and the last two years professionally prepared account should be completed and returned to: -

Durham County Council
Revenues and Benefits
PO Box 238
Stanley
Co Durham
DH8 1FP

3.4.2 It is the responsibility of the organisation applying for the relief to provide sufficient information and documentary evidence to support applications. If the organisation applying does not or will not provide the required evidence the application will still be considered but only on the basis of the information and evidence provided.

3.5 Period of Award

3.5.1 Entitlement to relief will be subject to a regular review or if there is a change in legislation that would affect its operation and taking into account Council

policies and priorities, any withdrawal or variation of relief is subject to one financial years notice.

3.6 Notification of Award

- 3.6.1 The Council will inform the organisation applying for relief, in writing of the outcome of their application for discretionary rate relief.
- 3.6.2 The Council will endeavour to determine any application received within 28 days of receipt of the full information required to assess the claim.
- 3.6.3 Where the application is not successful, the notification will provide full reasons why it has not been decided not to award discretionary rate relief and the applicant's right to ask us to look at the decision again.
- 3.6.4 Where the application is successful, the notification will include the percentage of relief awarded and details of when an amended Business Rate Demand will be issued.

3.7 Appeals

- 3.7.1 If you disagree with a decision made under this policy, you must write and tell Durham County Council why you think the decision is wrong and provide any additional information in support of the claim. An independent panel will look at the case.
- 3.7.2 The panel will check the discretionary rate relief application thoroughly and take account of any additional information in your appeal letter. The panel will decide whether or not the criteria have been properly applied. The panel will confirm the decision, change the decision to pay more discretionary rate relief or change the decision to pay less discretionary rate relief.
- 3.7.3 Durham County Council will write to tell you the outcome of the appeal. There is no further right of appeal against the decision of the panel. Any further appeal against this decision must be done through judicial review proceedings

4 Relief for Properties that are Partially Unoccupied for a Temporary Period

4.1 Legislation

- 4.1.1 Section 44A of the Local Government Finance Act 1988 enables a billing authority discretionary powers to grant relief on a property that is partly unoccupied or not fully occupied if it appears to the authority that this situation will remain for a "short period of time" only.
- 4.1.2 Partially occupied rate relief (also referred to as Section 44A Relief) is not intended to be used where part of a property is temporarily not used. The intention is aimed at situations where there are practical difficulties in occupying or vacating all of a property.

4.2 Making an Application

4.2.1 Applications must be made by the ratepayer.

4.2.2 Durham County Council will require a written application and the ratepayer must supply a plan of the property, with the unoccupied portions clearly identified and a timetable or schedule of works detailing plans for the phased occupation/vacation.

4.3 The Decision Making Process

4.3.1 Durham County Council will require accompanied access to the property during normal working hours to verify the application.

4.3.2 Relief will not be awarded under any circumstance where it is not possible to verify the application.

4.3.3 No award shall be made where it appears to the Council that the reason that part of the property is unoccupied is wholly or mainly for the purpose of applying for rate relief.

4.3.4 Durham County Council will notify the applicant of the decision in writing and where the relief is refused, an explanation of the reasons why will be given.

4.3.5 Durham County Council will not consider applications where the customer has failed to provide information within the timescales provided to them and will notify the customer in writing that the application has been refused

4.4 Period of Section 44A Relief

4.4.1 Section 44A Relief will only be applied to a property that is partly occupied for a temporary period. The relief can only be awarded for a maximum of 3 months in cases of offices and shops, or 6 months in the case of industrial properties

4.4.2 Section 44A Relief will end under the following circumstances

- At the end of a financial year, regardless of the date relief was applied;
- Where all or part of the unoccupied area becomes occupied;
- The person liable for Business Rates changes

4.5 Calculation of Section 44A Relief

4.5.1 Where Durham County Council agrees to award a Section 44A Relief, notification will be sent to the Valuation Officer to seek a reduction in the rateable value

4.5.2 The amount of relief is calculated on a statutory basis based on the rateable value of the empty portion of the property. The appropriate rateable value is provided to Durham County Council by the Valuation Office Agency

5 Business Rates - New Build Empty Property Relief

5.1 Legislation

5.1.1 This relief was introduced from 1 October 2013 as a temporary measure and under Section 47 of the Local Government Finance Act 1988 the billing authority has discretionary powers to grant the relief in the prescribed circumstances below.

5.2 Properties that will benefit from this Relief

5.2.1 Properties that are empty and entered into the rating list between 1 October 2013 and 30 September 2016 could be eligible for exemption from empty property rates for the first 18 months, up to state aid limits.

5.2.2 Properties that will benefit from relief will be all unoccupied non domestic hereditaments that are wholly or mainly (more than half) comprised of qualifying new structures completed within this timeframe.

5.3 Criteria used in the Decision Making Process

5.3.1 Durham County Council will require a written application form.

5.3.2 The relief will stay with the property rather than the owner.

5.3.3 The new build empty property relief is granted as de minimis aid for State Aid purposes. There is currently a ceiling of 200,000 Euros of de minimis aid that can be granted over a three year rolling period.

5.3.4 Durham County Council will notify the applicant of the decision in writing and where the relief is refused, an explanation of the reasons why will be given.

5.3.5 Durham County Council will not consider applications where the customer has failed to provide information within the timescales provided to them and will notify the customer in writing that the application has been refused

5.4 Period of Relief New Build Empty Property

5.4.1 The relief is for a maximum of 18 months; this includes the first 3 or 6 months unoccupied empty relief.

6 Business Rates – Local Newspaper Relief

6.1 Legislation

6.1.1 This relief was introduced from 1 April 2017 for a 2-year period. Under Section 47 of the Local Government Finance Act 1988 the billing authority has discretionary powers to grant relief in the prescribed circumstances.

6.2 Properties that will benefit from this relief

6.2.1 A £1,500 business rates discount for office space occupied by local newspapers in England, up to a maximum of one discount per local newspaper title and per hereditament, and up to state aid limits.

6.3 Criteria used in the Decision Making Process

6.3.1 Durham County Council will require a written application form.

6.3.2 The new local newspaper relief is granted as de minimis aid for State Aid purposes. There is currently a ceiling of 200,000 Euros of de minimis aid that can be granted over a three year rolling period.

6.3.3 Durham County Council will notify the applicant of the decision in writing and where the relief is refused, an explanation of the reasons why will be given.

6.3.4 Durham County Council will not consider applications where the customer has failed to provide information within the timescales provided to them and will notify the customer in writing that the application has been refused.

6.4 Period of Local Newspaper Relief

6.4.1 The relief is only applicable for the financial years 2017/18 and 2018/19.

7 Business Rates – Supporting Small Businesses Relief

7.1 Legislation

7.1.1 This relief has been introduced from 1 April 2017 for a maximum of 5 years under Section 47 of the Local Government Finance Act 1988 and the billing authority has discretionary powers to grant relief in the prescribed circumstances.

7.2 Properties that will benefit from this Relief

7.2.1 Those ratepayers who as a result of the change in their rateable value at Revaluation in 2017 are losing some or all of their small business or rural rate relief and as a result are facing large increases in their bills.

7.2.2 The supporting small businesses relief will ensure that the increase per year in the bills of these ratepayers is limited to the greater of:

- A cash value of £600 per year (£50 per month). This cash minimum ensures that those ratepayers currently paying nothing or very small amounts are brought onto paying something or,
- The matching cap on increases for small properties in the transitional relief scheme.

7.3 Criteria used in the Decision making process

7.3.1 Durham County Council will require a written application form.

7.3.2 The Supporting Small Businesses relief is granted as de minimis for State Aid purposes. There is currently a ceiling of 200,00 Euros of de minimis aid that can be granted over a three year rolling period.

7.3.3 Durham County Council will notify the applicant of the decision in writing and where the relief is refused, an explanation of the reasons why will be given.

7.3.4 Durham County Council will not consider applications where the customer has failed to provide information within the timescales provided to them and will notify the customer in writing that the application has been refused.

7.4 Period of Supporting Small Businesses Relief

7.4.1 Ratepayers will remain in the Supporting Small Businesses relief scheme for either 5 years or until they reach the level of charges they would have paid without the scheme.

7.4.2 A change of ratepayer will not effect the eligibility for the Supporting Small Businesses relief scheme.

7.4.3 Eligibility will be lost if the property becomes vacant or becomes occupied by a charity or Community Amateur Sports Club.

8 Business Rates – Support for pubs

8.1 Legislation

8.1.1 This relief has been introduced from 1st April 2017 for 1 year under Section 47 of the Local Government Finance Act 1988 the billing authority has discretionary powers to grant relief in the prescribed circumstances.

8.2 Properties that will benefit from this relief

8.2.1 Public Houses with a rateable value of below £100,000

8.2.2 Eligible pubs will receive a £1,000 discount on their bill up to state aid limits.

8.3 Criteria used in the Decision Making Process

8.3.1 Durham County Council will require a written application form

8.3.2 The support for pubs relief is granted as de minimis aid for State Aid purposes. There is currently a ceiling of 200,000 Euros of de minimis aid that can be granted over a three year rolling period.

8.3.3 Durham County Council will notify the applicant of the decision in writing and where the relief is refused, an explanation of the reasons why will be given.

8.3.4 Durham County Council will not consider applications where the customer has failed to provide information within the timescales provided to them and will notify the customer in writing that the application has been refused.

8.4 Period of support for pubs

8.4.1 The relief will only be applicable for the financial year 2017/18.

9 Business Rates – Local Discretionary Relief Scheme

9.1 Legislation

9.1.1 In the March 2017 Budget the Government announced the establishment of a discretionary fund over 4 years, from 2017/18, to support those businesses that face the steepest increases in their business rates bills because of the 2017 revaluation.

9.1.2 The Government has used the increase in rateable values for those businesses valued up to £200,000 (small and medium sized businesses) to distribute funding to support Billing Authorities in implementing their local schemes. The funding provided to local authorities reduces year on year, with the expectation that the local discretionary relief provided reduces in line.

9.1.2 Billing authorities have been provided with a share of the funding to develop their own Local Discretionary Relief Scheme to deliver targeted support to the most hard-pressed ratepayers in their area. Funding cannot be carried over between years and any overspend against this funding being borne locally.

9.1.3 The discretionary scheme will be administered through existing discretionary powers under Section 47 of the Local Government Finance Act 1988.

9.2 Properties that will benefit from this relief

- 9.2.1 Properties with a rateable value of less than £200,000 (i.e. small and medium sized businesses) that have had an increase in rateable value following the 2017 revaluation; and
- 9.2.2 Properties where the ratepayer was liable for business rates on 31/03/17 and continues to remain liable for business rates i.e. those small and medium sized businesses adversely impacted by the business rates revaluation and as a result have seen a net increase of over £600 in their rates bill
- 9.2.3 Properties that continue to meet the above criteria will receive the following discounts
- 2017/18 - 50% of the increase above £600
 - 2018/19 - 25% of the increase above £600
 - 2019/20 - 10% of the increase above £600
 - 2020/21 - 1.5% of the increase above £600
- 9.2.4 The amount of relief awarded may be reviewed in year and may be revised depending upon take up and the impact of appeals, to ensure the total amount of government grant received by Durham County Council is awarded to support local businesses.

9.3 Criteria used in the Decision making process

- 9.3.1 Durham County Council will require a written application form
- 9.3.2 The local discretionary relief is granted as de minimis aid for State Aid purposes. There is currently a ceiling of 200,000 Euros of de minimis aid that can be granted over a three year rolling period.
- 9.3.3 Durham County Council will notify the applicant of the decision in writing where the relief is refused, an explanation of the reasons why will be given.
- 9.3.4 Durham County Council will not consider applications where the customer has failed to provide information within the timescales provided to them and will notify the customer in writing that the application has been refused.
- 9.3.5 Durham County Council will only consider applications from those ratepayer's becoming eligible due to a reduction in rateable value in the 2010 rating list where those reductions are agreed or settled on or before 30 September 2018.

9.4 Period of local discretionary relief

- 9.4.1 Ratepayers may remain in the local discretionary relief scheme for either 4 years or until the increase in rate liability (impact of the revaluation in April 2017) falls below £600.

- 9.4.2 Eligibility will be lost following a change in the person liable to pay business rates.
- 9.4.3 Eligibility will be lost if the property becomes vacant or becomes occupied by a charity or Community Amateur Sports Club.

10 Business Rates – Transitional Relief

10.1 Legislation

10.1.1 This relief was introduced from 1 April 2015 for 2-year period under Section 47 of the Local Government Finance Act 1988 the billing authority has discretionary powers to grant the relief in the prescribed circumstances below.

10.2 Properties that will benefit from this Relief

10.2.1 Properties with a rateable value up to and including £50,000. As a result of this measure small properties (with a rateable value of less than £18,000) that would otherwise face bill increases above 15% and medium sized properties (with a rateable value of £50,000 or less) that would otherwise face bill increases above 25% will benefit.

10.2.2 Changes in rateable value, which take effect from 1 April 2010 or the substituted day in the cases of split and mergers. Properties whose rateable value is £50,000 or less on 1 April 2010 (or the day of merger) but increase above £50,000 from a later date will still be eligible for relief. Where the Valuation Office Agency issue certificates for the value at 31 March 2010 or 1 April 2010 the relief will be recalculated on a daily basis.

10.2.3 As this is a discretionary relief, the reliefs are measured in the following order,

- Charitable/Community Amateur Sports Clubs/Rural Rate Relief/Top up and not for profit/Small Business Rate Relief
- Other discretionary reliefs (Local Discounts)
- Long Term Empty Relief (50% business rate relief for 18 months between 1 April 2014 and 31 March 2016 for businesses that move into retail premises that have been empty for a year or more.
- Retail Relief of £1,000 for 2014-15 and £1,500 for 2015-16
- Transitional Relief

10.3 Criteria used in the Decision Making Process

10.3.1 Durham County Council a written application form.

10.3.2 Any new applications identified after 1 April 2017 will only be granted for 2016/17 financial year where the decision is made to grant relief before 30 September 2017.

- 10.3.3 The new transitional relief is granted as de minimis aid for State Aid purposes. There is currently a ceiling of 200,000 Euros of de minimis aid that can be granted over a three year rolling period.
- 10.3.4 Durham County Council will notify the applicant of the decision in writing and where the relief is refused, an explanation of the reasons why will be given. Where there is a recalculation of the amount of relief written notification will be provided detailing the reason.

10.4 Period of Transitional Relief

- 10.4.1 The relief will only be applicable for the financial year 2016/17.

11 Hardship Relief for Business Rates

11.1 Legislation

11.1.1 The provisions are set out in Section 49 of the Local Government Finance Act 1988. Councils have the power to reduce or remit the business rate charge where it considers that 'hardship' would otherwise be caused to the ratepayer. Hardship relief for non-domestic property is intended to provide short term assistance to a business suffering unexpected hardship, financial, or otherwise, arising as a result of exceptional circumstances or short term crisis beyond the business's control and outside of the normal risks associated with running a business of that type, to the extent that the viability of the business would be threatened if an award were not made. As the Hardship Relief scheme covers unforeseen events, it is not possible to offer precise definitions. However, a 'crisis' would have to result in a serious loss of trade or have a major effect on the services that can be provided.

11.1.2 'Exceptional circumstances' will usually be circumstances that came from outside the business or organisation and are beyond the normal risks faced by businesses and cannot be foreseen or avoided. The effect of strikes within a business or organisation, increased running costs and increased competition would not be considered as 'exceptional circumstances' as they are normal business risks.

11.2 Criteria Used in the Decision Making Process

11.2.1 Applications to reduce or remit the business rate charge will only be considered where the Council is satisfied that the rate payer would otherwise sustain hardship if no award was made and that it is reasonable to grant relief having regard to the interest of council tax payers who are affected by decisions under this section. This is because 50% of the cost of exercising this power has to be funded by the Council through general fund expenditure.

11.2.2 Applications for hardship will be examined on a case by case basis and each application will be assessed on its individual merits. Other issues or requirements will also be considered in relation to the application as they arise including:

- All applications should be made in writing from the rate payer, their advocate/appointee or a recognised third party acting on their behalf, preferably using the relevant form, and should contain the necessary information to substantiate the request.
- All applications are only intended as short term assistance and will not extend beyond the current financial year, and should not be considered as a way of reducing Business Rate Liability indefinitely.
- Government guidance advises that remission of Business Rates on the grounds of hardship should be the exception rather than the rule.
- The financial interests of the council tax payers will not be the sole overriding factor e.g. impact on employment and amenities provision will also be taken into account.
- The test of 'hardship' is not confined strictly to financial hardship - all relevant factors affecting the ability of a business to meet its liability for rates are taken into account where readily available. Where the granting of relief will have an adverse effect on the financial interests of the council tax payers, relief may still be granted if the case for relief on balance outweighs the costs to taxpayers.
- The potential amount of any relief may in some cases constitute state aid and therefore adherence to EU regulations must be followed.
- The test of hardship will include an assessment of the ratepayer's individual accounts to verify that the payment of rates would cause hardship.
- The assessment of the accounts will identify the cause of the business failings and a simple accounting calculation will be carried out as follows:
 - % of Rates to Sales
 - % of Rates to Gross Profit
 - % of Rates to Expenditure
 - Ratio of Current Assets to Current Liabilities.
 - Ratio of Current Assets Less Stock to Current Liabilities.
- Relief will normally only be awarded retrospectively. However, where you can show that the circumstances will remain the same for a period up to the end of the current financial year relief may be award for the remainder of the year
- It is unlikely that Hardship Relief would be granted in respect of an empty property or where there is little expectation of economic survival.

- It is expected that businesses should have taken prompt action to mitigate any factors giving rise to hardship. Examples of mitigating actions may include seeking business advice, discounts and promotions, reviewing pricing, extending the range of stock or services, negotiating with creditors etc. Applications may be declined in circumstances where the business is unable to demonstrate that it is taking reasonable steps to alleviate the hardship.

11.3 Period of Hardship Relief

11.3.1 In all cases relief will end in the following circumstances:

- At the end of a financial year
- All or part of the unoccupied area becoming occupied
- A change of liable person
- The property becomes empty or is used for a different purpose, or it becomes occupied
- The ratepayer enters any form of formal insolvency
- The ratepayer's financial circumstances significantly change. The rate payer must inform the council if their circumstance change, e.g. change in rateable value. Circumstances may also be reviewed by the Council periodically where awards are made to confirm hardship persists.

11.3.2 From the assessment of the above criteria, the Council will determine if the business is suffering from financial hardship due to the payment of Business Rates. If hardship relief is granted, applicants will be entitled to make further submissions in subsequent years. In the event of successive applications, evidence from an accountant or other professional adviser regarding the long-term viability of the business may be required.

11.4 Examples of Appropriate Circumstances

11.4.1 The following examples indicate circumstances where it may be appropriate to award relief. They are included in this policy in the form of broad general guidelines and are not intended to be prescriptive.

- Without rate relief the business will close and deprive local residents of an essential service and a source of significant local employment.
- The ratepayer's business has been detrimentally affected by circumstances beyond the ratepayers control and that do not constitute part of the normal risks in running a business of that nature (e.g. a natural disaster, an unusual or uncontrollable event in the neighbourhood of the

business such as a fire making the immediate area of the business unsafe).

N.B. in addition, it must be in the interest of the community as a whole for Hardship relief to be granted.

11.5 Claiming a Reduction due to Hardship

11.5.1 A claim must be made on an approved application form. This application form and any supporting information should be completed and returned to:

Durham County Council
Revenues and Benefits
PO Box 238
Stanley
Co Durham
DH8 1FP

11.5.2 It is the responsibility of the Ratepayer applying for relief to provide sufficient information and documentary evidence to support their applications. If the Ratepayer applying does not or will not provide the required evidence, we will still consider the application but only on the basis of the information and evidence provided.

11.6 The Decision Making Process

11.6.1 Upon receipt of written application form, all supporting information must be included for consideration.

- Initial applications will be considered by Revenues Team Manager (NNDR). These will include review sheet, with findings and financial implications and initial recommendations.
- Recommendations will then be forwarded to Revenues and Benefits Manager via the Revenues Manager.
- These will then be forwarded to Head of Finance and Transactional Services for approval / refusal.
- Once decision has been approved the ratepayer will be advised in writing of the decision.

11.7 Review of Decision

11.7.1 Under the Local Government Finance Act 1988, there is no right of appeal against the Council's use of discretionary powers. However, on individual discounts, the Council will accept a customer's request from a ratepayer for a re-determination of its decision.

- Re-determination of the decision will be by the Corporate Director.

- The Council will consider whether the ratepayer has provided any additional information that will justify a change to its original decision.

The Council will notify the ratepayer of its decision within 21 days of receiving a request for a redetermination

**Appendix 7 – Equality Impact Assessment:
Discretionary Rate Relief - Review of Local Discretionary Rate Relief Policy**

Durham County Council Equality Impact Assessment

NB: The Public Sector Equality Duty (Equality Act 2010) requires Durham County Council to have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people from different groups. Assessing impact on equality and recording this is one of the key ways in which we can show due regard.

Section One: Description and Screening

Service/Team or Section	Financial Services, Resources
Lead Officer	Caterina Blackburn
Title	Discretionary Rate Relief - Review of Local Discretionary Rate Relief Policy
MTFP Reference (if relevant)	-
Cabinet Date (if relevant)	12 July 2017
Start Date	April 2017 (backdated awards)
Review Date	July 2018

Subject of the Impact Assessment

Please give a brief description of the policy, proposal or practice as appropriate (a copy of the subject can be attached or insert a web-link):

To seek Cabinet approval to the proposed discounts below in terms of the Discretionary Rate Relief scheme to be applied in County Durham in line with the Government announcements in March 2017, on Business Rates liabilities in 2017/18:

- a) a £600 cap on rates bills for those losing Small Business Rate Relief (SBRR) / Rural Rate Relief (RRR) as a result of the revaluation – statutory discounts – statutory national scheme;
- b) introduction of a £1,000 discount relief for public houses with a rateable value up to £100,000 – statutory national scheme;
- c) funding for the introduction of local Discretionary Rate Relief Scheme for businesses adversely impacted by the revaluation – discount / relief awarded based on the application of a locally developed policy / scheme.

Support for small businesses losing Small Business Rate Relief or Rural Rate Relief to limit increases in their bills to the greater of £600 or the real terms transitional relief cap for small businesses each year.

We have identified that there were only 55 cases in County Durham where this statutory relief would apply, subject to state aid rules. The estimated additional discount these 55 business would receive (reduction in rates liabilities) in 2017/18 would be circa £92,000.

Introduction of a £1,000 business rate discount for public houses with a rateable value of up to £100,000, subject to state aid limits for businesses with multiple properties, for one year from 1 April 2017.

We have identified that there was 225 public houses that could qualify for this support, subject to state aid rules. The estimated additional discount these 225 business could receive (reduction in rates liabilities) in 2017/18 would therefore be circa £225,000.

New funding to support £300 million of discretionary relief, to allow them to provide support to individual hard cases in their local area.

The 2017/18 business rates revaluation has classed Small Businesses as those businesses with a Rateable Value (RV) of less than £51k (the Small Business Multiplier threshold).

Analysis of small and medium sized businesses and their actual value of increased charges to rates bills in 2017/18 as a result of the revaluation, net of any reliefs and discounts therefore was:

Property Sizes	No. of Accounts with increases over £600 in 2017/18
Small Business <=£51,000 RV	318
Medium RV >£51,000<=£200,000	208
Total	526

To be eligible for this new relief, it is proposed that businesses will need to meet the following criteria :

- a. Have a rateable value of less than £200,000 (i.e. is classed as a small or medium sized businesses)
- b. Have had an increase in rateable value following the 2017 revaluation;
- c. The ratepayer has a continuing liability i.e. was liable for business rates on 31/03/17 and continues to remain liable for business rates (to ensure the support is targeted to those small and medium sized businesses adversely impacted by the business rates revaluation); and
- d. As a result of the above the rate payer has seen a net increase of over £600 in their rates bill in 2017/18

Properties that continue to meet the above criteria will receive the following discounts:

- a. 2017/18 - 50% of the increase above £600
- b. 2018/19 - 25% of the increase above £600

- c. 2019/20 - 10% of the increase above £600
- d. 2020/21 - 1.5% of the increase above £600

The amount of relief awarded may be reviewed in year and may be increased or decreased depending upon take up and the impact of appeals, to ensure the total amount of government grant received by Durham County Council is awarded to support local businesses. Rateable value changes made to the 2010 list will only be considered up to 30 September 2018.

Who are the main stakeholders? (e.g. general public, staff, members, specific clients/service users):

Financial Support Services (Assessments & Awards Team), Digital & Customer Services, Resources and local businesses in County Durham.

Screening

Is there any actual or potential negative or positive impact on the following protected characteristics?

Protected Characteristic	Negative Impact Indicate: Y = Yes, N = No, ? = unsure	Positive Impact Indicate: Y = Yes, N = No, ? = unsure
Age	N	N
Disability	N	N
Marriage and civil partnership (workplace only)	N	N
Pregnancy and maternity	N	N
Race (ethnicity)	N	N
Religion or Belief	N	N
Sex (gender)	N	N
Sexual orientation	N	N
Transgender	N	N

Please provide **brief** details of any potential to cause adverse impact. Record full details and analysis in the following section of this assessment.

In making these announcements, the Government stated that local authorities would be fully compensated, by way of s31 grant, for the loss of income because of these measures, which were announced after budgets had been set for 2017/18.

The amount of relief awarded may be reviewed in year and may be increased or decreased depending upon take up and the impact of appeals, to ensure the total amount of government grant received by Durham County Council is awarded to support local businesses. Rateable value changes made to the 2010 list will only be considered up to 30 September 2018.

How will this policy/proposal/practice promote our commitment to our legal responsibilities under the public sector equality duty to:

- eliminate discrimination, harassment and victimisation,
- advance equality of opportunity, and
- foster good relations between people from different groups?

The Policy will be monitored and reviewed, with increases to the awards to small businesses retrospectively applied should we need to in order to maximise spend against the available grant in year.

Evidence

What evidence do you have to support your findings?
Please **outline** your data sets and/or proposed evidence sources, highlight any gaps and say whether or not you propose to carry out consultation. Record greater detail and analysis in the following section of this assessment.

Consultation has been undertaken with the Police and the Fire and Rescue Services who are both supportive of the Council's proposals. The scheme has been shared with the North East Combined Authority (NECA) and it is understood that they will be presented to the NECA Board on 17 July, 2017 alongside policies developed by other local authorities in NECA, for noting and endorsement.

Screening Summary

On the basis of this screening is there:	Confirm which refers (Y/N)
Evidence of actual or potential impact on some/all of the protected characteristics which will proceed to full assessment?	N
No evidence of actual or potential impact on some/all of the protected characteristics?	N

Sign Off

Lead officer sign off: Paul Darby	Date: 07 June 2017
Service equality representative sign off: Claire Maddison / Mary Gallagher	Date: 07 June 2017

If carrying out a full assessment please proceed to section two.

If not proceeding to full assessment please return completed screenings to your service equality representative and forward a copy to equalities@durham.gov.uk

If you are unsure of potential impact please contact the corporate research and equalities team for further advice at equalities@durham.gov.uk