

<b>REPORT TO:</b>	<b>COUNCIL</b>	<b>AGENDA ITEM:</b>
<b>DATE OF MEETING:</b>	<b>23rd JANUARY 2014</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF FINANCE &amp; CORPORATE SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811)</b> <a href="mailto:Kevin.stackhouse@south-derbys.gov.uk">Kevin.stackhouse@south-derbys.gov.uk</a>	<b>DOC:</b> u/ks/council tax support scheme/scheme1415/local scheme regulations 2014
<b>SUBJECT:</b>	<b>COUNCIL TAX REDUCTION SCHEME REGULATIONS 2014 and OTHER DISCOUNT CHANGES</b>	<b>REF</b>
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE:</b>

## **1.0 Recommendations**

- 1.1 Under Section 10 of the Local Government Finance Act 2012, a Local Council Tax Support Scheme for South Derbyshire is adopted for the financial year commencing 1<sup>st</sup> April 2014.
- 1.2 Regulations are approved and cited as the Council Tax Reduction Scheme Regulations (South Derbyshire District Council Local Scheme 2014) and come into force on 23rd January 2014.
- 1.3 These regulations amend the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2013 as set out in the Schedule to those Regulations for the purposes of paragraph 4 of Schedule 1A to the Local Government Finance Act 1992, by:
- Continuing the insertion of Section 18a Class G: exempt persons who are not pensioners.
  - Continuing the insertion of Section 18b Class H: persons who are not pensioners.
  - Continuing the amendment to Regulation 32 to vary the maximum entitlement in prescribed cases, i.e. to give effect to the designation of war pensioners and the disabled as protected groups (in addition to pensioners under the Prescribed Requirements) and to reduce benefit entitlement in non-protected groups by 8.5% for persons on passported benefit and by 10% in all other cases.
  - Continuing the amendment to Schedule 8 (20) to ensure the disregard of war pensions, to include other payments made under the Armed Forces Compensation Scheme.

- Continuing the insertion at Part 12 Chapter 6 the provision to increase the period of extended payments (as defined in the Regulations) from 4 to 8 weeks
- 1.4 That the amounts of pensions, tax credits, income related and non-income related social security benefits and allowances, component parts, applicable amounts, premiums and deductions are uprated in accordance with the 2013 Regulations in 1.3 above as set out in Circular A24/2013.
  - 1.5 That where a DWP claimant also makes it known they wish to claim Housing Benefit, during that organisation's telephone claim process the resultant computer generated claim form, issued to the Council electronically and known as either a LAID (local authority input document) or a LACI (local authority claim information) shall also be treated as a valid claim for Council Tax Reduction.
  - 1.6 That consideration is given to reducing the remaining second homes discount of 10% so that all dwellings classed as second homes across the District are subject to the full amount of Council Tax with effect from 1<sup>st</sup> April 2014.
  - 1.7 That subject to 1.6, the Council's Local Scheme of Exemptions and Discounts is amended appropriately and Statutory Notice published.

## **2.0 Purpose of Report**

- 2.1 To adopt the detailed regulations for the proposed Local Council Tax Support Scheme for South Derbyshire for 2014/15.
- 2.2 This is based on the recommendation of the Finance and Management Committee of 17<sup>th</sup> October 2013. After considering options available, the Committee recommended that the scheme in place for 2013/14 should be continued into 2014/15, with no changes except that of a technical nature required for clarification as set out in regulations 1.4 and 1.5.
- 2.3 As a billing authority, the Council is statutorily required to adopt a local scheme before 31<sup>st</sup> January 2014. The Regulations will come into force immediately and will be effective from 1<sup>st</sup> April 2014.
- 2.4 The Council should also note the very recent changes to the eligibility tests for persons from abroad that will apply to Housing Benefit. The impact on local schemes is currently unclear, but it is expected that discretion to adopt the same criteria will follow.

### **3.0 Detail**

#### **Council Tax Support Scheme**

3.1 The South Derbyshire regulations are based on the previous national scheme that applied to Council Tax Benefit prior to 2013/14.

3.2 In summary, the Local Scheme incorporates the previous parameters and thresholds for calculating Council Tax support for claimants, adjusted to reflect new parameters, as follows:

- That working age claimants currently receiving 100% benefit are deducted 8.5% from their entitlement calculated under the Local Scheme.
- That all other working age claimants are deducted 10% from their entitlement calculated under the Local Scheme.
- That full Council Tax support for claimants entering work is extended from 4 weeks to 8 weeks in the Local Scheme.

3.3 Within the Local Scheme, certain claimants are protected and continue to receive the same level of support as existed under the previous national scheme. Protection is afforded to :

- All claimants of pensionable age (this is a statutory requirement).
- All households who qualify for benefit through disability premiums.
- All war widow and war disabled claimants.
- All military compensation payments are fully disregarded in calculating Council Tax support.

3.4 The Local Scheme will also apply to all new claimants after 1<sup>st</sup> April 2014.

3.5 The detailed regulations are extremely detailed and are covered in over 200 pages. They can be accessed at:

<http://south-derbys.cmis.uk.com/south-derbys/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1533/Committee/275/Default.aspx>

#### **Discount on Second Homes**

3.6 On 5<sup>th</sup> September 2013, the Finance and Management Committee considered a report on the range of other local discounts and exemptions relating to Council Tax.

3.7 Second homes (unoccupied furnished lets or holiday homes) are subject to Council Tax, but a council has the discretion to apply a discount. Prior to 2009, these properties were subject to a statutory 50% liability.

- 3.8 Following a change to the Regulations in 2009, the Council reduced the discount to 10% and second homes in South Derbyshire are subject to 90% Council Tax.
- 3.9 The Council has the discretion to change this discount, including having no discount at all and charging the full Council Tax rate. The Council currently has 199 properties classed as second homes. This is an increase from 167 in 2012/13, and largely follows the imposition of the Empty Property Premium of a 50% additional charge approved by the Council.
- 3.10 These properties are not typically the main residence of the owner as they occupy another property elsewhere. Although they may not be occupied on a regular basis, these properties are not classed as empty unless they are unoccupied and unfurnished.
- 3.11 The Council is requested to consider the continuation of this Discount.
- 3.12 In special cases, a council has no discretion on the level of discount and a 50% charge applies. This is where the second home is owned by someone who cannot live there because they are required to live elsewhere in the UK as a condition of their job. There are currently no such cases in South Derbyshire.

#### **4.0 Financial and Corporate Implications**

- 4.1 These implications were considered in detail by the Finance and Management Committee in October 2013. The cost of the Local Scheme is currently being contained within the budget set-aside and it is anticipated that this will continue in 2014/15.
- 4.2 The Finance and Management Committee receive regular monitoring reports which keep under review actual claimants and costs. This will continue in 2014/15 with any changes being considered ahead of 2015/16.
- 4.3 The withdrawal of the remaining second homes discount would generate approximately £123,000 per year in additional Council Tax, of which £13,500 would directly accrue to the Council.

#### **5.0 Community Implications**

- 5.1 The proposals will have an impact upon residents of the District who currently claim support or in the future may become eligible under the Local Scheme.
- 5.2 Due to no changes being proposed, no formal consultation has been undertaken, although a two comments have been received recently, in that consideration should be given to reinstating the six month, 'free' from Council Tax period, where a property is difficult to sell.

- 5.3 In reality, this could be said to apply to almost all properties currently on the market and may lead to a considerable reduction in Council Tax income if anything other than a limited approach is endorsed. The powers under Regulation 13A (local discounts) may be used to deal with such applications on a case by case basis, subject to strict eligibility criteria.
- 5.4 This power, as previously agreed by the Council, is currently used only in cases where the long term empty premium applies to private ‘sheltered’ units i.e. where age restrictions limit the potential number of purchasers. The cost of any reduction falls entirely on the Council.
- 5.5 It is noted that a full consultation exercise was undertaken over a 12 week period from August to November 2012 which informed the final Scheme for 2013/14.
- 5.6 Following the adoption of the Local Scheme, this will be communicated to all stakeholders.
- 5.7 The other precepting bodies in South Derbyshire have raised no issues with the proposed scheme for 204/15.

## **6.0 Background Papers**

- 6.1 Reports to Finance and Management Committee on 5<sup>th</sup> September and 17<sup>th</sup> October 2013:

<http://south-derbys.cmis.uk.com/south-derbys/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=n8ti0EOSrN4fnOo4uorP5DrRRH1zslVcPMYfnve4M6RKI95phTmaQ%3d%3d&rUzwRPf%2bZ3zd4E7lkn8LWw%3d%3d=pwRE6AGJFLDNih225F5QMaQWCtPHwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnlq%3d%3d=hFfIUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFfIUdN3100%3d&uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJFf55vVA%3d&FgPIIEJYlotS%2bYGoBi5oIA%3d%3d=NHdURQburHA%3d&d9Qij0ag1Pd993isyOJgFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCPMRKZMwaG1PaO=ctNJFf55vVA%3d>

<http://south-derbys.cmis.uk.com/south-derbys/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=suvUQQ8r5SVpdeBW4w0efGOSccOOQgM7NAKF33WEA HkDVT26NHOOIA%3d%3d&rUzwRPf%2bZ3zd4E7lkn8LWw%3d%3d=pwRE6AGJFLDNih225F5QMaQWCtPHwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnlq%3d%3d=hFfIUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFfIUdN3100%3d&uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJFf55vVA%3d&FgPIIEJYlotS%2bYGoBi5oIA%3d%3d=NHdURQburHA%3d&d9Qij0ag1Pd993isyOJgFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCPMRKZMwaG1PaO=ctNJFf55vVA%3d>

- 6.2 The Prescribed Requirements (2013):

<http://www.legislation.gov.uk/ukxi/2013/3181/contents/made>