



CABINET

25 NOVEMBER 2019

COUNCIL TAX 2020/21
(TAX BASE, DISCOUNTS AND EXEMPTIONS AND
LOCAL COUNCIL TAX REDUCTION SCHEME)

Councillor Pat Hackett, Leader of the Council, said:

“It is vital we maximise council tax collection, so we can continue to fund the services which residents rely on every day, particularly in the face of such prolonged austerity policies from Central Government.

However, it is equally important we remember our commitment to social justice and protecting the most vulnerable. I am incredibly proud we have been able to exempt all care leavers from paying council tax until they reach the age of 25 and extend our Local Council Tax Reduction Scheme from next year - helping those who need it most in our community.

We are also able to continue give Wirral Women’s and Children’s Aid a 100% discount on their Council Tax, reflecting the fantastic work they do for our borough.”

REPORT SUMMARY

This report brings together related issues regarding the proposed Council Tax Base for 2020/21 upon which the annual billing and Council Tax levels will be set; the proposed Council Tax Discounts including Local Discounts, exemptions for 2020/21 and the Local Council Tax Reduction Scheme to be used during 2020/21. These need to be approved by Council by 31 January 2019.

The matter affects all Wards within the Borough.

RECOMMENDATIONS

That Cabinet recommend to Council:

- 1 The figure of 93,965.9 be approved as the Council Tax Base for 2020/21 subject to the items below being approved;
- 2 The level and award of each local discount for 2020/21 be:-

Wirral Women's & Children's Aid

To continue to award Wirral Women & Children's Aid 100% discount.

Care Leaver's Discount

To award Care Leavers the requisite discount to reduce their Council Tax liability to zero until they are 25, from the 1st April 2020. This remains unchanged from 2019/20.

Empty Property Discounts

Discount category D = 0% Full charge on properties undergoing renovations.

Discount category C = 0% Full charge on empty properties from date they become unoccupied.

Both remain unchanged.

Empty Property Premium = 100% (200% Council Tax) for unfurnished properties empty for more than two years. 200% (300% Council Tax) for unfurnished properties empty more than five years. This is allowed by the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018. This has previously been reported to Cabinet on the 4th November 2019.

Council Tax Discretionary Hardship Relief Scheme

The Council Tax Discretionary Hardship Relief Scheme, approved by Cabinet in October 2013, continues in its current format for 2020/2021. The Scheme offers help and assistance in exceptional cases of hardship.

3. Local Council Tax Reduction Scheme (LCTRS)

The Local Council Tax Reduction Scheme, previously reported to Cabinet on the 4th November 2019, be the approved Scheme for 2020/2021.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1. The Council has to agree the Council Tax Base for 2020/21 by 31 January 2020.
- 1.2. The Council has to decide on the level of Local Discounts and Exemptions by 31 January 2020.
- 1.3. The Council has to determine annually the Local Council Tax Reduction Scheme.

2.0 OTHER OPTIONS CONSIDERED

- 2.1. In respect of the Council Tax Base this has to be set by 31 January each year and there are no other options.
- 2.2. The Local Discounts, Exemptions and the Local Council Tax Reduction Scheme are reviewed annually and could be amended which will have a financial impact for the authority as set out in this report.

3.0 BACKGROUND INFORMATION

- 3.1. The Council has a statutory duty to take decisions each year regarding the administration of Council Tax which must be agreed by the Council by 31 January.

COUNCIL TAX BASE 2020/2021

- 3.2. The Authority is required to annually determine its Council Tax Base in order to determine the appropriate levels for Wirral, the Preceptor Authorities (Police & Crime Commissioner and Fire & Rescue Services) and the Environment Agency (Flood Defence). The Council Tax Base has a direct impact on the Council Tax that will be levied for Wirral for 2020/2021.
- 3.3. The Council Tax Base must be agreed by 31 January 2020 and will be used to calculate the Council Tax charges for 2020/2021.
- 3.4. The Tax Base calculation process is as follows;
 - Calculate the number of properties at September 2019 and adjust for changes due to demolitions and new builds up to 31 March 2021 which are then converted to a full year Band D equivalent. Adjust for discounts, exemptions and disabled relief and add in any changes expected over the year reflecting the Local Council Tax Reduction Scheme and changes to empty property discounts.

- Convert the number of “discounted” dwellings in each Council Tax Band to Band D equivalent;
- Adjust the total number of Band D equivalents by the estimated Council Tax collection rate for the year. The amended calculation is as below and will be utilised in calculating the Council Tax charge for 2020/21.

3.5 Forecast properties per Council Tax band within Wirral as at October 2019:-

Table 1: Wirral Council Tax Bandings Forecast

Band	Value (£)	Properties 2019	Change	Properties 2020	Band %	Ratio
A	<40,000	60,165	105	60,270	40.2	6/9
B	40,001-52,000	32,325	180	32,505	21.7	7/9
C	52,001-68,000	27,332	152	27,484	18.4	8/9
D	68,001-88,000	13,355	47	13,402	9.0	9/9
E	88,001-120,000	8,180	86	8,266	5.5	11/9
F	120,001-160,000	4,285	40	4,325	2.9	13/9
G	160,001-320,000	3,120	35	3,155	2.1	15/9
H	>320,000	264	9	273	0.2	18/9
Total		149,026	654	149,680	100.0	

3.6 The properties are converted to the Band D equivalent and adjusted for the Local Council Tax Reduction Scheme and other Council Tax Discount, Exemptions and Disabled Relief and adjusted by the Collection Rate to give the Council Tax Base.

Table 2: Wirral Council Tax Band D calculation 2020/21

Band	Properties 2020	Changes due to LCTRS discounts, exemptions	Revised property equivalent	Ratio to Band D	Net Band D equivalent
A	60,270	(24,545)	35,725	6/9	23,817
B	32,505	(7,245)	25,260	7/9	19,647
C	27,484	(4,057)	23,427	8/9	20,824
D	13,402	(1,500)	11,902	9/9	11,902
E	8,266	(738)	7,528	11/9	9,201
F	4,325	(303)	4,022	13/9	5,810
G	3,155	(209)	2,946	15/9	4,910
H	273	(36)	237	18/9	474
Band A Disabled		69	69	5/9	38
Total	149,680	(38,564)	111,116		96,623
Collection Rate					x 97.25%
Adjusted Council Tax Base					93,965.9

- 3.7 The Collection Rate takes into consideration previous experience and current collection rates. An exercise has taken place analysing previous year's collection rates and it would be prudent to apply a collection rate of 97.25%. This has been reflected in the setting of the Council Tax Base.
- 3.8 The Collection Rate is the rate that best reflects collection over more than just the current year and will therefore take longer than the financial year to achieve. All previous year collections have met or exceeded projections and this rate should be achieved for 2020/21.
- 3.9 The recommended figure for 2020/21 is 93,965.9. Compared to the 2019/20 figure of 93,497.8 this is an increase of 468.
- 3.10 The level of Council Tax is confirmed at Budget Council which for 2020/21 is scheduled for 2 March 2020.

COUNCIL TAX LOCAL DISCOUNTS & EXEMPTIONS 2019/20

- 3.11 Local Discounts and Exemptions are subject to an annual review and impact directly upon the Council Tax income being fully met by the Council. From 1 April 2013 the Council adopted 0% discount levels for empty properties and properties undergoing construction, where previously they had been exempt for 6 and 12 months respectively thus receiving a 100% discount. This report reviews these reduced discounts and increased charges and also the current levels of specific local discounts. Any amendment or granting of discount agreed as part of this report will come into force from 1 April 2020.
- 3.12. Local Discounts can be granted under Section 13a of the Local Government Act 1992. The Local Government Finance Act 2012 introduced changes in national Council Tax discounts and exemptions. These were considered and adopted for 2013/14 by Cabinet on 24 January 2013 and cover the level of discount awarded on empty properties and the premium charged on long term empties. Wirral chose to maximise the amount payable in each category and must review its charges each year.

A LOCAL DISCOUNTS - LOCAL GOVERNMENT ACT 1992

- 3.13 Local Discounts, as used by Wirral, are granted under Section 13a of the Local Government Act 1992 and reviewed annually. Amounts detailed below.

Table 3: Local Government Act 1992 Local Discounts in Wirral

	£
Wirral Women & Children's Aid	4,254
Council Tax Discretionary Relief (Hardship)	50,000
Care Leaver's Discount	120,000
Total	174,254

Wirral Women & Children's Aid

- 3.14 Cabinet on 22 July 2004 awarded a local discount to Wirral Women's and Children's Aid, the discount leaving no Council Tax to pay, on the basis of the valuable work undertaken at the premises. The circumstances have remained unaltered and the cost of the award is currently £4,254. A decision is required as to whether this discount continues for 2020/21.

Council Tax Discretionary Hardship Relief

- 3.15 Regulations allow that a discount can be granted to an individual in a case of extreme hardship, covered by the Council's Council Tax Discretionary Relief policy (minute 71, 10 October 2013) or alternatively a discount can be granted to all empty properties within a specific area, such as a clearance area. This can give more flexibility to the Council which has to fund any locally defined discounts. A decision is required as to whether Council Tax Discretionary Hardship Relief continues in its current format for 2020/21.

Care Leaver's Discount

- 3.16 A local discount will be awarded from 1st April 2020 removing the requirement to pay Council Tax from Care Leavers until they become 25. The discount is awarded after all other reliefs and discounts have been granted and recognises the financial burden that leaving care can cause. This remains unaltered from last year.

B DISCOUNTS & EXEMPTIONS - LOCAL GOVERNMENT ACT 2012

- 3.17 The Local Government Finance Act 2012 introduced changes in national Council Tax discounts and exemptions which gave Local Authorities local discretion on discount levels. These were considered and adopted by Cabinet on 24 January 2013 (minute 166) for the 2013/14 financial year and have continued in subsequent years. Wirral chose to maximise the charges it raises by minimising the discount awarded, i.e. 0%.

Table 4: Local Government Act 2012 Empty Property Discounts

Income from minimising discounts	£
Empty properties –unoccupied/renovation (Discount C+D) = 0%	2,500,000
Empty property – premium of 100% (Council Tax charge 200%)	880,000
Empty property – premium of 200% (Council Tax charge 300%)	336,000
Total	3,716,000

Empty Properties Discount

- 3.18 The changes allowed by the 2012 Act covered charges made against empty property and second homes. In broad terms this removed the exempt classifications A and C and allowed Councils to define their own level of discounts re-categorising them as discounts C and D. The Regulations also allowed Councils to apply a premium on properties that had been empty for more both than two years and from 2020 those empty for over 5 years.

- 3.19 The Council chose to award 0% discount (Discount D) – full charge - on properties undergoing renovations which were previously entitled to a 12 month exemption, or 100% discount.
- 3.20 The Council chose to similarly award a 0% discount (Discount C) – full charge - on empty properties that had previously been exempt for the first six months that they were empty, or 100% discount.
- 3.21 As previously reported to Cabinet on the 4th November 2019, it is recommend that the Council uses its powers to charge the maximum amount of Premium on properties that had been empty for more than two years which will be 100% (200% of the Council Tax payable) and for properties that have been empty for more than 5 years which will be 200% premium (300% of the Council Tax). The aim is to encourage prompt property re-occupation and discourage properties being held empty by speculators waiting for an increase in values. To remove the Premium would cost £1,216,000 in lost potential Council Tax income.

C LOCAL COUNCIL TAX REDUCTION SCHEME

- 3.22 Central Government abolished Council Tax Benefit (CTB) on 31 March 2013 and tasked each administering Council to formulate an individual Local Scheme to replace it. At the same time Central Government reduced the grant they awarded to Councils for CTB by 10%. The Government also stated that any Local Council Tax Reduction Scheme devised should leave pensioners no worse off than they were under the 2012/13 CTB scheme. The option was also given to define vulnerable groups and offer the groups the same level of protection as pensioners. Wirral designated persons classed as disabled or with disabled children as vulnerable in 2013/14. The Scheme must be approved by each year prior to the year it will be applied.
- 3.23 Having regard to the financial pressures the Council resolved, on 28 January 2013, that it could not find funding from its existing budgets to make up the shortfall caused by the governments changes and decided to pass on the reduction to Local Council Tax Reduction Scheme recipients that resulted in non-vulnerable working age claimants paying a minimum of **22%** of the Council Tax charge.
- 3.24 A report has been before Cabinet on the 4th November 2019 recommending that this minimum amount be reduced from 22% to 12%. This will help some of the poorest households in the borough.
- 3.25 Council Tax payment levels of Local Council Tax Reduction Scheme recipients were anticipated to be lower than the main level, projecting a 74% collection rate on these specific sums. Thus far actual is in line with projections.
- 3.26 The Scheme, its impacts and costs are continually monitored and need to be annually reviewed and approved prior to the year it will be applied.

4.0 FINANCIAL IMPLICATIONS

- 4.1. The Council Tax Base is used to calculate Council Tax levels for 2020/21. Failure to comply with timescales could delay Council Tax bills with the potential to affect collection and cash-flow. On the assumption that the levels of support under the Local Council Tax Reduction Scheme and the Discounts and Exemptions are adopted the increase in the Council Base from 2019/20 to 2020/21 will result in increased Council Tax Base of 468 Band D properties.
- 4.2. For Local Discounts variations to the discount levels will either generate additional or less income. The cost of local discounts are met in full by the Council and do not impact upon the Council Tax Base. Any saving to the Council will result in an increase in the amount payable by the charge payer.

Table 6: Local Government Act 1992 Local Discounts

	£
Wirral Women & Children's Aid	4,254
Council Tax Discretionary Relief (Hardship)	50,000
Care Leaver's Discount	120,000
Total	174,254

Table 7: Local Government Act 2012 Empty Property Discounts/ Charges

Income from minimising discounts	£
Empty properties –unoccupied/renovation (Discount C+D) = 0%	2,500,000
Empty property – premium of 100% (200% Council Tax)	880,000
Empty property -premium of 200% (300% Council Tax)	336,000
Total	3,716,000

- 4.3. For 2020/21 a revised Local Council Tax Reduction Scheme has been recommended. The additional support for low income families will be in the region of £800,000. In total the value of the support provided for all eligible claimants, including pensioners, will be in the region of £29 million.

5.0 LEGAL IMPLICATIONS

- 5.1. The legislation requiring this calculation is the Local Authorities (Calculation of Council Tax Base) Regulations 1992. This requires the Authority to declare, by means of Council resolution, the Tax Base it will use to calculate the tax level and this resolution must be no later than 31 January in the year preceding the tax.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1. There are no IT, asset or specific staffing implications arising directly from this report.

7.0 RELEVANT RISKS

- 7.1. If the Council Tax Base figure is not declared by 31 January 20120 the Council and Preceptor Authorities will be unable to make considered budgetary

decisions that could delay the Council Tax bills and income streams for 2020/21.

- 7.2. In respect of Local Discounts and Exemptions the changes made to domestic empty property charges are expected to generate over £3.7m million of additional Council Tax charges. Given the nature of the charges, the policy whilst raising additional revenue is likely to reduce the overall average collection rate. On a simple comparison of collection rates without the context, this would make Wirral look less effective at collection than those authorities offering more generous discounts and applying no empty property premiums. Any changes to the current level of discounts or reduction to the Empty Premium would see a reduction in Council Tax raised and the income lost would have to be replaced by an alternative income stream.
- 7.3. The revised Local Council Tax Reduction Scheme will give an increased level of support to people. For the Council, this Scheme is a growth item and will impact on its overall budgetary position.
- 7.4. The proposed new Local Council Tax Reduction Scheme has been to Cabinet on 4th November. If the scheme is not approved by Council then the Council Tax Base would need to be recalculated. The revised figure would be 94,392.8.

8.0 ENGAGEMENT/CONSULTATION

- 8.1. No consultation is required in the calculation of the Tax Base. The Discount and Exemptions are proposed to be maintained at the previous year's level and no direct consultation has been undertaken on discount levels. The level of changes for discounts and exemptions were consulted upon in 2012/13 and no specific consultation has been undertaken as they are not proposed to be changed. A consultation did take place on the changes to the Council Tax Reduction Scheme but the numbers who took part in the consultation were not sufficient for any meaningful data to be reported. However, there were no adverse comments. The Director of Finance and Investment has written to the Preceptors informing them of the proposed changes both to the Council Tax Reduction Scheme and the Empty Homes Premium. No feedback has been received.

9.0 EQUALITY IMPLICATIONS

- 9.1. The link to the Equality Impact Assessment for the Local Council Tax Reduction Scheme
<https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2017/delivery>

10.0 ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 10.2. There will be no measurable environmental impact.

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BACKGROUND PAPERS

Department for Communities and Local Government; - Council Tax (CTB1) form and accompanying documentation.

Local Government Finance Act 1992, 2003 and 2012.

Valuation Office Agency - Valuation List.

Welfare Reform Act 2012.

Council Tax Reduction Scheme (Default Scheme) (England) Regulations 2012.

Rating (Property in Common Occupation) & Council Tax (Empty Dwellings) Act 2018

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	8 December 2016
Cabinet	27 November 2017
Cabinet	26 November 2018