

WIRRAL COUNCIL

CABINET

10 DECEMBER 2013

SUBJECT	COUNCIL TAX 2014/15
WARD/S AFFECTED	ALL
REPORT OF	HEAD OF BUSINESS PROCESSES
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

1.1 This report brings together related issues regarding the proposed Council Tax Tax-Base for 2014/15 upon which the annual billing and Council Tax levels will be set; the proposed Council Tax Discounts and exemptions for 2014/15 and the Council Tax Support Scheme to be used during 2014/15. All, apart from the Pensioner Household Discount, need to be approved by Council by 31 January 2014.

2.0 BACKGROUND AND KEY ISSUES

2.1. The Authority has a number of statutory decisions that it must make each year with regard its administration of Council Tax. The three which are required to be agreed by Council by 31 January are set out in this report.

2.2 The Authority is required to annually determine its Council Tax Tax-Base. This is 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 Tax-Base has a direct impact on the Council Tax that will be levied for Wirral for 2014/15 and the level of Revenue Support Grant received from Central Government. This decision could be a delegated function but the matter is to be considered by Cabinet and Council for 2014/15. The calculation and factors taken into consideration are set out in Appendix 1.

2.3 Local Discounts can be granted under Section 13a of the Local Government Act 1992 and are used in Wirral to support Wirral Women's Aid Refuge and award Pensioner Discounts. These are reviewed annually. 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 for 2014/15. The calculation and factors taken into consideration are set out in Appendix 2. The Pensioner Discount in 2014/15 is the subject of public consultation the results of which are a separate report on this agenda.

- 2.4. In April 2013 the Government replaced the national Council Tax Benefits Scheme with a localised scheme of support which would be set and administered by each Council to support people on low income. Certain national parameters remain such as previous levels of support must continue for pensioners and vulnerable people. Wirral's Council Tax Support Scheme is largely based on the previous Council Tax Benefit Scheme. The Scheme must be approved by 31 January prior to the year it will be applied. The calculations, implications and factors taken into consideration are set out in Appendix 3

3.0 RELEVANT RISKS

- 3.1 If the Council Tax Tax-Base figure is not declared by 31 January 2014 the Council and Preceptor Authorities will be unable to make considered budgetary decisions that could delay the Council Tax bills and income streams for 2014/15.
- 3.2. In respect of Local Discounts and Exemptions the changes made last year to domestic empty property charges raised anticipated collection by £3 million. Collection is ongoing and a lower figure than the overall collection rate is being collected. Any changes to the current level of discounts or reduction to the empty premium would see a reduction in Council Tax raised by this means and the money lost would have to be replaced by another income stream.
- 3.3. That the Council Tax Support Scheme will give a different level of support to people which if allowed will increase their risk towards further financial hardship. For the Council this Scheme has the capacity to be a growth item and impact on its overall budgetary position because if the decision is taken to raise the amount of support given then the cost of the Scheme rises.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 The Local Discounts and Exemptions and the Council Tax Support Scheme could be amended from that proposed which will have financial impact for the authority as set out in each part of this report.

5.0 CONSULTATION

- 5.1 No consultation is required in the calculation of the Tax-Base. The Discount and Exemptions are maintained at the previous year's level and no direct consultation has been undertaken on making no change. The Council Tax Support Scheme similarly stays unaltered in its Scheme rules and as such this does not require formal consultation as was undertaken last year in its introduction.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 A number of charge payers will see their Council Tax charges increase and will then look to access these organisations for support and advice.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 7.1 The Council Tax-Base is used to calculate Council Tax levels for 2014/15. 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 Support Scheme and the Discounts and Exemptions remain unchanged from 2013/14 the increase in the Council Tax-Base from 2013/14 to 2014/15 will result in increased Council Tax income of around £0.9 million in 2014/15. Of this sum £0.4 million was assumed in the Budget Projections for 2014/15.
- 7.2 For Local Discounts variations to the discounts 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 1: Local Government Act 1992 Local Discounts

	£
Wirral Women & Children's Aid	3,502
Pensioner Discounts (at 31 October 2013)	1,348,000
Council Tax Discretionary Relief (Hardship)	50,000
Total	1,401,502

Table 2: Local Government Act 2012 Empty Property Discounts

Income from minimising discounts	£
Empty properties – renovation (Discount D) of 0%	143,700
Empty properties – unoccupied (Discount C) of 0%	2,203,200
Empty property – premium of 150%	566,700
Total	2,913,600

- 7.3 If the Pensioner Discount is retained at the current level, ie a 7.76% discount, there will be an increased budget requirement in 2014/15 of £26,000 to meet existing claimants if a 2% Council Tax rise is implemented.
- 7.4 For 2014/15 the Council Tax Support Scheme will be retained bar for the up-rating amendment and any increase in overall Council Tax. The likely cost of the Scheme will be £27.9 million based on the current charges.
- 7.5 It is estimated that an additional £265,000 will be required if it was agreed to fund the up-rating increase in Council Tax Support which is in line with similar up-rating increases in respect of Housing Benefit. If not agreed then the amount paid by charge payers would increase.

- 7.6 It is estimated that £530,000 will be required to fund a 2% Council Tax increase in 2014/15. This covers the increase for all recipients including pensioners and vulnerable categories (62% of our caseload, £330,000 of this sum) that have to be covered at the 100% maximum support under national legislation. If this is not agreed then the increase in Council Tax could fall to be fully met by working age charge payers in receipt of Council Tax Support seeing a disproportionate increase in their maximum payable from 22%.
- 7.7 There are no IT, asset or specific staffing implications arising directly from this report.

8.0 LEGAL IMPLICATIONS

- 8.1 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.
- 8.2 This decision, could be delegated under Section 84 of the Local Government Act 2003, amended Section 67 of the Local Government Finance Act 1992, such that a full Council meeting is no longer required to adopt the Council Tax Base. The Council could then delegate the Tax Base determination function in accordance with Section 101 of the Local Government Act 1972.
- 8.3 Publication of the Council Tax Discounts and Exemptions and the Council Tax Support Scheme for 2014/15 is required by 31 January 2014.

9.0 EQUALITIES IMPLICATIONS

- 9.1 The link to the Equality Impact Assessments for the Discount and Council Tax Support Scheme <http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/finance>

10.0 CARBON REDUCTION IMPLICATIONS

- 10.1 There are no implications arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 11.1 There are no implications arising directly from this report.

12.0 RECOMMENDATIONS

- 12.1 That the figure of 87,786.2 be approved by Cabinet and recommended to Council as the Council Tax-Base for 2014/15.

- 12.2 That the level and award of each local discount for 2014/15 be made as follows:-

Wirral Women's & Children's Aid

To award the Refuge discount of 50% and the Flat's Discount of 75%.

Pensioner Household discount

Cabinet is asked to consider whether it wishes to vary the current Pensioner Household discount.

Empty Property Discounts

The discount and premium rate remain unchanged for 2014/15 as follows:
Discount category D 0% - Full charge on properties undergoing renovations.
Discount category C 0% - Full charge on empty properties from date they become unoccupied.
Empty Premium 150% - Properties empty for more than two years

- 12.3 That the Council Tax Support Scheme approved for use in 2013/14 be also approved as the Scheme for 2014/15 subject to:-

The annual up-rating of figures be in line with that used for the Housing Benefits Scheme.

The views of Cabinet are sought as to whether the funding of the up-rating (£265,000) and the impact of a potential Council Tax rise should be met by the Council or the charge payers.

The views of Cabinet are sought as to whether the funding of any Council Tax increase should be fully met by the Council or the charge payers. For example a 2% Council Tax rise would require funding of £530,000 to be identified.

13.0 REASONS FOR RECOMMENDATIONS

- 13.1 To allow Members to be aware of the Council Tax base for 2014/15 and the factors taken account in its calculation.
- 13.2 To allow Members to decide on the level of Local Discounts and the content of the Council Tax Support Scheme for 2014/15 taking account of the financial issues impacting on the authority as well as charge payers.

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APPENDICES

- Appendix 1 COUNCIL TAX TAX-BASE 2014/15
- Appendix 2 COUNCIL TAX LOCAL DISCOUNTS 2014/15
- Appendix 3 COUNCIL TAX SUPPORT SCHEME 2014/15

REFERENCE MATERIAL

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.

SUBJECT HISTORY

Council Meeting	Date
Cabinet	11 December 2011
Cabinet	24 January 2013
Council	28 January 2013

COUNCIL TAX TAXBASE 2014/15**1. EXECUTIVE SUMMARY**

- 1.1. The Authority is required to annually determine its Council Tax-Base. This is 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 2014/15 and the level of Revenue Support Grant received from Central Government.
- 1.2. This Council Tax-Base can be a delegated function. However it is considered that the matter is considered by Cabinet and Council for 2014/15. The Council Tax-Base must be agreed by 31 January 2014 and will be used to calculate the Council Tax charges for 2014/15.

2. BACKGROUND AND KEY ISSUES

- 2.1. The Tax-Base calculation process is as follows;
- Calculate the number of properties at 11 November 2013 adjusting for changes due to demolitions and new builds which are then converted to the Band D equivalent.
 - Adjust for discounts, exemptions and disabled relief and add in any changes expected over the year reflecting the Local Council Tax Support Scheme and changes to empty 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 2014/15.
- 2.2 The properties per Council Tax band within Wirral as at 11 November 2013:-

Table 3: Wirral Council Tax bandings November 2013

Band	Value (£)	Properties 2012	Change	Properties 2013	Band %	Ratio
A	<40,000	58,950	-253	58,697	40.1	6/9
B	40,001-52,000	31,354	+275	31,629	21.6	7/9
C	52,001-68,000	27,182	-48	27,134	18.6	8/9
D	68,001-88,000	13,070	+65	13,135	9.0	9/9
E	88,001-120,000	8,086	-33	8,053	5.5	11/9
F	120,001-160,000	4,230	+3	4,233	2.9	13/9
G	160,001-320,000	3,093	-6	3,087	2.1	15/9
H	>320,000	270	-2	268	0.2	18/9
Total		146,235	+1	146,236	100.0	

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

Table 4: Wirral Council Tax Band D calculation 2014/15

Band	Band D equivalent at 11 November	Changes due to Council Tax Support Scheme, Discounts, Exemptions and Disabled Relief	Net Band D equivalent
A	33,345.0	12,128.1	21,216.9
B	21,982.5	3,649.6	18,332.9
C	21,884.7	1,911.6	19,973.1
D	12,036.8	602.3	11,434.5
E	9,142.2	246.8	8,895.4
F	5,720.4	118.6	5,601.8
G	4,827.9	39.0	4,788.9
H	465.0	0.3	464.7
Band A Disabled (1/9 th of Band A)	55.7	28.8	26.9
Total	109,460.2	18,725.1	90,735.1
Collection Rate			x 96.75%
Adjusted Council Tax-Base			87,786.2

- 2.4 The Collection Rate takes into consideration previous experience and current collection rates. Last year's projections are so far proving accurate and it is recommended to continue with the Collection Rate of 96.75%.
- 2.5 The reduction from 2011/12 levels of 98.5% to 96.75% reflected:-
- the substantial impact caused by non-payment due to the introduction of the Local Council Tax Support Scheme in 2013/14, affecting over 15,000 Working Age cases replacing the previously fully funded Council Tax Benefit. It is expected, and so far confirmed by the first months of collection, that £1 million of the £3million billed, the equivalent to 1% will not be paid.
 - the changes to Council Tax Exemptions and Discounts, affecting over 13,000 properties in year, from 1 April 2013. Although raising substantial Council Tax, £3 million, collection rates confirm that £750,000, equivalent to 0.75% are unlikely to be paid.
- 2.6 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 ultimately met or exceeded projections and this rate should be achieved for 2014/15 despite the significant changes from 2013/14.

2.7 The recommended figure for 2014/15 is 87,786.2. Compared to the 2013/14 figure of 87,116.4 this is an increase of 669.8 reflecting the actual Local Council Tax Support figures and the changes to Empty Property exemptions to 0% discount and full charge from 1 April 2013.

2.8 The level of Council Tax is confirmed at Budget Council which for 2014/15 is scheduled for 25 February 2014.

3.0 RELEVANT RISKS

3.1 If the Council Tax-Base figure is not declared by 31 January 2014 the Council and Preceptor Authorities will be unable to make considered budgetary decisions that could delay the Council Tax bills for 2014/15.

4.0 OTHER OPTIONS CONSIDERED

4.1 None. The Council has to set the Council Tax-Base by 31 January each year.

5.0 CONSULTATION

5.1 None required in calculating the Council Tax-Base figure.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are no implications arising directly from this report.

7.0 RESOURCE IMPLICATIONS, FINANCIAL; IT; STAFFING AND ASSETS

7.1 The Council Tax-Base is used to calculate Council Tax levels for 2014/15. Failure to comply with timescales could delay Council Tax bills with the potential to affect collection and cash-flow.

7.2 On the assumption that the levels of support under the Local Council Tax Support Scheme and the Discounts and Exemptions remain unchanged from 2013/14 the increase in the Council Tax-Base from 2013/14 to 2014/15 will result in increased Council Tax income of around £0.9 million in 2014/15. Of this sum £0.4 million was assumed in the Budget Projections for 2014/15.

7.3 There are no IT, asset or staffing implications arising directly from this report.

8.0 LEGAL IMPLICATIONS

8.1 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.

8.2 This decision, could be delegated under Section 84 of the Local Government Act 2003, amended Section 67 of the Local Government Finance Act 1992, such that a full Council meeting is no longer required to adopt the Council Tax Base. The Council could then delegate the Tax Base determination function in accordance with Section 101 of the Local Government Act 1972.

9.0 EQUALITIES IMPLICATIONS

9.1 There are no implications arising from this report and an Equality Impact Assessment is not required.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no implications arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no implications arising directly from this report.

12.0 RECOMMENDATION

12.1 That the figure of 87,786.2 be approved by Cabinet and recommended to Council as the Council Tax-Base for 2014/15.

13.0 REASON FOR RECOMMENDATION

13.1. To allow Members to agree and be aware of the Council Tax-Base for 2014/15 and the factors included in its calculation.

COUNCIL TAX LOCAL DISCOUNTS & EXEMPTIONS

1. EXECUTIVE SUMMARY

1.1 Local Discounts and Exemptions are subject to an annual review and impact directly upon the Council Tax income to 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 the initial year's experience of 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 2014.

2.0 BACKGROUND AND KEY ISSUES

2.1 Councils can reduce the Council Tax paid by using locally defined discounts. The discount granted can be anything up to 100% and is met fully from Council resources. The original driving force behind the introduction of these discounts was to allow Councils to react to local circumstances such as flooding or other natural disasters. These discounts do not affect the Tax-Base calculation and are not required to be published in advance.

2.2 Any amendment or granting of discount agreed as part of this report will come into force from 1 April 2014.

LOCAL GOVERNMENT ACT 1992 – LOCAL DISCOUNTS

2.3 Local Discounts, as used by Wirral, are granted under Section 13a of the Local Government Act 1992 and reviewed annually.

Table 5: Local Government Act 1992 Local Discounts in Wirral 2013/14

	£
Wirral Women & Children's Aid	3,502
Pensioner Discounts (at 31 October 2013)	1,348,000
Council Tax Discretionary Relief (Hardship)	50,000
Total	1,401,502

Wirral Women & Children's Aid

2.4 Cabinet on 22 July 2004 awarded a local discount to Wirral Women's and Children's Aid. The discount has been confirmed annually to date at 50% for the refuge and 75% for both flats, 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 £3,433.

2.5 A decision is required as to whether this discount continues for 2014/15.

Pensioner Households

- 2.6 Wirral has operated a non-means tested local discount for pensioner households since 2007/08. The qualifying age for households was reduced to 70 two years ago. The discount includes any preceptor authority increase and is currently worth 7.76% of the Council Tax payable.

Table 6: Pensioner Households Discount 2013/14 at October 2013

Council Tax Band	Recipients Oct 2013	Pensioner Reduction in payment per band	Full award per household
		£	£
A	2,765	169,916	76.11
B	3,084	227,670	88.79
C	3,887	334,642	101.48
D	2,041	200,179	114.16
E	1,424	174,957	139.53
F	787	113,255	164.90
G	469	79,236	190.27
H	24	5,041	228.33
Totals	14,481	1,304,887	

- 2.7. Cabinet will be aware the continuation of this discretionary discount scheme is the subject of public consultation through our “What Really Matters” consultation on the Budget proposals, the results of which are subject to a separate report on this agenda.
- 2.8. The What Really Matters consultation included the following option:-

Table 7: Pensioner Households Discount restriction at November 2013

Band	Total Granted	Budget Saving
	£	£
No Awards given – scheme ended	0	1,348,000
Award only to Bands A, B, C	732,000	616,000

- 2.9 A decision is required as to whether this Pensioner Discount continues and then specifying the qualification criteria and recipient amounts for 2014/15.

Council Tax Discretionary Relief

- 2.10 Regulations allow that a discount can be granted to an individual in case of extreme hardship and that is covered by the Council’s Council Tax Discretionary Relief policy (minute 71, 10 October 2013) or 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.

LOCAL GOVERNMENT ACT 2012 – DISCOUNTS AND EXEMPTIONS

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

Table 8: Local Government Act 2012 Empty Property Discounts 2013/14

Income from minimising discounts	£
Empty properties – renovation (Discount D) of 0%	143,700
Empty properties – unoccupied (Discount C) of 0%	2,203,200
Empty property – premium of 150%	566,700
Total	2,913,600

Empty Properties Discount

- 2.12 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 than two years with the maximum premium being 50% on top of the 100% Council Tax already levied.
- 2.13 Council chose to award 0% discount (Discount D) – full charge - on properties undergoing renovations (Exemption A) which were previously entitled to a 12 month exemption, or 100% discount. The major impact other than increased charges, based upon this change is that as there is no incentive to inform the Council that a property is undergoing major repairs. The reported number of cases dropped from 132 last year to 92 for the same period in 2013/14. This maximisation of charge has raised an additional £143,723 in Council Tax during 2013/14.
- 2.14 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. This has received the most negative comments in our contacts. Disputes have increased between tenants and landlords as to the date a tenant left the property. Previously as there was a six month exemption neither party was immediately liable as Council Tax was not payable and so nearly all were able to be adequately resolved. The charge is levied now from day one and disputes often occur which have to be resolved by Council Tax staff. This maximisation of charge has raised an additional £2,203,194 in Council Tax during 2013/14.

- 2.15 A further issue for landlords is that this immediate charge does not give any opportunity to “turn a property around” for a new tenant to take over without incurring a Council Tax liability. Landlord representative’s state they are denied rental income whilst readying a property for a new tenant but are charged full Council Tax in that time. If the Council were to grant a 100% discount for the first month that a property became empty this would clearly alleviate some of the problems mentioned. However if this proposal from landlords was implemented then this would cost £400,000 in lost Council Tax income.
- 2.16 The Council similarly resolved to charge the maximum amount of Premium on properties that had been empty for more than two years which is 150%. The aim of this was to encourage prompt property re-occupation and discourage properties being held empty by speculators waiting for an increase in values. Our records indicate that this has not had the effect hoped for as yet. The number of long term empty properties in Wirral increased from 700 to 772 over the last 12 months. However to remove the Premium would cost £566,717 in lost Council Tax income if property eligibility levels in 2014/15 are the same as in the previous year.

3.0 RELEVANT RISKS

- 1.1 The changes made last year to empty properties raised anticipated additional Council Tax charges in the region of £2.9 million net. Collection is ongoing and a lower figure than the overall charged sums is being collected.
- 1.2 Any increase to the current level of discounts, or reduction to the empty premium, would see a reduction in Council Tax raised and collected. The income foregone would have to be replaced by another income or budget stream or would be a cut in total Council budgets.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 The options available are detailed in Section 2.

5.0 CONSULTATION

- 5.1 The continuation of the local discount scheme for Pensioner Household Discount is a Budget Option within the ‘What Really Matters’ consultation.
- 5.2. The level of charges for discounts and exemptions were consulted on in 2012/13 and no specific consultation has been undertaken on their levels for 2013/14 as they are not proposed to be changed. The highlighted issues that landlords have made the service aware of are set out in this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 A number of charge payers who see their Council Tax charges increase will look to access these organisations for support and advice.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 7.1 The financial impact is dependent on the level of Local Discounts that Cabinet / Council resolves to take forward and variations to the discounts will either generate additional or less income.

Table 9: Local Government Act 1992 Local Discounts

	£
Wirral Women & Children's Aid	3,502
Pensioner Discounts (at 31 October 2013)	1,348,000
Council Tax Discretionary Relief (Hardship)	50,000
Total	1,401,502

Table 10: Local Government Act 2012 Empty Property Discounts

Income from minimising discounts	£
Empty properties – renovation (Discount D) of 0%	143,700
Empty properties – unoccupied (Discount C) of 0%	2,203,200
Empty property – premium of 150%	566,700
Total	2,913,600

- 7.2 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.
- 7.3 If the Pensioner Discount is retained at the current level of 7.76% there will be an increased budget requirement in 2014/15 of £26,000 to meet existing claimants if a 2% Council Tax rise was implemented.
- 7.4. There are no IT, asset or staffing implications arising directly from this report.

8.0 LEGAL IMPLICATIONS

- 8.1 Legal publication of the decisions made will be required.

9.0 EQUALITIES IMPLICATIONS

- 9.1 The Equality Impact Assessment link is shown; <http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/finance>

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising directly from this report.

12.0 RECOMMENDATIONS

12.1 That the level and award of each local discount for 2014/15 be made as follows:-

Wirral Women's & Children's Aid

To award the Refuge discount of 50% and the Flat's Discount of 75%.

Pensioner Household discount.

Cabinet is asked to consider whether it wishes to vary the current Pensioner Household discount.

Empty Property Discounts

The discount and premium rate remain unchanged for 2014/15 as follows;
Discount category D 0% - Full charge on properties undergoing renovations.
Discount category C 0% - Full charge on empty properties from date they become unoccupied.
Empty Premium 150% - Properties empty for more than two years

13.0 REASON FOR RECOMMENDATIONS

13.1 To allow Cabinet to decide on the level of local discounts to be awarded for 2014/15 being able to take account of the financial issues impacting on the Authority as well as charge payers.

COUNCIL TAX SUPPORT SCHEME 2014/15

1.0 EXECUTIVE SUMMARY

- 1.1 This report details the current status of recipients of Wirral's Council Tax Support Scheme and details options available for consideration for 2014/15 and proposes the scheme to be adopted be largely unaltered from that used in 2013/14. The 2014/15 scheme must be adopted by Council no later than 31 January 2014.

2.0 BACKGROUND AND KEY ISSUES - COUNCIL TAX SUPPORT

- 2.1 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 Support Scheme (CTS) 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.
- 2.2 At 1 December 2013 there were 38,089 Council Tax Support claimants in receipt of Council Tax Support totalling £27.9 million. The caseload of 38,089, declining from 39,667 at the end of CTB, is split into three categories:

Table 11 : Council Tax Support Scheme claimants at 1 December 2013

By category	Numbers	% of total
Pensioners	16,274	43%
Vulnerable Groups	7,213	19%
Working Age	14,602	38%
Totals	38,089	100%

- 2.3 Having regard to the financial pressures Council resolved, on 28 January 2013, that it could not find funding from its existing budgets to make up the shortfall between 2012/13 and 2013/14 and decided to pass on the reduction to Council Tax Support recipients that resulted in working age claimants paying a minimum of 22% of the Council Tax charge. This decision was supported by both the Council's "What Really Matters" consultation scheme and the separate consultation scheme on the Council Tax Support Scheme.
- 2.4 The Government did offer additional financial support, late on in the 2013/14 process that if the amount to pay for working age was limited to 8.5% a one year grant of £748,000 was offered. However, for Wirral this left a shortfall of £1.26 million and was rejected.

- 2.5 The response to the new Council Tax Support (CTS) Scheme has seen a lower than expected number of appeals against the decisions that Council officers have had to make. CTS was one of a number of changes taking place in the Welfare arena and the main focus of attention has been on the Under Occupancy Regulations (what has become known as the “Bedroom Tax”) which has seen benefits reduced for rent support by 14-25% in some cases.
- 2.6 Payment levels were anticipated to be low, projecting 66% collection rate on these specific sums and thus far are inline with projections and are reported to Cabinet as part of the monthly Revenue Monitoring report. There was a degree of protest at the initial court hearing for non collection which passed peacefully, without incident and the Council obtained the necessary Liability Orders.
- 2.7 The current scheme has been reviewed by officers and consideration has been given to include or exclude different income types on a full or partial basis, cap the level of Council Tax Support Scheme to a particular Band, residency timescales, deduction levels for additional occupiers, capital limits, taper levels and changes to vulnerable groups. This list is not exhaustive but indicative of the areas reviewed. As there has only been an initial year it is felt that no substantive eligibility criteria should be altered and these should be retained for year two.
- 2.8 It is felt that while the impact on individuals has been considerable the local elements within the scheme were not disproportionate in their effect and that the retention of the vulnerable group and qualifying criteria are as fair and equitable as could be put forward balancing this against the financial impacts that face the authority.
- 2.9 Wirral’s Council Tax Support Scheme is largely based on the previous national Council Tax Benefit scheme and its calculations mirror Housing Benefits to build up an entitlement for support. These include applicable amounts, premiums, disregards and non dependant deductions. Each year these are up-rated, for example in line with inflation, or as in this year by a previously set 1%. This up-rating is to be done for Housing Benefits and the Council must approve if it will apply a similar up-rating to Council Tax Support calculations.
- 2.10. The Scheme will be continually monitored and annually reviewed and approved by 31 January prior to the year it will be applied.

3.0 RELEVANT RISKS

- 3.1 That the opportunity to amend the local Scheme is not utilised.

4.0 OTHER OPTIONS CONSIDERED

4.1 The local Scheme was reviewed and various options to that Scheme have been considered.

5.0 CONSULTATION

5.1 No specific consultation has been undertaken on the levels for 2014/15 as the main Scheme is retained.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 Charge payers who see their Council Tax charges increase will look to access these organisations for support and advice.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 For 2014/15 the Council Tax Support Scheme will be retained bar for the up-rating amendment and any increase in overall Council Tax. The likely cost of the Scheme will be £27.9 million based on the current charges.

7.2 It is estimated that an additional £265,000 will be required if it was agreed to fund the up-rating increase which is in line with similar increases in respect of Housing Benefit. If not agreed then the amount paid by charge payers would increase.

7.3 It is estimated that £530,000 will be required to fund a 2% Council Tax increase in 2014/15. This covers the increase for all recipients including pensioners and vulnerable categories (62% of our caseload, £330,000 of this sum) that have to be covered at the 100% maximum support under national legislation. If this is not agreed then the increase in Council Tax could fall to be fully met by working age charge payers in receipt of Council Tax Support seeing a disproportionate increase in their maximum payable from 22%.

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

8.0 LEGAL IMPLICATIONS

8.1 Publication of the Council Tax Support Scheme for 2014/15 is required by 31 January 2014.

9.0 EQUALITIES IMPLICATIONS

9.1 The Equality Impact Assessment link is shown.
<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/finance>

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising directly from this report.

12.0 RECOMMENDATIONS

12.1 That the Council Tax Support Scheme approved for use in 2013/14 be also approved as the Scheme for 2014/15 subject to:-

The annual up-rating of figures be in line with that used for the Housing Benefits Scheme.

The views of Cabinet are sought as to whether the funding of the up-rating (£265,000) and the impact of a potential Council Tax rise should be met by the Council or the charge payers.

The views of Cabinet are sought as to whether the funding of any Council Tax increase should be fully met by the Council or the charge payers. For example a 2% Council Tax rise would require funding of £530,000 to be identified.

13.0 REASON FOR RECOMMENDATIONS

13.1 An annual decision has to be taken on the Local Council Tax Scheme which includes decisions as to the funding of the impacts of up rating calculations in line with Housing Benefits and of increases in Council Tax levels.