

POLICY AND RESOURCES COMMITTEE**Monday 17 January 2022**

REPORT TITLE:	COUNCIL TAX 2022/23 TAX BASE, DISCOUNTS AND EXEMPTIONS AND LOCAL COUNCIL TAX REDUCTION SCHEME
REPORT OF:	DIRECTOR OF RESOURCES

REPORT SUMMARY

This report brings together related issues regarding the proposed Council Tax Base for 2022/23 upon which the annual Council Tax levels will be set. This needs to be approved by 31 January 2022.

The proposed Council Tax Discounts including Local Discounts, Exemptions, and the Local Council Tax Reduction Scheme to be used during 2022/23. These need to be approved by Council by 11 March 2022.

The Wirral Plan 2021 - 2026 sets out the Council's vision to secure the best possible future for the Council's residents and covers the following five themes:

- A thriving and inclusive economy, creating jobs and opportunities for all;
- A clean-energy, sustainable borough, leading the way in tackling the environment crisis;
- Brighter futures for all regardless of their background;
- Safe and pleasant communities that our residents are proud of; and
- Healthy and active lives for all, with the right care, at the right time.

The proposals within this report align with the above themes by supporting some of the most vulnerable members of the community and providing a financial framework to assist with funding the Council's services.

The matter affects all Wards within the Borough.

This is a key decision.

RECOMMENDATION

Policy and Resources Committee is recommended to:

- 1. approve the figure of 95,172.39 as the Council Tax Base for 2022/23. This is an increase of 973.79 (1.0%) on last year's Council Tax Base.**

2. recommend to Council that:

a. The level and award of each local discount for 2022/23 be as follows:

Wirral Women's & Children's Aid

To continue to award Wirral Women & Children's Aid 100% discount. This remains unchanged from 2021/22.

Care Leaver's Discount

To award Care Leavers the requisite discount to reduce their Council Tax liability to zero until they are 25. This remains unchanged from 2021/22.

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 from 2021/22, Except for properties requiring adaptations to meet the need of a disabled person as described in Section 3.23

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.
300% (400% Council Tax) for unfurnished properties empty more than ten years.

All remain unchanged from 2021/22, Except for properties requiring adaptations to meet the need of a disabled person as described in Section 3.23

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 2022/23. The Scheme offers help and assistance in exceptional cases of hardship.

Local Council Tax Reduction Scheme (LCTRS)

The current Local Council Tax Reduction Scheme remains to be the most appropriate scheme for Wirral Council and therefore will remain unchanged from 2021/22 apart from the following

- :
- a. The scheme will be aligned to all the DWP's upratings and changes for Housing Benefit and Universal Credit

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The Council must agree its Council Tax Base for 2022/23 between the 1 December 2021 and 31 January 2022.
- 1.2. The Council must decide on the level of Local Discounts and Exemptions by 11 March 2022.
- 1.3 The Council must determine annually it's Local Council Tax Reduction Scheme by the 11 March 2022.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 In respect of the Council Tax Base there is a legal requirement that this must be set by 31 January each year, therefore no other option has been considered.
- 2.2. The Local Discounts, Exemptions and the Local Council Tax Reduction Scheme are reviewed annually and could be amended which would 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 set by the 11 March each year.
- 3.2 In Accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 SI 2914. The Authority is required to set its Council Tax Base annually in order to determine the appropriate number of properties to be considered 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 2022/23.
- 3.3 The Council Tax Base must be determined between the 1 December 2021 & 31 January 2022 and will be used to calculate the Council Tax charges for 2022/23.
- 3.4 The Tax Base calculation process is as follows; -
 - Calculate the number of properties on 30 November 2021 and adjust for changes due to demolitions and new builds up to 31 March 2023 which are then converted to a full year Band D equivalent. We also adjust for discounts, exemptions and disabled relief and add any changes expected over the year reflecting the Local Council Tax Reduction Scheme and changes to empty property discounts and premiums.

- 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 2022/23.

3.5 Forecast properties per Council Tax band within Wirral as at 30 November 2021: -

Table 1: Wirral Council Tax Bandings Forecast

Band	Value (£)	Properties 2021	Change	Properties 2022	Band %	Ratio
A	<40,000	60,509	358	60,867	40.25	6/9
B	40,001-52,000	32,717	163	32,880	21.74	7/9
C	52,001-68,000	27,569	191	27,760	18.35	8/9
D	68,001-88,000	13,450	78	13,528	8.94	9/9
E	88,001-120,000	8,351	48	8,399	5.55	11/9
F	120,001-160,000	4,349	13	4,362	2.88	13/9
G	160,001-320,000	3,172	2	3,174	2.11	15/9
H	>320,000	278	0	278	0.18	18/9
Total		150,395	853	151,248	100.00	

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

Table 2: Wirral Council Tax Band D calculation 2022/23

Band	Properties 2022	Changes due to LCTRS discounts, exemptions	Revised property equivalent	Ratio to Band D	Net Band D equivalent
A	60,867	(24,803.30)	36,063.70	6/9	24,042.47
B	32,880	(7,348.68)	25,531.32	7/9	19,857.69
C	27,760	(3,944.70)	23,815.30	8/9	21,169.16
D	13,528	(1455.61)	12,072.39	9/9	12,072.39
E	8,399	(755.07)	7,643.93	11/9	9,342.58
F	4,362	(288.33)	4073.67	13/9	5,884.19
G	3,174	(220.91)	2,953.09	15/9	4,921.82
H	278	(34.39)	243.61	18/9	487.22
Band A Disabled		(4.3)	64.5	5/9	35.83
Total	151,248	(38,855.29)	112,461.51		97,813.35
Assumed Collection Rate					x 97.30%
Adjusted Council Tax Base					95,172.39

3.7 The Collection Rate is calculated by adding the current expected in-year collection together with the amounts of arrears collected expressed as a percentage of the current net collectable debit.

- 3.8 Based on previous years' experience it is prudent to apply a collection rate of 97.3% for the forthcoming financial year. Hopefully this will assure that any collection fund surplus/deficit is minimised. This has been reflected in the setting of the Council Tax Base.
- 3.9 The recommended figure for 2022/23 is 95,172.39. Compared to the 2021/22 figure of 94,198.60. This is an increase of 973.79. The Council Tax Base has increased due to an increase in the number of properties, projected number of new builds and a reduction in the number of residents claiming a Council Tax Reduction. The numbers claiming support have reduced since the worst of the economic impacts of the pandemic.
- 3.10 The level of Council Tax is confirmed at Budget Council which for 2022/23 is scheduled for 28 February 2022.

COUNCIL TAX LOCAL DISCOUNTS & EXEMPTIONS 2022/23

- 3.11 Local Discounts and Exemptions are subject to an annual review and impact directly upon the Council Tax income as the cost is 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 the levels of specific local discounts. Any amendment or granting of discount agreed as part of this report will come into force from 1 April 2022.
- 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	4,500
Council Tax Discretionary Relief (Hardship)	50,000
Care Leaver's Discount	126,000
Total	180,500

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, based on the valuable work

undertaken at the premises. The circumstances have remained unaltered, and the cost of the award is currently £4,500. A decision is required as to whether this discount continues for 2022/23

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 2022/23.

Care Leaver's Discount

- 3.16 A local discount is currently awarded to Care Leavers 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 and the cost of the award is currently £126,000 A decision is required as to whether this discount continues for 2022/23.

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 the option to Local Authorities to exercise discretion in setting the level of discount on certain types of property. 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%	2,725,000
Empty property – premium of 100% (Council Tax charge 200%)	204,000
Empty property – premium of 200% (Council Tax charge 300%)	622,000
Empty property – premium of 300% (Council Tax charge 400%)	443,000
Total	3,994,000

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 than two years and from 2020 those empty for over 5 years and from 2021 those empty over 10 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 The Council has previously chosen to use its powers to date to charge the maximum amount of Premium on properties that have been -
- empty for more than two years which is 100% (200% of the Council Tax payable)
 - empty for more than 5 years a 200% premium (300% of the Council Tax).
 - empty for over 10 years 300% (400% 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 Premiums would cost £1.269M in lost potential Council Tax income.

- 3.22 An exception to the premium is allowed in circumstances prescribed within the regulations. Wirral also has the power to establish locally determined exceptions to the premium, to date none have been created.
- 3.23 It is proposed to implement such a discretionary exception under Section 11A Local Government Finance Act 1992 in specific circumstances. This proposal arises from an unforeseen consequence of the council's policy of the implementation of Council Tax Empty property charges under this Section.

The circumstance is where a property is empty only because the property requires adaptations to meet the needs of a disabled person who will be occupying the property as soon as the adaptations are completed. The person must have liability for an existing dwelling and therefore this measure will alleviate the need for a chargepayer to pay council tax on two properties whilst awaiting adaptations to be made to a dwelling to meet their specific needs.

In this strictly defined circumstance, no charge will be made. The adapted property must be eligible for a Band Reduction due to the Disabled adaptations once the property is occupied.

The cost of this measure will be monitored and reported annually as part of the Tax Base Setting process

C LOCAL COUNCIL TAX REDUCTION SCHEME

- 3.24 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 each year prior to the year it will be applied.

- 3.25 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 Government's changes and decided to pass on the reduction to Local Council Tax Reduction Scheme recipients. This resulted in non-vulnerable working age claimants paying a minimum of 22% of the Council Tax charge.
- 3.26 Cabinet agreed on the 4 November 2019 that this minimum amount be reduced from 22% to 12%. This has helped some of the poorest households in the borough.
- 3.27 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 2022/23. 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 Council Tax Base will be increased by 1% from 2021/22.
- 4.2. For Local Discounts variations to the discount levels will either generate additional or less income. The cost of local discounts is 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 5: Local Government Act 1992 Local Discounts

	£
Wirral Women & Children's Aid	4,500
Council Tax Discretionary Relief (Hardship)	50,000
Care Leaver's Discount	126,000
Total	180,500

Table 6: Local Government Act 2012 Empty Property Discounts/ Charges

Income from minimising discounts	£
Empty properties –unoccupied/renovation (Discount C+D) = 0%	2,725,000
Empty property – premium of 100% (200% Council Tax)	204,000
Empty property -premium of 200% (300% Council Tax)	622,000
Empty property -premium of 300% (400% Council Tax)	443,000
Total	3,994,000

- 4.3 The proposed changes to how Empty Properties are charged whilst awaiting Disabled adaptations will have a minimal impact as only one case has been identified to date, the cost of the additional relief will be monitored and reported annually.

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 set and declare the Tax Base it will use to calculate the Council Tax level between the 1 December and 31 January in the financial year preceding the tax.
- 5.2 The Local Government Finance Act 1992 as amended makes provision for the determination by Council of Local Discounts and the Local Council Tax Reduction Scheme in respect of Council Tax by 11 March

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT 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 2022 the Council and Preceptor Authorities will be unable to make considered budgetary decisions that could delay the Council Tax bills and income streams for 2022/23.
- 7.2. In respect of Local Discounts and Exemptions the changes made to domestic empty property charges are expected to generate over £3.994M of additional Council Tax charges. 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 or a reduction in spending.
- 7.3 The Local Council Tax Reduction Scheme provides vital support to low-income families across the Borough. A scheme needs to be approved annually as part of the budget setting process.
- 7.4 The ongoing effect of the Covid 19 crisis is still uncertain in terms of the number of people who will continue to be eligible for Council Tax Support in both the current and the future financial year, however it is not expected to have a detrimental impact on the Council Tax Base going forward.

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 in 2019/20 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.

9.0 EQUALITY IMPLICATIONS

- 9.1 There is no requirement for an Equality Impact Assessment. The Equality Impact Assessment has been reviewed for the Local Council Tax Reduction Scheme from 2019 when it was last changed is below.

<https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2017/delivery>

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 There will be no measurable environmental impact.

11 COMMUNITY WEALTH IMPLICATIONS

- 11.1 The content and recommendations contained within this report are expected to have no adverse impact on community wealth. Maintaining existing levels of support for our schemes means some of our most vulnerable residents continue to receive financial protection.

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APPENDICES

None

BACKGROUND PAPERS

Local Government Finance Act 1992, 2003 and 2012.

Local Authorities (Calculation of Council Tax Base) Regulations 1992

Valuation Office Agency - Valuation List.

Welfare Reform Act 2012.

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

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

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	26 November 2018
Cabinet	5 November 2019
Policy & Resources Committee	11 November 2020