

POLICY AND RESURCE COMMITTEE**Wednesday 18 January 2023**

REPORT TITLE:	COUNCIL TAX 2023/24 (TAX BASE, DISCOUNTS AND EXEMPTIONS AND LOCAL COUNCIL TAX REDUCTION SCHEME)
REPORT OF:	DIRECTOR OF FINANCE

REPORT SUMMARY

This report brings together related issues regarding the proposed Council Tax Base for 2023/24 upon which the annual Council Tax levels will be set. This needs to be approved by the 31 January.

The proposed Council Tax Discounts including Local Discounts, Exemptions, and the Local Council Tax Reduction Scheme to be used during 2023/24. These need to be approved by Council by 11 March 2023.

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.

RECOMMENDATIONS

Policy and Resources Committee is recommended to:

1. **approve the figure of 95,585.07 as the Council Tax Base for 2023/24. This is an increase of 412.67 (0.43%) on last year's Council Tax Base.**
2. **recommend to Council that**

(1) The level and award of each local discount for 2023/24 be as follows: -

Wirral Women's & Children's Aid

To continue to award Wirral Women & Children's Aid 100% discount. This remains unchanged from 2022/23.

Care Leaver's Discount

To award Care Leavers the requisite discount to reduce their Council Tax liability to zero until they are 25. This to remain unchanged from 2022/23.

Empty Property Discounts 2023/24

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 to remain unchanged from 2022/23, and to include an exception for properties requiring adaptations to meet the need of a disabled person who will be occupying the property as soon as the adaptations are complete and in addition awaiting renovations prior to being occupied by someone under Ukraine resettlement scheme

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 2022/23, save for an exception from 1 April 2023 for properties that have restrictions placed upon them restricting the sale to a particular group (usually leasehold properties for the elderly which attract high service charges). An exception to be introduced to the Premium from 1 April 2023.

Council Tax Discretionary Hardship Relief Scheme

The Council Tax Discretionary Hardship Relief Scheme, approved by Cabinet in October 2013, to continue in its current format for 2023/24. The Scheme offers help and assistance in exceptional cases of hardship.

(2) Local Council Tax Reduction Scheme (LCTRS)

The current Local Council Tax Reduction Scheme to remain unchanged from 2022/23 apart from the following

- a. The scheme to be aligned to all the Department of Work and Pensions uprating's and changes for Housing Benefit and Universal Credit
- b. There to be no loss of entitlement due to payments made under Homes for Ukraine Scheme (£350)

- c. In response to the government announcement (Council Tax Support Fund) of the 23 December, an additional reduction of at least £25 where a liability in excess of this exists, for all recipients of Council Tax Support for 2023/24 at the time of annual billing.
- d. Delegated authority be given to the Head of Revenues & Benefits in consultation with the Director of Finance and Leader of the Council to create a discretionary scheme based upon government guidance to utilise any remaining funding provided under the Council Tax Support Fund for 2023/24

(3) Changes to Empty Property Discounts 2024/25

To reduce the Empty Property Premium from 2024/25 to properties that have been empty for more than one year (Currently Two). So that the following apply:-

100% (200% Council Tax) for unfurnished properties empty for more than one year.
200% (300% Council Tax) for unfurnished properties empty more than five years.
300% (400% Council Tax) for unfurnished properties empty more than ten years.

(4) Changes to the treatment of second homes (dwellings that are furnished but are not someone's sole or main residence)

From April 2024 the council to charge 100% (200% Council Tax) for any person with a second home within Wirral. Double the amount of council tax of a property occupied as someone's sole or main residence.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The Council must agree its Council Tax Base for 2023/24 between the 1 December 2022 and 31 January 2023.
- 1.2. The Council must determine annually it's Local Council Tax Reduction Scheme by the 11 March 2023.
- 1.3 The Council must decide on the level of Local Discounts and Exemptions by 31 March 2023.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 In respect of the Council Tax Base there 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 the Council 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 2023/24.
- 3.3 The Council Tax Base must be determined between the 1 December 2022 & 31 January 2023 and will be used to calculate the Council Tax charges for 2023/24.
- 3.4 The Tax Base calculation process is as follows; -
 - Calculate the number of properties on 30 November 2022 and adjust for changes due to demolitions and new builds up to 31 March 2024 which are then converted to a full year Band D equivalent. The council 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 2023/24.

3.5 Forecast properties per Council Tax band within Wirral based on information as at 30 November 2022: -

Table 1: Wirral Council Tax Bandings Forecast

Band	Value (£)	Properties 2022	Change	Properties 2023	Band %	Ratio
A	<40,000	60,867	431	61,298	40.36	6/9
B	40,001-52,000	32,880	84	32,964	21.70	7/9
C	52,001-68,000	27,760	0	27,760*	18.27	8/9
D	68,001-88,000	13,528	53	13,581	8.94	9/9
E	88,001-120,000	8,399	27	8,426	5.55	11/9
F	120,001-160,000	4,362	25	4,387	2.89	13/9
G	160,001-320,000	3,174	21	3,195	2.10	15/9
H	>320,000	278	1	279	0.18	18/9
Total		151,248	642	151,890	100%	

* The figure for Band C properties has not increased, It had been anticipated that developments would have been completed during the current year and were therefore included within last years estimated taxbase calculations.

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 2023/24

Band	Properties 2023	Changes due to LCTRS discounts, exemptions	Revised property equivalent	Ratio to Band D	Net Band D equivalent
A	61,298	(24,733.74)	36,564.26	6/9	24,376.17
B	32,964	(7,318.10)	25,645.90	7/9	19,946.81
C	27,760*	(3,933.59)	23,826.41	8/9	21,179.03
D	13,581	(1503.42)	12,077.58	9/9	12,077.58
E	8,426	(761.71)	7,664.29	11/9	9,367.47
F	4,387	(302.70)	4,084.30	13/9	5,899.54
G	3,195	(218.22)	2,976.78	15/9	4,961.30
H	279	(34.12)	244.88	18/9	489.76
Band A Disabled		(4.8)	73.60	5/9	40.90
Total	151,890	(38,800.8)	113,158.00		98,338.55
Assumed Collection Rate					x 97.20%
Adjusted Council Tax Base					95,585.07

- 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 97.2% for the forthcoming financial year. This is a slight downward adjustment of 0.1% to reflect the current economic climate. 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 2023/24 is 95,585.07. Compared to the 2022/23 figure of 95,172.39. This is an increase of 412.67. 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 continued to reduce over the past year.
- 3.10 The level of Council Tax is confirmed at Budget Council which for 2023/24 is scheduled for 27 February 2023.

COUNCIL TAX LOCAL DISCOUNTS & EXEMPTIONS 2023/24

- 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 2023 unless stated otherwise.
- 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	7,000
Council Tax Discretionary Relief (Hardship)	50,000
Care Leaver's Discount	148,000
Total	205,000

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 changed with an additional property being used, and the cost of the award has increase and is currently £7,000. It is recommended that this discount continues for 2023-24

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. It is recommended that this discount continues for 2023-24.

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 £ 148,000 an increase of £22,000 on last year. It is recommended that this discount continues for 2023-24

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%	2,758,400
Empty property – premium of 100% (Council Tax charge 200%)	223,300
Empty property – premium of 200% (Council Tax charge 300%)	686,100
Empty property – premium of 300% (Council Tax charge 400%)	435,000
Total	4,102,800

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 year a 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 £1.344M in lost potential Council Tax income.

3.22 From 2024/25 the council can vary these charges as follows

- empty for more than one year 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 year a 300% (400% of the Council Tax).

This change will raise an additional £0.895M from 2024/25 based on current data.

3.23 The council currently charges the maximum allowed for properties that are furnished and not occupied as someone's sole or main residence. This is the equivalent of the full council tax (100%). From 2024/25 the council can increase this charge by 100% so that these properties will be liable to a council tax of 200% of the normal charge.

This change will potentially raise an additional £ 1.062M based on current numbers from 2024/25.

3.24 The changes detailed in 3.22 & 3.23 require a period of 12 months' notice before they can be implemented. This intervening time will be utilised to contact the owners of these affected properties.

3.25 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.

3.26 The council has such a discretionary exception under Section 11A Local Government Finance Act 1992 in specific circumstances. These exceptions arise from unforeseen consequences of the council's policy of the implementation of Council Tax Empty property charges under this Section.

3.27 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.

3.28 The circumstance is where a property is empty only because the property requires work to render the property ready for occupation where the people who will be occupying the property and liable to council tax are from the Ukraine and here under the Ukrainian Settlement Scheme. These properties have a zero charge when occupied.

3.29 A new exception to the premium is proposed for properties that have restrictions placed upon them that limit who a property can be sold to. This is aimed at properties that are solely for elderly residents and generally attract high service charges. These properties can be difficult to sell, and the levy of a premium can cause significant hardship to owners with limited means.

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

3.31 The cost of the exemption implemented in 2022/23 for properties await adaptations was £2,000

C LOCAL COUNCIL TAX REDUCTION SCHEME

3.32 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.

3.33 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. This resulted in non-vulnerable working age claimants paying a minimum of 22% of the Council Tax charge.

3.34 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.

- 3.35 On the 23 December 2022 the Government announced an additional Council Tax Support Scheme to reduce the council tax liability by £25 to residents in receipt of Council Tax Support. This scheme is funded by central government. Wirral's' draft allocation is £789k and will provide additional monies over and above the reduction of £25. The council will need to devise a discretionary scheme once modelling has been undertaken to allocate this remaining fund. This will be undertaken as part of the year end testing process. Given the time scales involved the Head of Revenues & Benefits in consultation with the Director of Finance and Leader of the Council will agree a discretionary scheme to ensure use of this remaining fund is maximised. Any scheme will be based upon government guidance and in all likelihood involve new recipients of council tax support during the coming financial year.
- 3.36 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 2023/24. 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 0.43% from 2022/23.
- 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	7,000
Council Tax Discretionary Relief (Hardship)	50,000
Care Leaver's Discount	148,000
Total	205,000

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

Income from minimising discounts	£
Empty properties –unoccupied/renovation (Discount C+D) = 0%	2,758,400
Empty property – premium of 100% (200% Council Tax)	223,300
Empty property -premium of 200% (300% Council Tax)	686,100
Empty property -premium of 300% (400% Council Tax)	435,000
Total	4,102,800

- 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 2023 the Council and Preceptor Authorities will be unable to make considered budgetary decisions that could delay the Council Tax bills and income streams for 2023/24.
- 7.2. In respect of Local Discounts and Exemptions the changes made to domestic empty property charges are expected to generate over £4.103M 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 effect the current macro-economic situation adds uncertainty 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 in relation to the calculation of the council tax base.

9.2 The Equality Impact assessment for the Local Council Tax Reduction Scheme has been reviewed and is still appropriate. The link to the Equality Impact Assessment for the Local Council Tax Reduction Scheme 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.

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 The proposed Council Tax Discounts including Local Discounts, Exemptions, and the Local Council Tax Reduction Scheme to be used during 2023/24 will contribute significantly to developing a prosperous, inclusive economy where local people can get good jobs and achieve their aspirations.
- 11.2 Wirral MBC will encourage our contractors to deliver more benefits for the local area, such as good jobs, apprenticeship, training & skills opportunities, real living wage, minimising their environmental impact, and greater wellbeing. We will also help develop the local economy by supporting and encouraging more community businesses and enable greater opportunities for local business to prosper and provide decent and fair employment.'

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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
Council Tax Information Letter 16/2022 Council Tax Support Fund Guidance

TERMS OF REFERENCE

This report is being considered by the Policy and Resources Committee in accordance with Section 1.2(a) of its Terms of Reference, to formulate, co-ordinate and implement corporate policies and strategies and the medium-term financial plan (budget). The report seeks a recommendation to Council in accordance with Part 3(A) of the Constitution as the setting of the Council's Council Tax requirement is a function reserved to Council.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	5 November 2019
Policy & Resources Committee	11 November 2020
Policy & Resources Committee	17 January 2022

