

# Southend-on-Sea Borough Council

## Report of Corporate Director for Corporate Services

to  
**Cabinet**

on  
**5 January 2016**

**Agenda  
Item No.**

Report prepared by: Christine Lynch  
Group Manager, Revenues

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**Council Tax Discounts and Exemptions and Discretionary Relief Policy  
Policy and Resources Scrutiny Committee  
Executive Councillor: Councillor Ron Woodley  
*A Part 1 Public Agenda Item***

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### **1 Purpose of Report**

The purpose of the report is to

- Approve the Council Tax policy for Discretionary Reduction in Liability under Section 13a of the Local Government Finance Act 1992
- Seek approval for the granting of discretionary Council tax discounts to households affected by flooding
- Seek approval for further amendments to Council tax discounts and exemptions with effect from 1 April 2016.

### **2 Recommendation**

- 2.1 That members approve the introduction of the Discretionary Reduction in Liability Policy as shown in Appendix 1;
- 2.2 That Members approve the award of discretionary discounts to Council tax payers who have suffered exceptional hardship or misfortune due to flooding, with applications determined by the Head of Finance and Resources;
- 2.3 That Members approve the following changes to Council Tax discounts and exemptions with effect from 1 April 2016 and these will be incorporated into the Council tax base;

- a) Properties requiring or undergoing structural alteration or major repairs (Class D) as allowed by Section 11a of the Local Government Finance Act 2012 will be set at 0%; and
- b) Vacant and substantially unfurnished properties (Class C) as allowed by Section 11a of the Local Government Finance Act 2012 to be entitled to receive a discount of 100% for up to 1 month. If Class D is applicable then there is no entitlement to Class C.

### **3 Background**

- 3.1 Each year the Council is required to set its Council Tax base as part of proposing its annual revenue budget. As part of setting that base, the Council must confirm its intentions regarding the various discounts and exemptions where it has discretion. The Council last considered changes to those discounts and exemptions with effect from 1 April 2013. This report recommends making further changes.
- 3.2 In addition this report proposes a formal policy for the award of discretionary reductions in Council Tax liability, over and above the normally available discounts and exemptions; covering particularly exceptional financial hardship and crisis such as flooding.

### **4 Council Tax Discretionary Reduction in Liability Policy**

- 4.1 Section 13A of the Local Government Finance Act 1992 provides the Council with additional discretionary powers to enable it to reduce the Council Tax liability where statutory discounts, exemptions and reductions do not apply or in such circumstances where the Council feels the level of discount, exemption or reductions is insufficient given the circumstances.
- 4.2 The Council does not currently have a policy for dealing with applications for discretionary discount other than the policy for consideration of a discount under the Council Tax Reduction Scheme (CTRS) which replaced Council Tax Benefit from April 2013.
- 4.3 Recent challenges have been made against other Councils either because they did not have a policy or because their policy was inadequate.
- 4.4 It is therefore appropriate to consider introducing a policy for this Council to ensure transparency of decision making and equality of service to our customers, and to incorporate into this the existing Hardship Policy used for CTRS.
- 4.5 A policy document has been prepared and is shown at Appendix 1 for Members consideration.

## 5 Discounts for Council Taxpayers affected by flooding

- 5.1 In December 2014 the Government published revised guidance on the DCLG Flood Support Scheme which provides information on the assistance that can be given to both Business Rate and Council Tax payers. The Government will reimburse Councils that use their discretionary powers to grant relief to flooded properties in line with their guidance document for the period from 1 April 2013 to 31 March 2014.
- 5.2 Under Council Tax regulations (Section 13A subsection 1(c) of the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012), the Council has the power to reduce liability for Council Tax in respect of individual cases or classes of cases that it may determine.
- 5.3 Whilst the cost of any reduction will initially fall on the Council, the Government will reimburse the Council for householders who have been affected by floods that took place between 1 December 2013 and 31 March 2014.
- 5.4 It is proposed that reductions are agreed where taxpayers have suffered exceptional hardship or misfortune due to the flooding that took place between 1 December 2013 and 31 March 2014, for the duration of the period that they were forced to leave their home.

## 6 Changes to Council Tax Discounts and Exemptions

- 6.1 The following changes to Council Tax exemptions were introduced in Southend Borough Council from 1 April 2013 and these have remained in place since that time.

Exemption / Discount	Previous position prior 1 April 2013	Changes with effect from 1 April 2013	Reductions that could still be introduced	Proposed Reduction
Second Home discount	10% discount	Discount abolished, full charge due	None	No Change
Properties empty over 2 years	Full Council Tax charge due and payable	Full Council Tax charge payable plus an additional 50%	None	No Change
Major repair or structural alteration	100% exemption for a maximum of one year	25% locally defined discount for a maximum of one year	Reduce existing discount between 0% – 25%	Reduce discount to 0%
Empty and Unfurnished	100% exemption for a maximum of six months	100% locally defined discount for a maximum of three months	Reduce the existing period and discount. Discount from 100% and period between 0 – 3 months	Reduce discount to 100% for one month only

- 6.2 The Council have the option to further reduce the discounts for empty and unfurnished from 100% and period between 0 – 3 months and for major repair or structural alteration to reduce existing discount between 0% – 25%.
- 6.3 For properties undergoing structural repairs, it is proposed to remove the discount altogether. Although this may see some opposition from property developers, it is anticipated that in the longer term work will be completed more quickly on properties that may otherwise have been empty for up to 12 months.
- 6.4 If the exemption is removed entirely for empty and unfurnished properties, even for short periods there will be administration costs to the Council in raising bills and trying to recover liability raised for short periods of a few days or weeks which may not be cost effective and may end up being written off. It would be practical, for administrative purposes and to avoid small debts being created for interim occupancy periods, to have a short period of 1 month.

## **7 Other Options**

- 7.1 There is the option to keep the discounts unchanged, but this will mean a lost opportunity to increase the Council Tax base in 2016/17.

## **8 Reasons for Recommendations**

- 8.1 In respect of the Discretionary Policy, the Council should have a clear policy for dealing with requests for Discretionary reduction in liability in line with Government guidelines.
- 8.2 In respect of Flooding, Central Government expects local authorities to grant relief to qualifying Council tax payers in respect of flooding and will fully reimburse billing authorities for the actual cost to them by paying grants to the Council under section 31 of the Local Government Act 2003.
- 8.3 In respect of amendments to existing Council Tax discounts and exemptions, this will increase revenue to the Council in 2016/17 and will have a limited impact on the majority of Council Tax payers.

## **9 Corporate Implications**

- 9.1 **Contribution to Council's Vision & Critical Priorities**  
The need to be transparent and open in Local Government necessitates the need to have a Discretionary policy under 13a of the Local Government Act 1992.
- 9.2 **Financial Implications**  
The recommendations in this report are needed to assist in setting the Council Tax base for 2016/17 which directly links in to the council budget

For flooding relief there are currently only a few applications and the cost of these will be fully funded by Government.

There will be an increase in revenues in 2016/17 as the reduction in exemptions and discounts is introduced. These changes are expected to add approximately 327.4 to the base, raising approximately £400k at 2015/16 council tax levels.

### 9.3 Legal Implications

The Council Tax regulations (Section 13A subsection 1 (c) of the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012) allow for discretionary awards in certain cases.

### 9.4 People Implications

The people implications have been considered and there are none relevant to this report

### 9.5 Property Implications

The property implications have been considered and there are none relevant to this report

### 9.6 Consultation

A full consultation is not required within the regulations.

### 9.7 Equalities Impact Assessment

None at this stage

### 9.8 Risk Assessment

There is a risk that the Council could be open to challenge if it does not have an adequate policy.

### 9.9 Value for Money

There are no specific implications as a result of this policy.

### 9.10 Community Safety Implications

There are no specific implications as a result of this policy

### 9.11 Environmental Impact

There are no specific implications as a result of this policy

## 10 Background Papers

DCLG Flood Support Scheme Guidance

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/387976/Flood\\_Support\\_Schemes\\_revised\\_guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/387976/Flood_Support_Schemes_revised_guidance.pdf)

## 11 Appendices

Appendix 1 – Draft Discretionary Reduction in Liability Policy