

Report to:
Finance and Value for Money Scrutiny – 19 February 2021
Cabinet – 22 February 2021
Full Council – 25 February 2021

Wards - All

Review of Locally Defined Discounts for Council Tax in 2021/22

Report of the Director of Finance and Transformation

1. Purpose of the Report and Summary

1.1. To allow Members to consider locally defined Council Tax discounts for 2021/22.

2. Recommendations

On the basis that any changes made to locally defined discounts must comply fully with the Council's Council Tax Discounts Policy Framework outlined in section 5 of this report, it is recommended that Members:

- 2.1 Confirm they wish to continue to award 0% discounts for 2nd homes and those homes that are empty and uninhabitable (Class D) and empty and unfurnished (Class C), option 7.1.
- 2.2 Confirm the continuation of the empty property premiums on the Council Tax charge for properties empty for over 2 years (100% extra charge) and those empty for over 5 years (200% extra charge) option 7.5, and an increase in that premium to 300% extra in 2021/22 for those properties empty for 10 years or more, option 7.6.
- 2.3 Confirm the continuation of provision to remove the empty property premium on a discretionary basis for up to 12 months from date of purchase for new owners who are actively renovating the property to sell or place on the rental market, option 7.7.
- 2.4 Confirm they wish to continue the Special Constabulary (Police) Discount, option 7.2 or cease this arrangement with effect from 31 March 2021, option 7.3.
- 2.5 Confirm they wish to continue the Volunteer Reserve Forces Discount, option 7.4, for which there have been no claims in 2020/21.

- 2.6 Confirm the continuation of the current Care Leavers Discount for 2021/22, option 7.8.
- 2.7 Confirm the continuation of the existing Local Council Tax Reduction scheme which awards a maximum discount to Working Age households on low incomes of 80% of their liability, option 7.10.

Executive Decisions

- 2.8 Cabinet agree that available Covid-19 Council Tax hardship funding be applied to fund a £30 hardship payment to meet the all working age recipients of a Council Tax Reduction during 2021/22, option 7.11.
- 2.9 Cabinet approve the introduction of a discretionary hardship fund to contribute to the recoverable Court costs where formal action is required to recover Council tax and the debt owed is below £60.

This is a key decision. The matter is in the Forward Plan – Ref. 0007/21

3. Reasons for Recommendation

- 3.1. With regard to providing zero discounts for empty properties and charging an additional 100% premium for those that have been empty more than 2 years, an additional 200% premium for those properties empty for 5 years or more and an additional 300% for those empty for 10 years or more. The city currently has a demand for accommodation that exceeds the number of properties available within its boundaries and there is ongoing concern regarding owners leaving properties empty. The historical Government Council Tax exemption scheme pre April 2013 rewarded such lack of activity, but by using new local powers since to reduce the level of discount awarded on empty homes and by introducing a premium for those empty more than 2 years, there is evidence that the number of long-term empty properties has reduced.
- 3.2. From 01 April 2021 the Government has amended Council Tax legislation to enable Local Authorities to increase the additional premium for properties that have been empty for more than 10 years to 300% of the standard Council Tax charged as well as the current charge of 100% more for those properties empty more than 2 years and 200% more for those properties empty for 5 years or more. The purpose of this increase is to encourage empty properties to be brought back into use and this report recommends the Council apply the 300% premium to those properties empty 10 years or more for this reason. However, in order not to deter or penalise new owners of properties that have purchased them to renovate for occupation, to sell, or to place on the rental market it is recommended that Council Tax officers continue to be given the discretion to remove the additional premium for a period of up to 12 months from date of purchase for owners who are actively renovating the property for these reasons.
- 3.3. The Special Constables local discount encourages citizens living in the City to volunteer as Special Constables by providing a reward for their work.

- 3.4. The discount for Volunteer Reserve Forces recognises the service of local reservists called up to serve their country abroad.
- 3.5. From April 2013 Local Council Tax Reduction replaced the national Council Tax Benefit scheme, with reduced Grant funding from the Government for the scheme meaning Local Authorities either had to find funds to subsidise the scheme, or start to charge some households who previously did not pay Council Tax. The Council decided to implement a scheme requiring all working age households to pay a minimum of 20% of their liability.
- 3.6. Members could choose to change the minimum amount that working age households have to pay from the current 20%, however there is a requirement that Local Authorities wishing to vary their schemes must hold a formal public consultation. As it is recommended that the scheme remains at 20%, a consultation has not taken place.
- 3.7. In 2014/15 when the 20% minimum payment was introduced the in-year collection rate for Council Tax was 93.63%, with collection in 2019/20 being 93.44%. It is therefore considered to be the correct option to continue with the same scheme for 2021/22 as payment levels of Council Tax have remained consistent.
- 3.8. The payment of an additional £30 hardship payment to working age Council Tax payers receiving a Reduction in their Council tax would help those on the lowest income pay their Council Tax for 2021/22. Supplementing this with a discretionary hardship fund to contribute to the recoverable Court costs where formal action is required to recover Council tax and the debt owed is below £60 mitigates the risk of additional court and recovery costs being imposed through the debt recovery process which place individuals in greater hardship than would be the case under the actual debt.
- 3.9. With regard to the Care Leavers Council Tax discount, the Government's care leavers' strategy, Keep on Caring, published in July 2016, encouraged councils to consider the role of a corporate parent 'through the lens of what any reasonable parent does to give their child the best start in life'. Local Authorities were encouraged to consider exempting care leavers from Council Tax using the powers already at their disposal. Local Authorities must plan for looked after children so that they have the support they need as they make their transition to the responsibilities of adulthood.
- 3.10. In its role as Corporate Parent for those young people in Local Authority care from 1 April 2018, the Council introduced a local Council Tax Discount under section 13A(1)(c) of the LGFA 1992 for young people leaving the care system as a result of reaching the age of 18. The discount enables the Local Authority to support those care leavers who would otherwise struggle with the transition from care to independence, enabling them to avoid debt and giving them more time to learn to manage their finances.

4. Background

- 4.1. Council Tax discounts and exemptions in England and Wales are provided for and governed by The Local Government Finance Act 1992, The Council Tax (Exempt Dwelling) Order 1992 and The Council Tax (Prescribed Class of Dwelling) (England) Regulations 2003, all of which have been subject to various amendments between 2000 and 2012. Amendments brought about by The Local Government Act 2003 in conjunction with the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 (as amended) and The Local Government Finance Act 2012, allow the Local Authority, via its Executive to review Council Tax Discounts awarded under Section 11(2)(a), 11A and 13A(1)(c) of the LGFA 1992.
- 4.2. Local Government Act 2003 and the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003, allow the Local Authority, via its Executive to reduce the Council Tax Discount awarded with reference to furnished second homes (Section 11A). In addition it allows the Local Authority to introduce its own discount categories to reflect local circumstances and requests (Section 13A).
- 4.3. Following annual reports to Cabinet, the following Discounts are currently set to 0% resulting in a full charge.

Discount	Year set to 0%
2 nd homes discount	2013/14
Empty and Uninhabitable (Class D)	2013/14
Empty and Unfurnished (Class C)	2016/17

- 4.4. Discounts under Section 13A(1)(c) currently in operation are:

	<u>Discount</u>	<u>2020/21 award estimation</u>
• volunteer reserve forces	75%	£0
• special constable discount	25% per individual	£11,000
• Care Leavers discount	Up to 100%	£64,000

- 4.5. From 1 April 2013 the changes brought under the LGFA 2012 allowed Local Authorities to charge a premium of up to 50% on those properties that had been empty and substantially unfurnished for more than 2 years. This was increased to 100% from 1 April 2019. From April 2020 an additional premium of 200% was allowed where the property had been empty 5 or more years, and legislation allows Local Authorities to introduce an additional charge of 300% for those properties that have been empty for more than 10 years from 1 April 2021.

The premium under Section 11B currently in operation is:

	<u>Additional charge</u>	<u>Amount</u>
• Long term premium(2 years)	100%	£181,000

- Long term premium(5 years) 200% £275,000

4.6. From 1 April 2014 changes brought under the LGFA 2012 required Local Authorities to introduce a Local Scheme for the reduction of Council Tax for those on low incomes following the abolition of the national Council Tax Benefit system. Presently every working age household in Hull is paying a minimum of 20% of their liability in accordance with the Council's Local Council Tax Reduction scheme which for a Band A property in 2020/21 is £232.11 or £174.08 if the liable person is a single occupier.

4.7. Awards of Council Tax Reduction are currently made to 22,717 working age households in the city with approximately 80% of those households receiving the maximum award.

Awards of Council Tax Reduction for 2020/21 are forecast to be:

- | | <u>Council Tax Reduction Schemes</u> | <u>2020/21 forecast</u> |
|-------------------------|--------------------------------------|-------------------------|
| • Council Tax Reduction | 80% working age maximum | £14.86m |
| | 100% maximum for pensioners | £ 9.52m |
- This decision results in £5.2m of Council Tax being collectable in 2020/21 from this group including £7,340 from those that have 20% to pay after reductions have been applied. The value collectable has been reduced by £3.4m of additional support through the Covid-19 payments of up to £150 per household for those of working age on Council Tax Reduction.

5. Council Tax discounts policy framework.

5.1. Care needs to be taken to ensure that any discounts granted are legal and in keeping with the Council's policies. Members could consider a broader debate which covers the strategic merits of awarding Council Tax discounts to specific groups. However great care needs to be taken to consider the legal and financial implications of changing existing discounts or introducing new discounts especially within the current financial climate. Any debate would have to adhere to the Council's strategic policy while balancing financial implications.

5.2. For these reasons a reference needs to be made to the current policy framework when considering changing, withdrawing or introducing new discounts. Any proposed council tax discount must satisfy:

- That the award of any discretionary discount is legal.
- That the awarding of any discretionary discount to any individual or group of individuals is made within the context of national or Council policy and that the benefit to the individual or group of individuals identified is directly in line with furthering of the strategic or corporate aims of the Council.

- That the implementation of any such award is administratively and operationally manageable with existing Council resources.
- That the awarding of any discretionary discount is, throughout the period of the award, financially sustainable.
- That any individual or group of individuals awarded the discretionary discount is precisely and accurately defined to minimise the risk of class action, which may broaden the award beyond the individual or group of individuals envisaged by the council to be the beneficiaries of any such award.
- That any and all awards are open to annual review and can be amended or withdrawn on an annual basis.

6. Issues for Consideration

Class B Discounts for Second Homes (furnished/ unoccupied property) Section 11(2)(a) and 11A (4)(a) of the LGFA 1992; Class C Discounts for Empty and Unfurnished dwellings and Class D Discounts for Empty and Uninhabitable dwellings under major repair/alteration Section 11(2) a) and 11A(4A) of the LGFA 1992.

- 6.1. Members are asked to confirm the continuation of previous year decisions to reduce these awards to 0%. During 2020/21, £3.54m is collectable from taxpayers with properties in these categories.

Empty Property Premium Section 11B LGFA 2012

- 6.2. Changes within the LGFA 2012 allowed Local Authorities to charge an additional premium (known as the long term empty premium) of up to 100% on those properties that had been empty and substantially unfurnished for more than 2 years. There are currently 421 properties empty for 2 or more years that are subject to the premium and 184 properties that have been empty for 5 years or more that are liable for an additional 200%. The chargeable amount of the premium has increased the amount collectable for 2020/21 by circa £456,000.
- 6.3. Confirmation is required to continue to charge an additional 100% premium for properties that have been empty and substantially unfurnished for more than 2 years and an additional 200% for those that have been empty 5 years or more for 2021/22.
- 6.4. Regulations now allow Local Authorities to charge an additional premium of 300% from 1 April 2021 for those properties empty for 10 years or more. Confirmation is required to increase this premium from 200% to 300% for properties empty 10 years or more.
- 6.5. It is recommended that where possible consideration is given to continuing the removal of the additional premium for a period of up to 12 months from date of purchase for those owners who are actively renovating the property to sell or place on the rental market.

Discretionary Discounts Section 13A(1)(c) (2013) of the LGFA 1992

- 6.6. From 1 April 2004 the Council has discretion to reduce the amount of Council Tax payable that is not covered by statutory discounts or exemptions under Section 13A from April 2004 amended to 13A(1)(c) from 1 April 2013. This discretion can be exercised in relation to particular individual cases or by determining a class of case. The reduction can be for a specific period of time and the liability can be reduced by any amount the Council thinks fit. Any discounts that are awarded are fully funded by Hull City Council.
- 6.7. When considering whether to grant or vary a discretionary discount to any person or group Members need to be aware of the possibility of a legal challenge from persons or groups who may believe that their circumstances are similar to any such person/group. There must be strict adherence to the Council's policy on awarding discretionary discount with appropriate linkages made to the Council's Aims and Objectives. Therefore Members need to consider all the factors when creating any new discounts under this section of the Act as the implications of any successful legal challenge could have significant financial consequences.
- 6.8. Since 1 April 2004 the Full Council has agreed that two classes will benefit from a discretionary discount: Volunteer Reserve Forces Discount and Members of the Special Constabulary (Police) Discount.

Volunteer Reserve Forces Discount – Section 13A(1)(c) of the LGFA 1992

- 6.9. From the 01 April 2004 a volunteer reserve forces discount was defined as a category for people within the Volunteer Reserve Forces who are enlisted to serve operationally within their respective force for a period in excess of 28 days. The eligibility criteria for the discount are given in Appendix 1.
- 6.10. The cost of this discount for 2019/20 was £0.00 and there have been no claims so far in 2020/21. The financial projection for 2021/22 is likely to be less than £1,000. It is difficult to predict as much depends on national military commitments and the consequent number of eligible reservists. No other groups have challenged the award of this discount and minimal feedback from other tax payers since 2004 has been to endorse the discount.
- 6.11. Consideration is required for this discount to continue for this class for 2021/22

Members of the Special Constabulary (Police) Discount 13A(1)(c) of the LGFA 1992

- 6.12. From the 1 April 2004 a discount was agreed by Full Council for eligible Special Constables which is paid to the Humberside Police Authority as an

allowance. Direct discounts cannot be made to Police Constables due to legal requirements specific to the police.

- 6.13. The allowance is equivalent to a maximum 50% Council Tax discount which the City Council reimburses to the Police Authority. The allowance is paid annually in arrears. The allowance is aimed to improve recruitment of special constables in the Hull area.
- 6.14. The allowance scheme requires approval from the Home Office which has currently approved the scheme up to 31 March 2021, subject to the Council maintaining the necessary funding. Should members wish to extend the allowance for a further year it would be conditional on the Home Office agreeing the extension.
- 6.15. The cost of the discount has to be fully met by the City Council and the historical number of eligible claims and associated costs are detailed below:

Year	(1) Number of special constables operating within Hull.	(2) Number of special constables eligible to apply.	(3) Number of Council Tax Claims paid.	(4) Cost
2014/15	154	125	66	£15,730
2015/16	127	108	64	£13,937
2016/17	Not available	71	38	£7,703
2017/18	Not available	29	23	£5,693
2018/19	Not available	27	26	£11,208
2019/20	Not available	36	30	£10,310

- 6.16. The eligibility criteria for this allowance are given in Appendix 2.
- 6.17. The difference between column (1) and column (2) is because Humberside Police had their own criteria for awarding an allowance of £1,500 per annum whereby the special constable had to work 16 hours per month to receive the allowance. Hence column (1) shows the number of special constables working in Hull; column (2) shows the number of special constables working 16hrs plus a month, who were eligible for the £1,500 police allowance, but also eligible to claim the Council Tax allowance. The average annual payment to each special constable is circa £344. The reduction in the number of eligible special constables since 2016 is due to the current policy of Humberside Police to recruit full-time police officers. The general increase in the value of awards since 2018/19 is due to special constables working more hours, so more qualifying each month of the financial year.
- 6.18. Humberside Police Service ceased their discretionary payment of £1500 per annum to Special Constables from the 1st April 2010. Humberside Police advised that they saw little change in the number of special constables

since the cessation of their discretionary payment. This therefore suggests that the payment of the £1500 allowance was not a significant factor in someone deciding to become a special constable. If Cabinet decides to continue with the special constable allowance, it is suggested that the 16 hour minimum per month working limit continues to be included within the Councils criteria.

- 6.19. Due to this payment being made annually in arrears the actual cost will not finally be known until the end of each financial year. Cost will depend on the number of eligible Special Constables serving during the year, the tax banding of their home and the level of the discount. Therefore only very broad estimates of future costs can be given. Based on latest trends it is estimated the cost for 2020/21 will be approximately £11,000. The cost of any allowances agreed will be charged to the Council's General Fund.
- 6.20. Members could cease the Special Constables Council Tax Allowance on 31 March 2021 as the current trend following the of the £1,500 police withdrawal allowance does not appear to be adversely impacting on Special Constable numbers. This would provide a saving to the General Fund of up to £11,000 for 2021/22.
- 6.21. Consideration is required for this discount to continue for this class for 2021/22.

Council Tax Reduction (LGFA 2012 – SI 2012/2885)

- 6.22. From April 2013 Local Council Tax Reductions replaced the national Council Tax Benefit scheme, with reduced Grant funding from the Government for the scheme meaning Local Authorities either had to find funds to subsidise the scheme, or start to charge some households who previously did not pay Council Tax. The Council decided to implement a scheme requiring all working age households to pay a minimum of 20% of their liability. Following receipt of transitional funding from the Government for 2013/14 this minimum payment was reduced to 8.5% of their liability for one year only. Following the cessation of transitional funding, the minimum payment reverted back to 20% for each financial year since 2014/15.
- 6.23. Presently there are 22,717 working age households in the City receiving a reduction in their Council Tax through the Council's Local Council Tax Reduction scheme, with approximately 80% of those receiving the maximum 80% award. This decision results in £3.8m of Council Tax being collectable in 2020/21 from this working age group including £7,340 from those that have 20% to pay after reductions have been applied. The value collectable has been reduced by £3.4m of additional support through the Covid-19 payments of up to £150 per household for those of working age on Council Tax Reduction.
- 6.24. Members could choose to change the amount that working age households have to pay from the current 20%, however, there is a requirement that Local Authorities wishing to vary their schemes must hold a formal public

consultation, which would normally last 12 weeks. As it is recommended that the scheme remains at 20%, a consultation regarding changing this percentage has not taken place.

- 6.25. Members are asked to confirm that the current 20% minimum payment following Local Council Tax Reduction remains in place for the 2021/22 financial year.

Council Tax hardship provision for 2021/22 – Section 13A(1)(c) of the LGFA 1992

- 6.26. From April 2019 Members agreed to establish a £50,000 Council Tax hardship fund to help those in extreme hardship who are struggling to pay their Council Tax by reducing the amount they have to pay.
- 6.27. For the 2020/21 financial year the Government also provided additional hardship funding for all working age recipients of a Council Tax Reduction as a response to the impact of the Covid-19 pandemic. This scheme paid up to £150 to eligible households and the Council received £4.251m to fund these payments.
- 6.28. To date 24,881 payments have been made amounting to £3,384,912.47 and it is estimated that by the end of the financial year there will still be £750,000 available. These funds can be used for further hardship payments to working age tax payers, including within the next financial year 2021/22.
- 6.29. Using the remaining £750,000 funding to provide a hardship payment to all recipients of Council Tax Support for 2021/22 would enable a £30 payment to be made to 25,000 working age tax payers.
- 6.30. In 2020/21 the minimum payment for a tax payer receiving a full Council Tax Reduction in a band A property was £174.08 for those with a single person discount and £232.11 for those with more than one liable adult in the property. An increase of 5% in Council Tax for 2021/22 would result in minimum payments of £182.79 for single occupiers and £243.72 for those paying the full charge, increases of £8.71 and £11.61 respectively. Therefore a £30 payment to all working recipients of a Council Tax Reduction would offset the increase for 2021/22 for the majority of claimants.
- 6.31. Members are asked to consider the recommendation to use the remaining Covid-19 Council Tax hardship funding to pay £30 to all working age recipients of a Council Tax Reduction during 2021/22.

Council Tax Discount for Care leavers - Section 13A(1)(c) of the LGFA 1992

- 6.32. In the Government's care leavers' strategy, Keep on Caring, published in July 2016, they encouraged Councils to consider the role of a corporate parent 'through the lens of what any reasonable parent does to give their child the best start in life'. In relation to this, Local Authorities were encouraged to consider exempting care leavers from council tax using the powers already at their disposal. Local Authorities must plan for looked after

children so that they have the support they need as they make their transition to the responsibilities of adulthood.

- 6.33. In its role as Corporate Parent for those young people in Local Authority care, the Council put in place a local Council Tax Discount under section 13A(1)(c) of the LGFA 1992 for young people leaving the care system as a result of reaching the age of 18. The discount enables the Local Authority to support those care leavers who would otherwise struggle with the transition from care to independence, enabling them to avoid debt and giving them more time to learn to manage their finances.
- 6.34. For the purposes of this discount a care leaver is a young person who left care as a result of reaching 18 years of age including young people who move into the City who have been cared for by other Local Authorities as to exclude them would unreasonably discriminate against some young people purely on the basis that they have moved into the City.
- 6.35. The discount is awarded after other statutory exemptions or discounts have been applied to ensure the care leaver has no Council Tax to pay. Therefore the amount of discount awarded varies depending on other discounts that would apply but could be up to 100% of Council Tax liability for that individual for the year applicable.
- 6.36. Where there is a shared liability for Council Tax the discount is only paid to cover the share that the looked after person is liable for.
- 6.37. The discount is also payable for those households that lose a Council Tax discount as a result of a young person in care turning 18 and becoming an adult in the household for Council Tax purposes, such as the loss of single person discount. This supports a young person in their transition to independence by removing any financial loss to the household supporting them. This element of the discount applied to care leavers aged 18 to 20.
- 6.38. For those aged 18 to 20, the discount is awarded automatically based on notifications received from the Council's Leaving Care Team to the Council Tax department. Care Leavers who move into the City aged 18 to 20 are able to apply directly to the Council for the discount. Verification of their status is required from the Local Authority who cared for them up to the age of 18.
- 6.39. Those aged 21 to 24 years of age (inclusive) can apply for a discretionary care leaver's discount which will consider their income against current needs. This enables support to continue for those who still need financial help beyond the age of 21 while recognising the independence others may have achieved by this age.
- 6.40. This discount does not apply to those young people who when under the age of 18 had looked after status for a period of time purely on the basis they were remanded into Youth Detention Accommodation or Local Authority accommodation awaiting trial.

6.41. There are currently 94 care leavers who qualify for this discount with the award for 2020/21 estimated to be £64,000.

6.42. Members are asked to confirm that the Council continue with the Care Leavers local discount for 2021/22.

7. Options and Risk Assessment

2nd home discount and discounts for empty and uninhabitable and empty and unfurnished properties

7.1. To continue with the reduction to zero percent for these awards will result in an estimated £3.54m collectable during 2021/22.

Special Constables Allowance

7.2. To continue with the special constable discount at a cost to the authority of approximately £11,000 to demonstrate support for this group of volunteers during 2021/22

7.3. To withdraw the discount for special constables on the grounds that the financial incentive in encouraging special constables seems low given there has been minimal reduction in the numbers applying to be special constables since the withdrawal of the police authority payment. This option would save the Council circa £11,000 in 2021/22.

Volunteer Reserve Forces

7.4. To keep, withdraw or vary the current locally defined discretionary discounts under section 13A for volunteer reserved forces. The discount is currently awardable to members of the volunteer reserve forces serving abroad who are claiming a 25% discount on their Council Tax due to the fact that they are the only qualifying person in the property included in the calculation of their Council Tax liability. Estimated expenditure for 2021/22 would be less than £1000.

Empty property premium

7.5. To continue with the charging of empty property premiums for properties empty for more than 2 years and more than 5 years. There are currently 421 properties empty for 2 or more years that are subject to the current 100% premium and 184 empty for 5 or more years that are subject to the 200% premium. The chargeable amount of the premium has increased the amount collectable for 2020/21 by circa £456,000.

7.6. To increase the empty property premium to 300% for those properties empty for 10 years or more as allowed under the Property in Common Occupation and Council Tax (Empty Dwellings) Act 2018. This increase would result in an additional £71,000 in Council Tax collectable in respect of 87 properties.

- 7.7. To continue the provision for the Council Tax officers to have the discretion to remove the additional premium for a period of up to 12 months from date of purchase for owners who are actively renovating the property to sell or place on the rental market.

Care Leavers Discount

- 7.8. To continue with the Care Leavers discount introduced in April 2018. This would support an estimated 94 care leavers during 2021/22 by way of reductions to their or their households Council Tax at a cost of circa £64,000 to the Council.
- 7.9. To discontinue the current Care Leavers discount from the 31 March 2021.

Council Tax Reduction and Hardship Payments

- 7.10. To continue the maximum discount awardable to Working Age households on low incomes being 80% of their liability. Awards of Council Tax Reduction are currently made to 22,717 households in the City including approximately 80% of those households that receive the maximum 80%. This decision presently results in £3.1m being collectable from this group.
- 7.11. The Cabinet are invited to consider applying available the remaining Covid-19 Council Tax hardship funding to provide the sum of £30 to all working age recipients of a Council Tax Reduction during 2021/22. It is also proposed to supplement this with a discretionary hardship fund to contribute to the recoverable Court costs where formal action is required to recover Council tax and the debt owed is below £60. This is to provide the flexibility to mitigate the risk of additional court and recovery costs being imposed through the debt recovery process which place individuals in greater hardship than would be the case under the actual debt.

Risk

- 7.12. There is a risk that any change to current discounts will attract adverse publicity from the affected tax payers. This can be managed following the Councils decision by way of information included in the billing highlighting how some of the sums raised and collected are essential revenue in the face of reduced grants paid to the authority.
- 7.13. There is a risk that the indicated collectable sums may change due to actions taken by taxpayers as a result of the change in charges e.g. number of properties empty for over 2 years may reduce as owners react to avoid the extra cost, although this risk has not materialised in the time this premium has been in place.
- 7.14. There are risks that by not continuing a discount for care leavers, the Council would not be providing a financial supporting mechanism to a vulnerable group for which the Council is the corporate parent.

- 7.15. There is a significant risk should members wish to deviate from the 80% maximum Council Tax Reduction (Support) at Option 7.9 that the Council would be open to legal challenge by not having consulted with Taxpayers. By adopting a different scheme, without having formally consulted, the Council would potentially be operating a scheme that was ultra vires.

Staffing

- 7.16. The Revenues and Benefits Service was transferred to Civica UK Ltd on the 1 November 2015. This report has been prepared informed by advice from officers from the company upon the practical application of the proposals. It should be noted that any change to the discounts scheme that may require more or less resource to administer may result in change control negotiations to the contract at the Contract Management Board.

8. Consultation

- 8.1. There is only a legal requirement to formally consult on any proposed changes to the Local Council Tax Reduction scheme introduced in April 2013. See 7.15 regarding risk.

9. Monitoring Officer Assurance Statement

- 9.1 The majority of the proposals are unchanged from those agreed in 2020. The change relating to the proposed introduction of the use of the remaining Covid-19 Council Tax hardship funding to pay £30 to all working age recipients of a Council Tax Reduction during 2021/22 is an executive decision. The application of the funds is within the discretion of Cabinet.
- 9.2 Local authorities should keep all charges associated with recovery under regular review to ensure they are reasonable and as clear and transparent as possible and reflect actual costs incurred. Enforcement agents should only make charges in accordance with council tax collection and enforcement regulations, particularly the Tribunal Courts and Enforcement Act.
- 9.3 Local authorities should periodically review their corporate policy on debt and recovery, particularly what level of debt (inclusive of liability order fees) should have accrued before enforcement agent action, as enforcement will add additional costs to a debt.
- 9.4 As part of their corporate policy on debt and recovery, local authorities should have a process for dealing with cases that are identified as vulnerable, bearing in mind that different local authorities may have different definitions of a vulnerable person or household. Any local definition of vulnerability should be developed in consultation with advice agencies and enforcement agencies and, wherever possible, the local authority should aim to publish clear guidelines on what constitutes vulnerability locally. Where a local authority's vulnerability criteria apply, in these cases, debts should be considered carefully before being passed to enforcement

agencies. Where enforcement agents or other parties identify a vulnerable household, recovery action will be referred to the local authority.

10. Section 151 Officer Assurance Statement

10.1 The financial implication from the recommendations in this report are included within the budget proposals elsewhere on this agenda. If a different approach was taken over the level and type of discounts that were thought appropriate there would need to be an undated financial analysis completed in order to calculate the impact on the Council's available resources

11. Comments of City Human Resources Manager

11.1 There are no staffing issues arising, the provisions are likely to benefit some people with protected characteristics.

12. Comments of Overview and Scrutiny

12.1 This report will be considered by the Finance and Value for Money Overview and Scrutiny Commission at its Budget meeting of Friday, 19 February, 2021. Any comments or recommendations made by the Commission will be tabled alongside the report at the meetings of Cabinet and Full Council. (Ref. Sc6035 (FH))

13. Comments of the Portfolio Holder for Finance

13.1 I am delighted the Administration is bringing in the proposals outlined in the report. The proposals will help the poorest residents as the Council seeks to support the city through the recovery from the pandemic. I fully support the retention of the assistance for care leaver and the special constable discounts and the maximisation of the policy that drives the reductions of empty homes.

14. Conclusions

14.1 Changes introduced under the LGFA 2012 provided considerable latitude in revising existing Council Tax discounts and introducing new discounts to replace those exemptions that ended on 31 March 2013.

14.2 The Council can review the discounts created for each financial year should it so wish, but they must be made before the 1st April in the year in which they are introduced regarding Section 11A.

14.3 Great care needs to be taken to consider the legal and financial implications of changing existing discounts or introducing new discounts. Any changes also need to comply fully with the requirements of the Council's Policy Framework.

14.4 The removal of mandatory exemptions for empty and uninhabitable properties from 1 April 2013 and the further reduction of those for empty and

unfurnished properties from the 1 April 2016 provided an opportunity through Council Tax collection of an additional income stream to the Council in the face of cuts to grant funding from Central Government which allows the authority to maximise revenue in order to continue to minimise the impacts of Welfare Reform to citizens of the city and the impact that cuts to services would bring.

- 14.5 The city currently has a demand for accommodation that exceeds the number of properties available within its boundaries. There is continuing concern that owners are leaving properties empty. The historical Government Council Tax exemption scheme pre April 2013 rewarded such lack of activity, but by using new local powers since to reduce the level of discount awarded on empty homes and by introducing a premium for those empty more than 2 years, there is evidence that the number of long-term empty properties has reduced. Continuing the empty property premium of 100% for those homes empty 2 years or more and the premium of 200% for those empty 5 years, whilst introducing a premium of 300% for those empty 10 years or more will assist with the intention of reducing the number of long-term empty properties in the city.
- 14.6 The introduction of Local Council Tax Reduction in 2013/14 saw 20,000 households having to pay some Council Tax for the first time. Presently the minimum sum payable by working age households in Hull is 20%. Collection rates are stable and therefore it is therefore considered to be the correct option to continue with the same scheme for 2021/22. The payment of an additional £30 hardship payment will help those with the lowest income pay their Council tax.
- 14.7 The continuation of a Local Council Tax Discount for Care Leavers will maintain additional financial support for this vulnerable group as part of the Council's responsibilities as a corporate parent for those in care.
- 14.8 A discount for Volunteer Reserve Forces recognises the service of this key group, although the discount is funded fully by the Council. It is, however, important to still consider that other individuals or groups of the City's population may subsequently lobby for a local discount.
- 14.9 The Special Constables allowance provides incentive for local residents to become Special Constables and recognises their contribution to communities in the city. Home Office approval will be required before the Special Constables Allowance can be paid for 2021/22.

David Bell – Director of Finance and Transformation

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Background Documents:

The Local Government Finance Act 2012

Eligibility Criteria for Volunteer Reserved Forces Discount

A person will be able to apply for a maximum 75% discount of the full charge where the following criteria are met:

1. The person claiming must be claiming a 25% discount on their Council Tax due to the fact that they are the only qualifying person in the property included in the calculation of their Council Tax liability.
2. They are enlisted into the armed forces for a period in excess of 28 days.
3. They give up their current paid job or benefit to be an employee of the armed forces for a period in excess of 28 days.
4. The Council are provided with call up papers and end of duty notifications to confirm service.
5. The 75% discount can be claimed only for the period set by the criteria in 1 and 2 above.
6. Volunteer Reserve Forces consists of The Royal Navy Reserves, The Royal Marine Reserves, the Territorial Army and the Reserved Air Forces.

Eligibility Criteria for Special Constables Allowance.

A person will be able to apply for a maximum 50% discount of the full charge where the following criteria are met:

1. Is a member of the Humberside Police Special Constabulary.
2. The majority of their duties are to benefit the residents of Hull City
3. They must be liable as an individual for the Hull City Council – Council Tax Charge or they must be jointly or severally liable for the Council Tax Charge
4. Only one application per household can be made.
5. Where two or more Special Constables are in occupation of a single property, a total 50% discount of the full band charge will be awarded.
6. Where a single occupier claims the discount, the discount will be 25% of the full band charge (as a 25% reduction will already be awarded as a single occupier).
7. A person who is not liable to pay the Council Tax charge direct to Hull City Council cannot apply for a discount.
8. That any discount awarded be calculated on a daily basis to reflect new starters and leavers within the Special Constabulary.
9. The allowance will only be paid where the claimant is up to date with their current year Council Tax payments.
10. A special constable must undertake a minimum of 16 hours duty per month to be eligible for the Council Tax allowance.

A charge payer is as defined by Section 6 Local Government Finance Act 1992.

Implications Matrix

This matrix provides a simple check list for the things you need to have considered within your report

If there are no implications please state

I have informed and sought advice from HR, Legal, Finance, Overview and Scrutiny and the Climate Change Advisor and any other key stakeholders i.e. Portfolio Holder, Area Committee etc prior to submitting this report for official comments	Discussions have taken place with Finance, and Portfolio Holder for Finance.
Is this report proposing an amendment to the budget or policy framework?	No
Value for money considerations have been accounted for within the report	Yes. The recommendations have been considered in tandem with other changes to the Council Tax scheme and grant funding arrangements for the authority.
The report is approved by the relevant Corporate Director	Yes.
I have included any procurement/commercial issues/implications within the report	No implications
I have liaised with Communications and Marketing on any communications issues	Yes
I have completed and Equalities Impact Assessment and the outcomes are included within the report	An equalities impact assessment has been completed on the Local Council Tax reductions Scheme.
I have included any equalities and diversity implications within the report	Yes, consideration included relating to the criteria for awarding Care Leavers Council Tax Discount. Those who have left care and moved into the City will also be awarded the discount to prevent discrimination within that demographic group.
Any Health and Safety implications are included within the report	no implications
Any human rights implications are included within the report	no implications
I have included any community safety implications and paid regard to Section 17 of the Crime and Disorder Act within the report	no implications
I have liaised with the Climate Change Advisor and any environmental and climate change issues/sustainability implications are included within the report	no implications
I have included information about how this report contributes to City/Council/ Area priorities within the report	The information contributes to the Councils budget setting process for 2021/22 which informs the Councils priorities.