

Westmorland and Furness Shadow Authority Council

Date **7 March 2023**

Title **Council Taxbase, Premiums and
Discounts, Discretionary Rate
Reliefs and War Pension
Disregards**

Report from: Cabinet Member for Finance

Report Author: Pam Duke, Director of Resources (Section 151
Officer)

Wards: All

Key Decision: No

1.0 Purpose/Summary of report

- 1.1. To note the Council Tax Base for the setting of the Westmorland and Furness Council Tax for 2023/24.
- 1.2. To approve Council Tax premiums and discounts, business rate reliefs and war pension disregards that feed in to the budget report.

2.0 Recommendation

It is recommended that the Shadow Authority:

- (1) Notes the Council Taxbase used for the setting of the Westmorland and Furness Council Tax for 2023/24.**
- (2) Approves the harmonisation of premiums and discounts as set out at 3.7 and 3.18.**
- (3) Approves the discretionary rate reliefs and exclusions set out at 3.26 and 3.27.**
- (4) Approves the 100% voluntary disregard of any incomes prescribed within the Housing Benefit and Council Tax Benefit (War Pension Disregards) Regulations 2007 under the provision contained within Section 134(8) and 139(6) of the Social Security Administration Act 1992 for the purposes of determining Housing Benefit entitlement from 1 April 2023.**

3.0 Background and Proposals

Council Taxbase

- 3.1 As part of the Council Tax setting process each year there is a requirement to calculate, set and approve a Council Taxbase from which Council Tax is set.
- 3.2 For 2023/24 Westmorland and Furness will set Council Tax using a combined taxbase calculated from the three current billing authorities. The taxbase doesn't require formal approval but is required ahead of the setting of the budget and approval of the Council Tax.
- 3.3 The Council Taxbase for Westmorland and Furness for 2023/24 has been determined and is set out below:

Authority	2022/23	2023/24	Change
Barrow Borough Council	19,899.25	20,167.79	268.54
South Lakeland District Council	46,185.20	46,402.35	217.15
Eden District Council	20,832.44	21,144.61	312.17
Westmorland and Furness Total	86,916.89	87,714.75	797.86

Council Tax Premiums and Discounts

- 3.4 Whilst a large part of the Council Tax legislation is mandatory such as Single Person Discounts and Disregards and Exemptions, there are a number of areas where Councils may determine, the type and levels of discount or charges to be made.
- 3.5 The schemes currently operated are very similar and alignment is, in the main, straightforward. In the majority of the areas, the proposal will be to make 'no significant change' to the existing provisions adopted.
- 3.6 The main discretionary areas are as follows:
- Second homes;
 - Unoccupied and substantially unfurnished premises;
 - Empty Properties;
 - Care Leavers;
 - Beach Huts.
- 3.7 The table below sets out both the existing level of discount or premium along with the recommended level for Westmorland and Furness:

	W & F Proposed
Class A - Second Homes Not sole or main residence/Furnished 28-day planning restriction[1]	0%
Class B - Second Homes Not sole or main residence/Furnished No planning restriction[2]	0%
Class C - Unoccupied / substantially unfurnished	100% for 6 months
Class D - Structural repairs (Unoccupied & substantially unfurnished)	0%
Premium Empty - 2 yr	100%
Premium Empty - 5 yr	200%
Premium Empty - 10 yr	200% increasing to 300% from 01/04/2024

[\[1\] restricted by a planning condition preventing occupancy for a continuous period of at least 28 days](#)

[\[2\] the occupation of which is not restricted by a planning condition preventing occupancy for a continuous period of at least 28 days in the relevant year](#)

- 3.8 The impact of the changes related to the Class A – D discounts are relatively minor as they are generally bringing one authority in line with the others.
- 3.9 The impact of premiums on Empty Properties and potential changes to 2nd homes discounts do however have a greater impact.
- 3.10 Premiums for Empty Homes were introduced by Government in 2013 with a view to encouraging homeowners to occupy homes and not leave them vacant in the long term.
- 3.11 Initially premiums could only be charged at 50% but legislation has now changed to allow a progressive charge:
- 2 years or more, up to 100%;
 - 5 years or more, up to 200%;
 - 10 years or more, up to 300%
- 3.12 In addition, with the recent introduction of the Levelling Up and Regeneration Bill, it is Government's intention to:

- reduce the minimum period for the implementation of a premium for empty premises from two years to one year; and
- to allow Councils to introduce a premium in respect of second homes (dwellings that are unoccupied but furnished, Class A and B, of up to 100%.

3.13 The changes outlined in 3.11 will, subject to the bill receiving Royal Assent, be effective from 1 April 2024. Should the Council wish to adopt these changes, it will be necessary to make a resolution confirming its requirements before 31 March 2023.

3.14 The recommended proposals for existing empty homes premiums are set out in the table. It is further recommended that the changes in premiums, that will be allowed once the Levelling Up and Regeneration Bill is enacted, are adopted by the Council in full.

3.15 The Cumbria Care Leavers Council Tax Exemption Policy was agreed in 2018 to support care leavers up to the age of 25 by granting up to 100% discretionary relief from Council Tax.

3.16 The policy sets out the approach to the award of discretionary Council Tax relief in respect of Council Tax liability for resident Care Leavers living in Cumbria and the policy shall be continued in the name of Westmorland and Furness Council.

3.17 The current sovereign councils awards a 50% discretionary discount to certain properties where there is a covenant restricting the length of time that the dwelling can be occupied, that vehicular access to the dwellings makes it impractical for the Council to deliver key direct services such as the collection of domestic waste and street cleansing, and wheeled vehicular access is prevented at least daily by the tide.

3.18 Members are asked to recommend that until the access and amenities for these properties alters, the Council awards the 50% discretionary discount.

Business Rates Reliefs

3.19 Non-Domestic Rating has a large number of reliefs divided into mandatory and discretionary.

3.20 Mandatory reliefs are set by legislation and the new Westmorland & Furness Council will implement those in full.

3.21 Discretionary relief's are divided into three main types:

- a) Discretionary relief which is defined by legislation and borne by the Council and Government under the Business Rates Retention provision (50%/50%);
- b) Discretionary relief which is wholly defined by the Council and borne by the Council and Government under the Business Rates Retention provision (50%/50%); and
- c) Discretionary relief which is wholly defined by the Government and reimbursed by the Government under a S31 Grant.

3.22 The current sovereign authorities do not give relief under (b) and all adopt Government guidance in full for (c) to fully reclaim the S31 grants available.

3.23 There are a variety of approaches adopted by the Sovereign authorities for (a) and the main task would ordinarily require a developed Discretionary Rate Relief Policy to guide where relief is awarded and where it isn't.

3.24 Whilst, the three sovereign authorities operate different policies they all have the same delegated power to the Section 151 officer to approve all rate reliefs. This is common practice across the sector.

3.25 In order to ensure reliefs are agreed for 1st April 2023 approval is sought on the Section 151 officer recommendation for the proposed reliefs that fall within (a) above.

3.26 The table below sets out the proposed reliefs along with the maximum relief allowed:

Category – Relief Type	Maximum	Proposed Relief
Top – up Relief to Mandatory Charity Relief or Community Amateur Sports Club as defined by HMRC	20%	20% discretionary relief where the RV does not exceed 75,000 10% discretionary relief where the RV exceeds 75,000
Discretionary Relief – Non Profit Making organisations hereditaments occupied by certain voluntary bodies of a philanthropic nature, for recreation, or by clubs and societies not established or conducted for profit	100%	100% relief where the RV does not exceed 30,000 90% relief where the RV does not exceed 51,000
Rural Rate Relief – Discretionary Only (small number of cases that fall within the criteria)	100%	Relief to be granted up to 16,500 RV

3.27 There are some specific exclusions proposed that are currently adopted by the sovereign authorities:

- No discretionary relief shall be given to Charity Shops (except local charities i.e. hospice shop, air ambulance), Housing Associations, hospitals and Educational Establishments (including Academies, Schools and Colleges) that are charitable trusts.
- No discretionary relief will be awarded to charities that are occupying hereditaments in return for a payment/donation from the landlord/owner/agent of the hereditament and occupying premises for a nominal rent, or where the occupation of the hereditament is not line with the objectives of the charity.

War Pension Disregards

3.28 On the 23 January 2023 Council agreed the 100% voluntary disregard any of incomes prescribed within the Housing Benefit and Council Tax Benefit (War Pension Disregards) Regulations 2007 under the provision contained within Section 134(8) and 139(6) of the Social Security Administration Act 1992 for the purposes of determining Council Tax Support entitlement from 1 April 2023.

3.29 The Housing Benefit Regulations 2006 prescribe a standard £10 per week income disregard from the incomes prescribed within the Housing Benefit (War Pensions Disregards) Regulations 2007. Any remaining balance from these incomes are to be included in the means testing of an applicant's entitlement for Housing Benefit.

3.30 The Regulations allow local authorities to implement adjustments to the scheme to meet the needs of their local community, with a percentage of any costs arising for the local adjustments being met by the authority.

3.31 The sovereign authorities have all, for a number of years adopted the same local scheme, in that all 3 Councils disregard 100% of the incomes prescribed within the Housing Benefit (War Pensions Disregards) Regulations 2007 for both Housing Benefit and Council Tax Support purposes.

4.0 Consultation

4.1 The report has been consulted upon with the Cabinet Member for Finance. There is no requirement to formally consult on these matters. A formal Council Tax consultation has been undertaken separately.

5.0 Alternative Options

5.1 These are set out within the report for each of the proposals considered.

6.0 Implications

Financial, Resources and Procurement

6.1 The Council Tax and Business Rate funding within the 2023-2024 proposed budget is not materially impacted by the matters outlined in this report. The implementation of the recommendations shall bring harmonisation across the Council and consistency in future Tax Bases. There will be minimal resource impacts as each sovereign authority operates most of the schemes mentioned in the report and regular in year monitoring will be in place. There are no procurement implications as the software packages already provide the functionality required.

Human Resources

6.2 None.

Legal

6.3 The War Pension disregard is governed by the Social Security Administration Act 1992.

Health and Sustainability Impact Assessment

6.5 Have you completed a Health and Sustainability Impact Assessment? No

6.6 There is no direct health or sustainability impact from the consultation.

Equality and Diversity

6.7 Have you completed an Equality Impact Analysis? No

6.8 There are no Equalities implications of the consultation.

Risk Management	Consequence	Controls required
There are no major risks the options set out and approved within the report.	None	None

Contact Officers

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Appendices Attached to this Report

None

Background Documents Available

None