



COUNCIL: 12 December 2018

Report of: Borough Treasurer

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SUBJECT: BUDGET UPDATE

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To provide an update on a range of business rates and council tax matters.

2.0 RECOMMENDATIONS

- 2.1 That delegated authority be given to the Director of Housing and Inclusion in consultation with the relevant portfolio holders to implement the new Business Rate Reliefs announced in the Chancellor of the Exchequer's Budget Speech in October 2018.
- 2.2 That the level of Council Tax charges be set at the maximum possible level for homes that have been empty for more than 2 years as set out in section 5.0 of this report.
- 2.3 That the existing Council Tax Support Scheme be continued for the next financial year.
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3.0 BACKGROUND

3.1 This report covers a range of different matters in relation to new business rate reliefs, Council Tax charges on Empty Homes and the Local Council Tax Support Scheme. These matters require consideration as a result of new government initiatives and legislation and as part of the budget setting process.

4.0 NEW BUSINESS RATE RELIEFS

4.1 The Chancellor of the Exchequer announced in his budget speech in October 2018 that the following business rate reliefs would be introduced:

- Reductions in business rate bills of a third for all small retailers with a rateable value below £51,000 for the financial years 2019-20 and 2020-21 subject to state aid limits. Nationally this could benefit up to 90% of retail properties by up to £8,000 per year
- A new mandatory 100% business rates relief for all public lavatories

4.2 It was also stated in this speech that local authorities would be fully compensated for the loss of income as a result of these business rate measures. These reliefs will provide temporary assistance to small retailers over the next 2 years and also provide a saving estimated at just under £2,000 for the Council on its public lavatories. No further details have been provided by the Government on these measures at this time and consequently it is proposed that a delegated authority be given to the Director of Housing and Inclusion in consultation with the relevant portfolio holders to implement these reliefs when more detailed guidance becomes available.

5.0 COUNCIL TAX CHARGES ON EMPTY PROPERTIES

5.1 The Council currently charges a premium of an additional 50% council tax over and above the normal council tax on unfurnished homes that have been empty for more than 2 years and are not being actively marketed for sale or rent. This is the maximum possible charge under the current rules and is designed to provide a financial incentive for home owners to bring properties back into use, which is important given the housing issues facing the Borough.

5.2 New legislation set out in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 means that the maximum possible charges have now been increased as follows:

From 1 April 2019

- Properties empty for over 2 years - the maximum premium will increase from 50% to 100%

From 1 April 2020

- Properties empty for a period of 2 – 5 years - the maximum premium will be 100%
- Properties empty for a period of 5+ years - the maximum premium will increase to 200%

From 1 April 2021

- Properties empty for a period of 2 – 5 years - the maximum premium will be 100%
- Properties empty for a period of 5 - 10 years - the maximum premium will be 200%

- Properties empty for a period of more than 10 years - the maximum premium will increase to 300%

5.3 It is proposed that the maximum possible charge will be made on unoccupied and unfurnished properties that are not being actively marketed for sale or rent in line with this new legislation to help to address housing issues in the Borough. Currently there are 134 properties that have been empty for between 2 to 5 years, 46 properties that have been empty for 5 to 10 years, and 28 properties that have been empty for more than 10 years. It is estimated that this approach would generate an additional £117,000 in total in 2019-20 of which the Borough Council's share would be £15,000. Additional income would be raised in subsequent years in line with the increases in charges set out above.

6.0 LOCAL COUNCIL TAX SUPPORT SCHEME

6.1 The Government abolished the national scheme of Council Tax Benefit with effect from April 2013 and now requires that local authorities put in place a local Council Tax Reduction Scheme, more commonly known as a Council Tax Support (CTS) scheme. This requires each Council tax billing authority to design its own scheme to administer Council Tax Support, working within a framework set out in legislation. Each financial year the Council must consider whether to revise its existing scheme or replace it with another scheme. If it chooses to revise its existing scheme, or replace that scheme with another scheme, it must do so no later than 31 January in the financial year preceding the financial year the scheme is to have effect.

6.2 The Council agreed its local CTS scheme in December 2012, and this scheme has been in operation since that time. The main feature of this scheme is that it calculates CTS in line with the previous Council Tax Benefit system but then applies a percentage reduction of 22% for claimants of working age, which was designed to reflect the reduction in government funding for CTS. Full details on the scheme can be found on the Council's website using the following link:

<http://www.westlancs.gov.uk/bills-benefits/benefits/council-tax-support.aspx>

6.3 The CTS scheme complies with statutory requirements and operates in an effective manner, and consequently no revisions are proposed to this scheme for the next financial year. Any values in the scheme will though be updated to reflect changes in national benefit figures in line with our standard practices.

7.0 LOCAL GOVERNMENT FINANCE SETTLEMENT

7.1 It is expected that the Local Government Finance Settlement for 2019-20 will be announced on 6th December 2018. This will be too late to be incorporated into this report and consequently an analysis of the financial consequences will be circulated to Members by email

8.0 SUSTAINABILITY IMPLICATIONS

- 8.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder.

9.0 RISK ASSESSMENT

- 9.1 The Council must agree a CTS scheme by the 31st January before the start of each financial year, and if it does not a default government scheme must be implemented.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

There is a significant direct impact on members of the public, employees, elected members and / or stakeholders. Therefore an Equality Impact Assessment is required and a formal assessment is attached as Appendix 1 to this report, the results of which have been taken into account in the Recommendations contained within this report.

Appendices

Appendix 1 - Equality Impact Assessment