

Report on **Council Tax Discounts** current application of areas of discretion

Council Tax Support

Local Council Tax Support schemes replaced the former national Council Tax Benefit (CTB) scheme from April 2013. The scheme for pensioners continues to be prescribed by government, and allows up to 100% support against Council Tax liability.

The scheme for Working Age claimants is determined locally. The Government set out its expectations for local authorities to protect the vulnerable and for schemes to support incentives to work.

In the first year, 2013/14 the government paid local authorities a cash-limited grant that was 90% of the estimated national expenditure, leaving local authorities with a potential shortfall in funding. (For South Holland this represented an 11.4% reduction). In the first year a further one off transitional grant became available to local authorities that adopted a scheme which limited the impact on working age. South Holland accepted these limitations and qualified for this grant.

The transitional grant was a one-off and not made available in future years.

Since 2014/15 the CTS grant has been subsumed within RSG and is no longer separately identifiable.

In 2014/15 South Holland Council Tax Support Scheme required all working age households to pay at least 75% of their Council Tax liability. This scheme has been reviewed annually and retained through 2015/16 and for 2016/17.

The core principles of South Holland's local CTS scheme are: -

- **Protection for : -**
People over pension age (as prescribed by Government)

All War Disablement Pensioners and War Widowers
- **People with children, disabilities or caring responsibilities will be supported**
Retain the core features and continue to apply the wide range of provision in the previous Council Tax Benefit (CTB) scheme that recognised the additional needs of the disabled, those with children and those with caring responsibilities.
- **Incentives to work will be supported**
Retain provision within the previous Council Tax Benefit scheme, thereby maintaining the rate at which support is withdrawn as income increases.

The following table illustrates the maximum amount of support that the South Holland's scheme provides for Working Age claimants since introduction of CTS from 2013/14 to current.

Financial Year	Scheme	Protection
2013/14	Maximum CTS – 91.5%	Protection for war widow(ers)
2014/15	Maximum CTS – 75%	Protection for war widow(ers)
2015/16	Maximum CTS – 75%	Protection for war widow(ers)
2016/17	Maximum CTS – 75%	Protection for war widow(ers)

This table shows, as 31 March 2016, the profile between working age and elderly. The Council has no discretion in terms of the expenditure associated with the support for elderly category. Any saving can only be achieved through working age claimants.

	Total Claims	Average weekly CT liability	Average weekly award
All Groups	6,553	£17.27	£12.94
Elderly	3,461	£17.51	£14.57
Working Age	2,892	£16.98	£10.99

The split of 2015/16 scheme expenditure between elderly and working age groups is shown in the following table.

Total	£4,381,447
Elderly	£2,726,738
Working Age	£1,654,709

Total scheme expenditure in 2014/15 was £4,539,168

Total scheme expenditure in 2013/14 was £5,243,695

Financial arrangements

Council Tax Support is administered as a local discount and is part of the collection fund. As such the cost of the scheme is borne by major preceptors.

Local authorities (SHDC, LCC and PCC) receive CTS grant through RSG settlement.

South Holland's 'share' of the cost of local Council Tax Support (based on 2016/17 CT levels) is around 11%, as demonstrated in the following table.

Council Tax 2016/17 Band D	£	% 'share'
Lincolnshire County Council	£1,128.83	75.75%
South Holland District Council	£159.84	10.73%
Police and Crime Commissioner	£201.51	13.52%
	£1,490.18	

The Local Government Finance Act 2012 and subsequent regulations granted billing authorities greater discretion over discounts and exemptions for certain categories of dwelling from 1st April 2013.

Second Home Discount

From April 2013 South Holland removed the 10% discount it had previously allowed on empty furnished /second homes. The 50% discretionary charge above the 50% statutory element generated additional income of £14,469 in 2014/15 and £17,093 in 2015/16.

(Prior to 2013/14 local authorities were able to determine the level of charge above the statutory 50% up to an additional 40%, i.e. 90% potential charge minimum; minimum statutory discount 10%).

100% charge in 2014/15 raised £28,938. 50% of this through discretion = additional income £14,469.

100% charge in 2015/16 raised £34,186. 50% of this through discretion = additional income £17,093.

At the end March 2015 there were 149 properties in this category

At the end March 2016 there were 150 properties in this category

South Holland DC benefits from approximately 11% of additional income raised through not allowing any discount on empty unfurnished/second homes through collection fund arrangements.

Empty, Unoccupied and Unfurnished Discount

Prior to 2013 properties which had become empty and unfurnished were entitled to a 100% exemption for 6 months.

From April 2013 South Holland introduced a 100% discount for a period of one month, after which full Council Tax is payable.

The cost of this discount in 2014/15, £123,941

The cost of this discount in 2015/16 £125,322

At the end March 2015 there were 342 properties in this category.

At the end of March 2016 there were 311 properties in this category.

South Holland DC shares approximately 11% of the cost of this discount through collection fund arrangements.

Empty, Uninhabitable Dwellings

Prior to 2013/14 statutory provision allowed for a 100% exemption for up to 12 months in respect of vacant dwellings where major repair works or structural alterations was required, underway or recently completed.

The statutory provision was abolished and powers were given to billing authorities to give a discount up to 100%.

South Holland replaced the uninhabitable exemption with a discount of 25% for up to 12 months. All Council Taxpayers whose properties fall within this category since 2013 are now required to pay 75% of the Council Tax liability.

The cost of this discount in 2014/15 was £5,693

The cost of this discount in 2015/16 was £4,913

At the end March 2015 there were 33 properties in this category.

At the end of March 2016 there were 22 properties in this category.

South Holland DC shares approximately 11% of the cost of this discount through collection fund arrangements.

Long Term Empty Premium

As well as the new discretions afforded to billing authorities for setting local discount and exemption levels for certain empty dwellings, powers were also passed allowing a premium to be charged on dwellings left empty and unoccupied for more than 2 years.

From April 2013 South Holland introduced a premium, to charge 150% Council Tax on such dwellings.

Council Tax Premium debit raised in 2014/15 £169,325

Council Tax Premium debit raised in 2015/16 £162,200

At the end March 2015 there were 90 properties in this category

At the end March 2016 there were 78 properties in this category

South Holland DC benefits from approximately 11% of additional income raised through the premium through collection fund arrangements.