

## CABINET

<b>Date of Meeting</b>	Tuesday, 17 <sup>th</sup> January 2017
<b>Report Subject</b>	Council Tax & Business Rate Statutory Policies 2017-18
<b>Cabinet Member</b>	Cabinet Member for Corporate Management
<b>Report Author</b>	Chief Officer (Community & Enterprise)
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

Each year there is a need to approve certain policies for the administration of Council Tax and Business Rates, these are:

- Council Tax Discounts on second and long term empty homes
- Council Tax Discretionary Discounts
- Business Rates Discretionary Rate Relief
- Business Rates 'top-up' Discretionary Rate Reliefs to small businesses

The current policy of not offering a Council Tax discount on second and long term empty homes forms part of the wider Council Tax setting process for 2017-18. More importantly, the decision not to provide discounts is also crucial to the implementation of the Council Tax Premium scheme where an additional charge, otherwise known as a Premium, will apply to second and long term empty homes from April 2017. In other words, it is essential to continue to adopt a policy of not awarding a discount on such properties in order to levy the Council Tax Premium, which is set at 50% for 2017-18.

The policy framework for Business Rates Discretionary Rate Relief in 2017-18 has already been approved by Cabinet in July 2016 and is contained in this report for reference purposes only. The introduction of a new Discretionary policy framework will mitigate towards future budget gaps as a result of reduced central government funding.

The adoption of all other policies for 2017-18 will deal with circumstances where the Council might award local taxation discounts and/or reliefs.

## RECOMMENDATIONS

1	Adopt a policy of not awarding Council Tax discounts on second and long term empty homes in 2017-18. This will enable the Council to raise a Council Tax premium, in certain circumstances, at the rate of 50% above the standard rate of Council Tax as already agreed through the introduction of the Premium scheme from 2017-18. (i.e. a 150% charge).
2	Continue with the current policy to only consider Discretionary Council Tax discounts in cases of civil emergencies and natural disasters.
3	Note the implementation of the new Discretionary Business Rate Relief Policy Framework for 2017-18 as previously agreed by Cabinet.
4	Continue with the current policy in 2017-18 of not awarding 'top-up' Discretionary Discounts to businesses already qualifying for Small Business Rate Relief.

## REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE COUNCIL TAX &amp; BUSINESS RATE STATUTORY POLICIES 2017-18</b>
1.01	<b><u>COUNCIL TAX ON SECOND AND LONG TERM EMPTY HOMES</u></b>  The Council has long had a policy of not awarding Council Tax discounts to second/holiday homes (defined as Prescribed Classes A and B) and long term empty properties (Prescribed Class C). These are defined by Regulations as: <ul style="list-style-type: none"><li>• Class A – A property which is unoccupied and furnished but where occupation is prohibited by law for over 28 days each year</li><li>• Class B – A property which is unoccupied and furnished and where occupation is not prohibited by law</li><li>• Class C – A property which is unoccupied and substantially unfurnished beyond the normal exemption period (usually after 6 months)</li></ul>
1.02	The adoption of the Council Tax Premium scheme from April 2017, as agreed by Council in March 2016, will now result in the Council not only setting a nil discount, but then setting a 50% Premium (i.e. a 150% charge) on all properties defined by Prescribed Classes A, B and C, unless such properties are entitled to an exception from the Premium.
1.03	The policy applies to the whole County and the decision not only to award nil discounts for any of the Prescribed Classes but to also charge a Premium in relevant cases is also reflected in the 2017-18 Tax Base calculations.
1.04	<b><u>COUNCIL TAX DISCRETIONARY DISCOUNTS</u></b>

	Section 13a of the Local Government Finance Act allows the Council to use discretionary powers to reduce the amount of Council Tax payable, effectively granting a local Council Tax Discretionary Discount.
1.05	If the Council exercises this power it must act with regard to all relevant considerations and the interests of taxpayers as the full cost of awarding a Discretionary Discount would, in effect, be financed by other Council Tax payers.
1.06	The current policy together with the recommended policy for 2017-18 is for the Chief Officer – Community & Enterprise and Cabinet Member for Corporate Management to consider Discretionary Discounts through the use of delegated powers only in cases of civil emergencies or natural disasters.
1.07	<p><b><u>BUSINESS RATES – DISCRETIONARY RELIEF FOR CHARITABLE, VOLUNTARY AND NOT FOR PROFIT ORGANISATIONS</u></b></p> <p>The Local Government Finance Act 1988 prescribes a Business rates scheme of Mandatory and Discretionary Relief for charities, voluntary and not for profits organisations.</p> <p>Cabinet approved a new policy framework in July 2016 which focuses on ceasing Discretionary ‘top-ups’ to those organisations that already benefit from 80% Mandatory Relief and reducing all other Discretionary awards from 100% to a maximum of 80%. This means that all organisations are expected to make a 20% payment contribution towards business rates from 2017-18.</p>
1.08	<p><b><u>BUSINESS RATES – DISCRETIONARY RATE RELIEF FOR ALL OTHER BUSINESSES</u></b></p> <p>The Council can also provide discretionary relief in any circumstances in line with the Localism Act 2011. This is subject to the condition that, except in the limited circumstances specified, the Council may only grant relief if it would be reasonable to do so having full regard to the interests of council tax payers who would ultimately finance the full cost of providing rate relief in these circumstances.</p>
1.09	<p>The proposed policy in 2017-18 is for the Chief Officer – Community &amp; Enterprise and Cabinet Member for Corporate Management to consider any applications received for discretionary discounts falling outside the scope of the policy in section 1.07. These will be considered on their own merits using the following criteria:</p> <ul style="list-style-type: none"> <li>• Requests for reductions will be required in writing with a full business case and documentary evidence in support of the need for relief</li> <li>• The Council’s finances allow for a reduction to be made</li> <li>• It must be in the interests of Council Tax payers and the wider public interest to grant a reduction</li> <li>• All other eligible discounts/reliefs have been considered prior to seeking discretionary rate relief</li> </ul>

1.10	<p><b><u>BUSINESS RATES – DISCRETIONARY RELIEF FOR SMALL BUSINESSES</u></b></p> <p>Welsh Government have decided to extend Small Business Rate (SBR) Relief scheme for a further 12 months from April 2017. This provides rate relief, on a sliding scale in certain cases, to businesses with a rateable value of £12,000 or less. This scheme is fully financed by Welsh Government.</p> <p>The Welsh Government SBR scheme also contains provision for local authorities to award discretionary ‘top-up’ relief to small businesses not qualifying for 100% SBR reductions, although the cost of providing ‘top-up’ awards to small businesses is financed completely by the Council.</p>
1.17	<p>The proposed policy in 2017-18 is not to award additional discretionary ‘top-up’ relief to small businesses already qualifying for partial SBR.</p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	<p>As part of the Budget build up for 2017-18, provisions have been made for the implementation of all existing or revised policies as set out in this report.</p>

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	<p>The Business Rates Discretionary Rate Relief scheme has been approved by Cabinet for implementation from April 2017.</p>

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	<p>Policies have already been agreed for the introduction of the Council Tax Premium scheme in April 2017 and a determination to charge a 50% Premium was made 12 months prior to the commencement of the scheme.</p>
4.02	<p>Similarly, the policy for Discretionary Rate Relief has been agreed prior to the commencement of the new 2017-18 tax year.</p>
4.03	<p>The approval of all other policies as set out in this report, prior to the commencement of the next billing period, will ensure that all statutory policies are in place to deal with applications for reliefs and discounts.</p>

<b>5.00</b>	<b>APPENDICES</b>
5.01	<p>None.</p>

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<ul style="list-style-type: none"> <li>• Local Government Finance Act 1988 – section 47</li> <li>• Local Government Finance Act 1992 – section 12</li> <li>• Non Domestic Rating (Discretionary Relief) Regulations 1989</li> <li>• Localism Act 2011 – section 69</li> <li>• Housing (Wales) Act 2014</li> </ul> <p><b>Contact Officer:</b> David Barnes  <b>Job Title:</b> Revenues Manager  <b>Telephone:</b> 01352 703652  <b>E-mail:</b> <a href="mailto:david.barnes@flintshire.gov.uk">david.barnes@flintshire.gov.uk</a></p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Mandatory Rate Relief:</b> Where a business property is occupied by a charity or a Community Amateur Sports Organisation and the property is put to use ‘wholly or mainly’ for charitable purposes, there is an automatic entitlement to a 80% reduction in the rate bill, the cost of which is picked up by Welsh Government.</p> <p><b>Discretionary Rate Relief:</b> Voluntary Groups and ‘Not for profit’ organisations which are not registered charities are not eligible to receive Mandatory Rate Relief, but they are eligible to receive discretionary rate relief up to 100% (either as a ‘top-up’ to Mandatory Rate Relief or as an award in its own right based on the policy of a local authority). To be entitled to Discretionary Rate Relief, organisations must satisfy certain rules and conditions where the premises are occupied and put to use for charitable or otherwise for used for philanthropic, religious, education, social welfare, science, literature, the arts or recreational purposes.</p> <p><b>Council Tax Premium scheme:</b> From April 2017, local authorities in Wales will be able to charge a premium of up to 100% of the standard rate of council tax on long term empty homes and second homes.</p> <p>Second homes are defined as domestic properties appearing in the Council Tax Valuation List which are not a person’s sole or main residence and which are substantially furnished, although they might sometimes be occupied periodically.</p> <p>Long Term Empty Homes are defined as a domestic properties appearing in the Council Tax Valuation List but which is both un-occupied and substantially unfurnished for a period of usually 6 months or more.</p> <p><b>Rateable Value:</b> is a monetary value on the likely letting price assigned to commercial buildings based on the size, location and other factors used to determine the rates payable by the person responsible for payment of business rates on each commercial property appearing in the Rating List.</p> <p><b>Small Business Rate Relief:</b> is a Welsh Government funded scheme that has been extended to 31<sup>st</sup> March 2018 to provide rate relief on a sliding</p>

scale to most small businesses operating from commercial premises with a rateable value of £12,000 or less. Properties with a rateable value of £6,000 or less are eligible for 100% rate relief. This means that businesses won't pay business rates on those properties. The rate of relief decreases from 100% to 0% for properties with a rateable between £6,001 and £12,000.

**Tax Base:** is a measure of the Council's Council Tax 'taxable capacity' taking into account the number of chargeable properties and the number of exemptions and discounts.

**Council Tax Premium scheme:** From April 2017, local authorities in Wales will be able to charge a premium of up to 100% of the standard rate of council tax on long term empty homes and second homes. The scheme is intended to be a tool to help local authorities to bring homes back into use and to support the supply of affordable housing.