

CABINET

14 FEBRUARY 2023

APPROVAL OF REVENUES and BENEFITS POLICIES FOR 2023-24

Report of Councillor Richard Wearmouth – Deputy Leader and Portfolio Holder for Corporate Services

Executive Director: Jan Willis, Interim Executive Director of Finance and Section 151 Officer

Purpose of report

The purpose of this report is to update Members on the policies governing the administration of Revenues and Benefits and seek approval for the updates and amendments highlighted.

Recommendation

Cabinet to recommend County Council to:

- **Approve the Revenues and Benefits Policies attached as Appendix 1 to Appendix 9.**
- **Approve (subject to the Levelling-Up and Regeneration Bill receiving Royal Assent by 31 March 2023) implementing the 100% Empty Homes premium after one year from 1 April 2024.**
- **Make a determination (subject to the Levelling-Up and Regeneration Bill receiving Royal Assent by 31 March 2023) to implement a 100% premium for second homes to increase the council tax charge to 200% from 1 April 2024.**

Link to Corporate Plan

Effective income collection and support for businesses and residents are critical to the overall objectives set out in the Corporate Plan. Efficient income and support management contributes to the availability of resources for deeper or wider service provision.

Key issues

1. There are a number of policies used by the Revenues and Benefits service in their day-to-day administration of council tax, business rates, housing benefit and council tax support and sundry debt.
2. Some of the policies are mandatory and guided by legislation and others have a discretionary element. The current policy details are highlighted below in paragraph 14.

3. The policies are annually reviewed and any updates and amendments will be made and approved as part of this process. In previous years this has been included within the Budget and Council Tax setting report approved at County Council each February.
4. It has been necessary to amend the following policies for the 2023-24 financial year:
 - Council Tax Discount Policy (see Appendix 2)
 - Corporate Debt Policy (See Appendix 3)
 - Rate Relief Policy (See Appendix 5)
5. The Council Tax Discount Policy (see Appendix 2) has been updated to include a £25 Council Tax Support Fund payment funded by Government for all working age and pensioner age council tax support claimants who have a 2023-24 council tax liability of more than £25. In addition, the Council will also be providing a hardship scheme for working age and pensioner council tax support claimants of up to £175 for 2023-24.
6. The Council Tax Discount Policy (see Appendix 2) has also been updated for 2023-24 to include a Council Tax Discount payment of £17.21 that will be awarded to council taxpayers who on 1 April 2023, are liable for council tax for their main residence in Northumberland. The £17.21 payment represents the equivalent of a 1% reduction against the Band D County Council element for 2023-24. Exclusions for the discount will be exempt property, those in receipt of council tax support where more generous support is available, empty properties and second homes. Appendix 1 has been added to the Policy and gives more detail on the eligibility and award of the discount.
7. The Council Tax Discount and £175 Hardship Fund payments for 2023-24 payments will be funded from the surplus remaining in the Collection Fund Smoothing Reserve which the Council was required to set aside as a result of the Covid-19 pandemic and the remaining funding left, after making the £25 mandatory awards, from the Council Tax Support Fund allocation from the Government.
8. The Rate Relief Policy (See Appendix 5) has been amended to update the policy with schemes that the Government has introduced since the last update in February 2022. There has also been a national revaluation of all business rates properties for 2023. The updates are for:
 - Retail, Hospitality and Leisure Business Rate Relief Scheme for 2023-24 - this introduces relief at 75% for qualifying businesses (this relief is 50% for 2022-23)
 - Transitional Relief Scheme for 2023 Revaluation - this scheme limits the effects on increased rate bills following the 2023 Revaluation and allows full benefit where business rates reduce.
 - Supporting Small Business Scheme - this will cap business rates bill increases at £600 per year for any business losing eligibility for some or all of the Small Business Rate Relief or Rural Rate Relief as a result of the 2023 Revaluation
9. All of the above amendments to the Rate Relief Policy will result in additional relief being applied to the business rates account which will reduce the overall business rates liability.
10. The Council Tax Support Scheme for 2023-24 is not included in this report as it was approved at County Council on 2 November 2022 as part of a separate decision-making process.

The Levelling-Up and Regeneration Bill

11. The Government's Levelling-Up and Regeneration Bill is currently going through Parliament. It has been through the House of Commons stage and is now at the Committee Stage going through the House of Lords.
12. Part of the Bill relates to council tax and will give the Council additional discretion on the levels of council tax that can be charged. Billing authorities can charge on some classes of dwellings. The purpose of these measures is to utilise them as a tool to bring homes back into use for local communities and help provide affordable housing.
13. If, as expected, the Levelling-Up and Regeneration Bill receives Royal Assent by 31 March 2023 the following options can be implemented with effect from 1 April 2024.

Empty Homes Premium

14. Currently billing authorities have the discretion to charge an empty homes premium of 100% after a property has been unoccupied and substantially unfurnished for a period of more than 2 years. The Council has that policy in place.
15. The Levelling-Up and Regeneration Bill will give discretion and allow the Council to implement the empty homes premium after one year instead of the current two. Based on current figures there are 636 properties which had been unfurnished and unoccupied between one and two years. Using average council tax band charges, if the empty homes premium were to be introduced at one year an estimated £1.077million of additional council tax could be raised.

Second Homes

16. At present second homes (properties that are unoccupied and substantially furnished) are charged 100% Council Tax. That is the maximum level of council tax under current legislation.
17. The Levelling-Up and Regeneration Bill will allow the Council to charge up to an additional 100% on second homes. The definition of a second home under council tax legislation is a property where there is no resident of the dwelling and where it is substantially furnished. Therefore, furnished lets for periods in between tenants also comes under this definition.
18. Any decision made to implement an extra charge on second homes, needs to be made by way of a determination at least one year before the beginning of the financial year to which it relates (by 31 March 2023).
19. A notice also needs to be published in a local newspaper within 21 days of the actual determination being made. There is no requirement for a notice to be published regarding the empty homes premium, and the one year determination requirement is also not needed.
20. Several councils have made their determinations based on implementing the changes subject to the legislation being in place by 31 March 2023.
21. Based on current data there are 3,502 properties classed as second homes in the council tax system. Based on average band charges increasing the charge for second homes by the maximum 100% an additional £6.518 million.

*It should be noted that whilst this is the potential increase in income, the money would still need to be collected.

22. Based on the Council's current policy for Empty Homes Premiums and Second Homes it is proposed (subject to the Levelling-Up and Regeneration Bill receiving Royal Assent by 31 March 2023) to seek a decision in principle:
- To charge the 100% Empty Homes Premium after 1 year with effect from 1 April 2024
 - To make a determination to charge an additional 100% council tax premium for property designated as a second home to come into effect from 1 April 2024.
23. The Council Tax Discount Policy will be updated to include both of the above changes for 2024-25 if they are approved.

Background

24. The Revenues and Benefits service has a suite of policies that govern the collection and enforcement administration of council tax, business rates, housing benefit and sundry debt income.
25. Some of the policies are regularly amended due to changing legislation, introduction of new legislation, relief schemes or the granting of additional discretions.
26. A summary of each policy is provided below for information, and where there are proposed changes, details of the changes are highlighted below.

Caravans and Chalets Policy (see Appendix 1)

This policy is in respect of caravans/chalets on commercially rated sites that are occupied as a sole or main residence for council tax purposes. Council tax is reduced by any business rates payable by the taxpayer on receipt of an itemised invoice. A Class G exemption (occupation prohibited by law) will be granted for a period when the site has to close due to planning/licensing restrictions.

There are no proposed amendments to this policy.

Council Tax Discount Policy (see Appendix 2)

This policy sets out the treatment of local discretionary discounts, empty property (including empty home premiums of 100%, 200% and 300%), uninhabitable property, second homes for council tax and care leavers.

The policy also includes the Government's COVID Hardship Fund payments of up to £150 awarded to working age council tax support claimants in 2020-21 and the Council's own Hardship Schemes of up to £300 for 2021-22 and £200 for 2022-23.

The policy has been updated for 2023-24 in order to introduce the following schemes to provide support to residents and council tax support claimants in recognition of the increased challenges and pressures caused by the cost-of-living crisis:

Council Tax Discount for 2023-24

For the 2023-24 financial year a council tax discount will be awarded under Section 13A 1(c) Local Government Finance Act 1992 amounting to £17.21. The discount will be awarded to council tax-payers liable for council tax on their main residence on 1 April 2023.

The £17.21 discount is equivalent to a 1.00% reduction in the Band D amount for the Northumberland County Council element of the council tax charge only. Properties in

council tax Bands A to C will get the equivalent of more than 1% and Bands E to H slightly less.

Council taxpayers who qualify for Council Tax Support will not be eligible for this discount as they will instead receive more generous reduction(s) in their council tax liability by way of the Government's Council Tax Support Fund and the Council's own 2023-24 Cost of Living Hardship Fund (see below)

Properties exempt from council tax; empty properties and second homes will also not be eligible for this discount.

Appendix 1 has been added to this policy and sets out full details and eligibility for the Council Tax Discount for 2023-24

Council Tax Support Fund for 2023-24

On 19th December 2022, the Government announced additional funding for local authorities to support the most vulnerable households in England. The funding is for councils to deliver additional support to households already receiving council tax support, whilst also providing councils with the resources and flexibility to determine the local approaches to support other vulnerable households in their area. The Council's allocation is £654,441.

The expectation is that councils should use the majority of the funding allocations to reduce bills for current working age, and, pension age local Council Tax Support claimants by up to £25.

Councils can use their remaining allocation as they see fit to support vulnerable households with council tax bills.

Council Tax Support Hardship Fund for 2023-24

From the surplus of funding received for the Council Tax Support Fund for 2023-24 (above) and from its own funds the Council will provide a Council Tax Support Hardship Fund payment of up to £175 to reduce the council tax liability for all working age and pensionable age council tax support claimants.

Corporate Debt Policy (See Appendix 3)

This policy details the Council's coordinated approach to the billing, collection and recovery of monies due to the Council for council tax; business rates; rent, housing benefit/council tax benefit and support overpayments, sundry debt for council services and overpaid salaries and wages.

The policy consists of a number of separate annexes:

- Annex 1 **Council Tax and NNDR Recovery Policy** – sets out the recovery action taken to recover unpaid liabilities. No amendment has been made to this annex.
- Annex 2 **Council Tax and NNDR Court Costs and Fees Policy** – provides a uniform scale of costs at each recovery stage. No amendment has been made to this annex;
- Annex 3 **Housing and Council Tax Benefit/Support Overpayments Policy** – sets out the policy for the administration and recovery of overpayments. No amendment has have been made to this annex;

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- Annex 4 **Methods of Payment Policy** – sets out the range of payment methods available to customers. No amendment has been made to this annex;
- Annex 5 **Write Off Policy** – sets out the framework for writing off debts. No amendment has been made to this annex;
- Annex 6 **Sundry Debt Policy** – covering the recovery all collectable sundry debt. No amendment has been made to this annex;
- Annex 7 **Statutory and Chargeable Debt Policy** – sets out the approach to debt arising from the Council carrying out its statutory duties/enforcement functions. No amendment has been made to this annex;
- Annex 8 **Overpaid Salaries and Wages Policy** - sets out the approach to the recovery of salary overpayments. Minor wording changes have been made to this annex;
- Annex 9 **Bankruptcy Policy** - ensures that the Council's use of bankruptcy is consistent and complies with the relevant legislation and best practice. No amendment has been made to this annex;
- Annex 10 **Enforcement Agent Code of Practice for Council Tax and NNDR** – sets out the way that internal enforcement agents or external enforcement agent companies collecting local taxation debts on behalf of the Council will conduct themselves. No amendment has been made to this annex;
- Annex 11 **Housing Income Management Policy** – sets out the policy for the prevention of housing arrears, the rent arrears escalation procedure, recovery of former tenant arrears and write offs. Minor wording changes have been made to this annex;

The following minor amendments have been made to this policy:

Annex 2 - Council Tax and NNDR Court Costs and Fees Policy - The Official Receiver's deposit amounts have been updated for bankruptcy and liquidation proceedings.

Annex 4 - Methods of Payment Policy – paragraph 4 has been amended to include that payments can be made by debit/credit card at customer information centres, and, paragraph 5 has been amended to reflect point out that a direct debit should be set up for the customer in advance of an invoice being raised.

Annex 6 - Sundry Debt Policy - New paragraph at 5.6 has been inserted to state that invoices will be sent by email where possible.

Annex 8 - Overpaid Salaries and Wages Policy – the Payroll email address has been updated.

These minor amendments do not make any changes to the actual policy intentions.

Discretionary Housing Payment Policy (See Appendix 4)

This policy sets out the Council's approach to operating its Discretionary Housing Payment scheme. The primary aims of the policy are to prevent homelessness, to alleviate housing need, and to ensure that Northumberland residents have fair and

equal access to all services and monies to which they may be entitled by virtue of their situation.

There are no proposed amendments to this policy.

Rate Relief Policy (See Appendix 5)

This policy applies to National, Non-Domestic Rates (Business Rates) and provides the framework under which mandatory and discretionary relief will be administered.

Rate Relief can be either mandatory, discretionary or both and is granted in accordance with the Local Government and Rating Act 1997 and the Local Government Finance Acts 1988 and 2012 (as amended).

The policy relates to awards concerning:

- Rural Rate Relief
- Charities and Not for Profit Organisations
- Hardship Relief
- Section 44A (relief on the grounds of part occupation)
- Supporting Small Business
- Business Rates Revaluation Relief
- Pub Relief:
- Newspaper Relief
- Retail Discount Scheme 2019-20
- Extension of the Nursery Discount Scheme for 2021-22
- Expanded Retail Discount Scheme 2020-21
- Nursery Relief Scheme 2020-21
- Extension of Expanded Retail Discount Scheme for 2021-22
- Extension of Expanded Retail Discount Scheme for 2021/22
- Public Lavatories Rate Relief
- Retail, Hospitality and Leisure Business Rate Relief Scheme for 2022-23
- Local Discretionary Discounts.

The policy has been amended and updated to reflect the following:

- Transitional Relief Scheme for 2023 Revaluation – this scheme limits the effects on increased rate bills following the 2023 Revaluation and allows full benefit where business rates reduce.
- Retail, Hospitality and Leisure Business Rate Relief Scheme for 2023-24 – this introduces relief at 75% for qualifying businesses (this relief is 50% for 2022-23)
- Supporting Small Business Scheme – this will cap bill increases at £600 per year for any business losing eligibility for some or all of the Small Business Rate Relief or Rural Rate Relief as a result of the 2023 Revaluation.

Under this policy the Chief Executive has delegated powers to implement new relief schemes introduced by Government in line with the required legislation and timetable. This policy will then be updated at the next annual review.

War Pensions and Armed Forces Compensation Disregard Policy (See Appendix 6)

The Housing Benefit Regulations 2006 make provision for the first £10.00 of income from War Widows (Widowers)/War Disablement Scheme and the Armed Forces Compensation Scheme to be disregarded in any benefit assessment. The cost of this disregard is fully reimbursed to the Council.

The Social Security Administration Act 1992 gives the Council discretion to disregard any amount it chooses in addition to the statutory provision.

The policy has been in place since 2009-10 and the Council has taken advantage of this provision and fully disregarded income claimants receive from the War Widows (Widowers)/War Disablement Scheme and the Armed Forces Compensation Schemes when assessing entitlement to Housing Benefit/Council Tax Support.

There are no proposed amendments to this policy.

Counter Fraud Policy (See Appendix 7)

The policy sets out the Council's commitment to the prevention, detection and investigation of internal and external fraud and by working in partnership with other agencies reducing the incidence of crime and theft against the Council.

There are no proposed amendments to this policy.

Bribery and Corruption Policy (See Appendix 8)

This policy applies to all of the Council's activities and provides a framework to enable employees and members to understand and implement arrangements enabling compliance.

There are no proposed amendments to this policy.

Anti-Money Laundering Policy (See Appendix 9)

This policy sets out the obligations that impact on certain areas of local authority business and require local authorities to establish internal procedures to prevent the use of their services for money laundering.

There are no proposed amendments to this policy.

Implications

Policy	The following policies have been amended: <ul style="list-style-type: none"> • Council Tax Discount Policy • Rate Relief Policy • Corporate Debt Recovery Policy
Finance value and money for	The policies included in the report cover those in the Revenues and Benefits service that impact on the management of income and the support available for businesses and residents. The policies have an impact on the income contained within the 2023-24 budget.
Legal	Revenues and Benefits policies are subject to the relevant legislation and statutory instruments. The policy updates highlighted in this report are in line with those legislative requirements. The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 confirm that the matters within this report are not functions reserved to Full Council.
Procurement	No implications
Human Resources	No implications
Property	No implications
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	EIA has not been fully carried out, although consideration has been given as to whether that was necessary and whether there were any impacts on those residents who have protected characteristics, with regard to the policy changes for 2023-24. The policy updates for the Rate Relief policy are introduced nationally by the Government and the Council is under a duty to implement those. The amendments made to the Council Tax Discount Policy with the Council Tax Discount for 2023-24 will reduce liability for resident and will not have a positive or negative effect on residents with protected characteristics who will be entitled to the discount where they are liable for council tax. Some residents who have protected characteristics will not have liability for council tax, for example, those with Severe Mental Impairment do not have council tax liability due to a full exemption. The Council Tax Support Fund from Government and the Council's Council Tax Support Hardship Fund provided more generous assistance for residents with a payment of £25 and then an additional payment of up to £175 for working age and pension age claimants.
Risk Assessment	No implications

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Crime Disorder &	No implications
Customer Consideration	The policy updates apply to businesses and residents of the County based upon an eligibility requirement for the particular schemes
Carbon reduction	No implications
Wards	All wards are affected by this proposal

Background papers:

County Council Report – 23 February 2022
County Council minutes – 23 February 2022

Report sign off

Authors must ensure that officers and members have agreed the content of the report:

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Interim Executive Director of Finance & S151 Officer	Jan Willis
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