



# Northumberland

## County Council

### **Revenues and Benefits Service**

### **Council Tax Discounts Policy**

Section 13A of the Local Government Finance Act 1992 (LGFA 1992) (as amended) gives powers to enable billing authorities to reduce the amount of council tax liability, including reducing the amount to nil, for any individual taxpayer or group of taxpayers.

The Local Government Act 2012 (LGFA 2012) under Section 10 substitutes a new section 13A (1)(a) that provides that a person's liability for council tax is to be reduced in accordance with the Council's own council tax reduction scheme.

Section 13A (1)(c) is a re-instatement of the previous arrangements where discretion can be exercised in particular cases or by determining a class of cases and can reduce the council tax liability to nil.

### **Section 10 - Council Tax Support**

Section 10 of the LGFA 2012 amends 13A (1)(a) of the LGFA 1992 and provides that a person's liability for council tax is to be reduced in accordance with the Council's council tax reduction scheme. The council tax support scheme for 2013/14 for the Council will be administered in line with the Government's prescribed requirements in **Statutory Instrument 2885/2012 The Council Tax Reduction Scheme (Prescribed Requirements) (England)**, and, **2886/2012 The Council Tax Reduction Schemes (Default Scheme)(England) Regulations 2012**. For 2014/15 onwards the Council Tax Support Scheme will be adopted annually in line with the consultation requirements prescribed.

### **Section 11 - Power to determine further discounts for certain dwellings**

Section 11A of LGFA 2012 amends 11A of the LGFA 1992 and provides for the Council to determine its own discount for unoccupied and unfurnished property.

**Statutory instrument 2965/2012 The Council Tax (Exempt Dwellings) (England) (Amendment) Order 2012** removes the existing exemption for Class A and Class C so that from 1/4/13 they are no longer exempt from council tax:

Class A covered a 12 month period for a vacant property undergoing major repair work, or undergoing structural alteration, or having undergone either if less than 6 months had elapsed since the work was substantially completed.

Class C covered vacant property for a 6 month period or less.

### **Section 12 – Power to set higher amount for long-term empty property**

Section 12 of LGFA 2012 amends 11B of the LGFA 1992 and provides that the billing authority can charge council tax liability up to 150% for property that has been empty and substantially unfurnished for more than 2 years by introducing an Empty Homes Premium (EHP). This section also allows the Secretary of State to make provision for exceptions by prescribing classes of property, taking into account the physical characteristics and circumstances and the circumstances of any person liable, where the Council will not be able to charge additional council tax.

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 received Royal Assent on 1 November 2018. The Act gave local authorities discretionary powers to:

- From 1 April 2019 - increase the EHP to a maximum of 100% for dwellings that have been unoccupied and unfurnished for two years or more.
- From 1 April 2020 - increase the EHP to a maximum of 200% for dwellings that have been unoccupied and unfurnished for five years or more.

- From 1 April 2021 - increase the EHP to a maximum of 300% for dwellings that have been unoccupied and unfurnished for ten years or more.

**Statutory instrument 2964/2012 The Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012** provide that a billing authority may determine that the council tax discounts applicable where there is no resident of the dwelling can be replaced by a lower discount or no discount at all from 1/4/13.

### **Second Homes**

Second homes are defined as properties that are unoccupied and furnished. There are 2 classes:

Class A – second homes where occupancy is restricted by a planning condition preventing occupancy period of at least 28 days.

Class B - second homes where occupancy is not restricted by a planning condition preventing occupancy for a continuous period of at least 28 days.

From 1/4/13 billing authorities can reduce or end the existing discount.

### **Empty Property**

Statutory instrument 2964/2012 provides that the Council can decide what percentage of council tax to charge in relation to these 2 classes of dwelling instead of the exemption up to the full amount:

Class C - dwellings which are unoccupied and substantially unfurnished.

Class D - dwellings that are unoccupied and substantially unfurnished and are undergoing, or have undergone within the last six months, major repairs but they will only fall into this class for a maximum period of 12 months.

### **Empty Homes Premium**

Section 12 of LGFA 2012 amends 11B of the LGFA 1992 and provides that the billing authority can charge council tax liability up to 150% for property that has been empty and substantially unfurnished for more than 2 years.

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 received Royal Assent on 1 November 2018. The Act gave local authorities discretionary powers to:

- From 1 April 2019 - increase the EHP to a maximum of 100% for dwellings that have been unoccupied and unfurnished for two years or more.
- From 1 April 2020 - increase the EHP to a maximum of 200% for dwellings that have been unoccupied and unfurnished for five years or more.
- From 1 April 2021 - increase the EHP to a maximum of 300% for dwellings that have been unoccupied and unfurnished for ten years or more.

Statutory instrument 2964/2012 provides that Billing Authorities will not be able to charge the empty homes premium in the following circumstances:

Class E – where the dwelling would be the sole or main residence of a person but which is empty whilst that person resides in accommodation provided by the Ministry of Defence by reason of their employment (i.e. service personnel posted away from home)

Class F – where dwellings form an annexes in a property which are being used as part of the main residence.

### **War Widows**

The Council Tax Benefit Regulations 2006 make provision for the first £10.00 of income for War Widows (Widowers)/War Disablement Scheme and Armed Forces Compensation Scheme to be disregarded in any council tax benefit assessment. Under the regulations Billing Authorities have discretion to fully disregard the remainder and current Council Policy is to disregard the remainder in full.

Under statutory Instrument **2886/2012 The Council Tax Reduction Schemes (Default Scheme)(England) Regulations 2012** the same provision for the first £10.00 to be disregarded for War Widows (Widowers)/War Disablement Scheme and Armed Forces Compensation Scheme under council tax support, however, there is no discretion to disregard the remainder.

## Policy

The Council Tax Support Scheme for 2013/14 shall be in line with the requirements and provisions contained in Statutory Instrument's 2885 and 2886 of 2012. The Council Tax Support Scheme for 2014/15 onwards will be adopted annually in line with the consultation requirements prescribed.

The discretionary discount for all second homes is removed completely to nil in line with statutory instrument 2964/2012.

The discount for all Class C vacant properties is set to nil in line with statutory instrument 2964/2012 (this refers to property that would previously have fallen into the exemption Class C).

The discount for all Class D vacant properties is set to 100% for a maximum period of 12 months where the qualifying criteria for property undergoing, or, requiring major works/structural alterations is met in order to make the property habitable in line with statutory instrument 2964/2012.

An Empty Homes Premium equivalent to 150% of relevant council tax liability is charged in respect of empty and substantially unfurnished property subject to the restrictions in 2964/2012 under Class E and Class F applies from 1 April 2013 to 31 March 2020.

From 1 April 2020:

An Empty Homes Premium equivalent to 200% of council tax liability is charged to properties which have been empty and substantially unfurnished between 2 and 5 years.
--

From 1 April 2020, an Empty Homes Premium equivalent to 300% of council tax liability is charged to properties which have been empty and substantially unfurnished for 5 years or more.
---

From 1 April 2021, an Empty Homes Premium equivalent to 400% of council tax liability is charged to properties which have been empty and substantially unfurnished for 10 years or more.
--

Income from War Widows (Widowers)/War Disablement Scheme and Armed Forces Compensation Scheme in excess of the mandatory £10.00 will be disregarded from the assessment of income in line with Section 13A (1)(c)

## Section 13A (1)(c) Policy

Under Section 13A (1)(c) of the Local Government Finance Act 2012 the Council can reduce the amount of council tax payable. This discretion can be exercised in particular cases or by determining a class of cases and can reduce the council tax liability to nil.

### **1. War Widows**

Under this power all income from War Widows (Widowers)/War Disablement Scheme and Armed Forces Compensation Scheme in excess of the £10.00 will be disregarded from the assessment of income in line with former arrangements. The cost of granting this class of local discount will fall upon the Council.

### **2. Care Leavers**

Under this power a council tax discount of up to 100% will be granted for care leavers residing in Northumberland up to their 21<sup>st</sup> birthday. The discount will apply from 1 April 2018 onwards and will be granted after all other discounts, exemptions and council tax support has been awarded. Where the care leaver has shared liability the discount for council tax will be awarded to cover their share of the liability.

For care leavers aged 21 and over each application will be considered on its merits.

Applications will need to be in writing setting out the reasons why relief is required. It is expected that taxpayers will have exhausted all other options before making an application.

### **COVID-19 hardship fund 2020-21**

As part of its response to COVID-19, the Government announced in the Budget on 11 March 2020 that it would provide local authorities in England with £500m of new grant funding to support economically vulnerable people and households in their local area. The Council received £3.382 million.

The expectation was that the majority of the hardship fund will be used to provide council tax relief, alongside existing local council tax support schemes. The Government recognised that COVID-19 is likely to cause fluctuations in household incomes and recognises that, as a result, some individuals may struggle to meet council tax payments. Councils will already have established their local council tax support schemes for 2020-21.

The Government's expectation was that Councils will primarily use their grant allocation to reduce the council tax liability of individuals in their area. This would be done under their discretionary powers contained under S13A (1)(c) of the Local Government Finance Act 1992.

For the 2020/21 financial year this fund was used to reduce the liability for all working age council tax support claimants up to a maximum of £150.

### **COVID-19 hardship fund 2021-22**

The Government announced further funding for the 2021-22 financial year. The Council received £4.578 million from the Local Council Tax Support grant for 2021-22. This funding will be used to reduce the liability for all working age council tax support claimants up to a maximum of £300.

## **COVID-19 hardship fund 2022-23**

From the surplus of funding received in 2020-21 and 2021-22 financial years the Council will use the remaining funds to reduce the council tax liability for all working age council tax support claimants for the 2022-23 financial year up to a maximum of £200.

## **Council Tax Support Fund for 2023-24**

On the 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 the 3.8 million 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 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.

## **Council Tax Discount for 2023-24**

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

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.

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 support from the hardship payments.

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

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

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 residual funding from the Council Tax Support Fund allocation received from the Government.

## **Decisions and Appeals**

The decision to adopt any further classes of dwellings is delegated to the Executive Director of Finance in conjunction with the Portfolio Holder.

Decisions on individual applications for a discount under Section 13A (1)(c) to reduce council tax liability is delegated to the Senior Revenues Manager and S151 Officer

Notification of a decision will be made by letter as soon as possible after the application has been considered.

Appeals against the Council's decisions will be considered upon receipt of a written request by the Executive Director of Finance.

## **Appendix 1**

### **Council Tax Discount 2023-24**

#### **1. Purpose**

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 (except for the exclusions set out in Section 8 below).

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 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 Scheme payments.

## **2. Funding**

All payments made as a Council Tax Discount 2023-24 will be borne by Northumberland County Council's General Fund.

## **3. Awards**

The Council Tax Discount 2023-24 is being paid to assist Council Taxpayers who live within the Northumberland County Council area for the 2023-24 financial year only.

The discount will be awarded automatically onto the council tax account where the eligibility criteria are met in full. The discount will show as a reduction on the 2023-24 annual council tax bills for eligible households.

No discount will be awarded where any taxpayer fails to meet the criteria, likewise, where, subsequent to an award being made, it is established that eligibility was not met in full, any amount awarded shall be reclaimed.

The discount will only be made to resident council taxpayers of Northumberland County Council who, on or before the 1 April 2023, are known by the Council's Revenues & Benefits service to be liable to pay council tax on 1 April 2023 in respect of a dwelling listed on the Valuation Office Agency's valuation list.

## **4. Effective date**

To receive a discount the eligibility criteria must be met on 1 April 2023.

## **5. Eligibility**

In order to receive a discount award all of the following criteria must be met on the effective date of 1 April 2023:

- The premises must be shown as a chargeable dwelling on the Council's Council Tax Valuation list
- The chargeable dwelling must be considered to be the taxpayer's sole or main residence
- The council taxpayer must be the liable person as defined by section 6 of the Local Government Finance Act 1992
- The taxpayer must be liable for an amount of Council Tax on 1 April 2023
- The property must not be exempt from Council Tax by way of the Council Tax (Exempt Dwellings) Order 1992 S.I. 558 (as amended)
- The property must not be classes as empty (vacant and substantially unfurnished)
- The property must not be classed as a second home (unoccupied and substantially unfurnished)

## **6. Awards**

Where the Council determines that a discount will be awarded, the amount will be a single one-off payment of up to £17.21.

The discount shall be credited directly to the taxpayer's Council Tax account and will be used to reduce the Council Tax liability for the financial year 2023-24 only.

The discount will show as a reduction on the 2023-24 annual council tax bill



Where there is no Council Tax liability for 2023-24 no award shall be made.

Taxpayers who move into a property after 1 April 2023 will not be eligible for the discount.

In the case of persons who are jointly and severally liable for Council Tax on a single chargeable dwelling, only one discount will be awarded.

### **7. Subsequent Changes to liability**

Any changes to the Valuation List (in terms of either the Council Tax band or the inclusion of a chargeable dwelling) after the effective date, including changes backdated to this date, will be ignored for the purposes of eligibility.

Any changes to Council Tax liability will be ignored for the purposes of eligibility, except where the liability ends prior to 1 April 2023.

Where a discount has been awarded to the 2023-24 financial year and the Council is made aware that Council Tax liability ceased either on or before 31st March 2023, the discount will be reclaimed.

Where a taxpayer successfully claims council tax support from the date that council tax is set (24 February 2023) to 31 March 2023 the discount will be removed, and they will receive the more generous support from the Council Tax Support Fund and Cost of Living Hardship Fund.

### **8. Exclusions**

For the avoidance of doubt, **no** discount shall be paid whatsoever, where:

- The person liable for council tax is the owner rather than the occupier by way of the Council Tax (Liability for Owners) Regulations 1992 (as amended); for
  - Nursing Homes
  - Houses of Religious communities
  - Houses of Multiple Occupation
  - Residences of staff who live in houses occupied by an employee
  - Residences of Ministers of Religion
- An amount of Council Tax Support has been granted on 1 April 2023
- Owners of properties classified as an empty property (vacant and substantially unfurnished) on the council tax system on 1 April 2023.
- Owners of properties that are classified by the Council to be a second home (unoccupied and substantially furnished) on the council tax system on 1 April 2023
- Any person moving into Northumberland after 1 April 2023 will not receive the discount.
- Property that is exempt from council tax by way of the Council Tax (Exempt Dwellings) Order 1992 S.I. 558 (as amended). Those exemptions cover the following classes, some of which only apply for a specific length of time.

#### **Unoccupied properties**

Class B - Unoccupied dwellings owned by a charity (exempt for up to 6 months)

Class D - Dwellings left unoccupied by people in prison

Class E - Dwellings left unoccupied by long-stay hospital patients and also by people who move permanently into a nursing home or residential home

Class F - Dwellings left unoccupied by deceased persons where Grant of Probate / Letters of Administration has not been obtained, and for a period of 6 months after such grant has been obtained

- Class G - Dwellings where occupation is prohibited by law
- Class H - Dwellings held vacant for a minister of religion
- Class I - Dwellings left unoccupied by people receiving care
- Class J - Dwellings left unoccupied by people providing care
- Class K - Dwellings left unoccupied by students
- Class L - Unoccupied dwellings where the mortgage was repossessed
- Class Q - Unoccupied dwellings in the possession of a trustee in bankruptcy
- Class R - A dwelling consisting of a Pitch or a Mooring which is not occupied by a caravan, or, as the case may be, a boat
- Class T - Dwellings forming part of another dwelling which cannot be let separately

### **Occupied properties**

- Class M - Students Halls of Residence
- Class N - Dwellings occupied wholly by students
- Class O - Armed Forces accommodation
- Class P - Visiting Forces accommodation
- Class S - Dwellings occupied only by a person or persons aged under 18
- Class U - Dwellings occupied only by a person or persons who is, or are, Severely Mentally Impaired
- Class V - Dwellings occupied by Diplomats, persons who have diplomatic immunity and certain members of their household
- Class W - Dwellings which form part of a single property and which are occupied by an elderly, severely mentally impaired or disabled relative of a person which lives in the other part of the property

Statutory Instrument 558 of 1992 (as amended) is used to determine eligibility to exemption and gives more detail on the specific requirements for each class of exemption set out above.

## **9. Appeals**

Requests for a review where a discount has not been awarded will be dealt with by the Senior Revenues Manager. That decision will be final.