

Report to:	Cabinet Overview & Scrutiny (Regulatory, Compliance & Corporate Services) Council	Date of Meeting:	5 th January 2023 10 th January 2023 19 th January 2023
Subject:	Council Tax Reduction Scheme and Council Tax Base 2023/24		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	All Wards
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

The purpose of this report is to provide details of the review of the local Council Tax Reduction Scheme for the current year, 2022/23, and to recommend that there is no change to the scheme for 2023/24 for working age claimants.

The report also proposes an increase in the long-term empty homes premium from 200% to 300% on dwellings that have been empty for 10 years or more from 1 April 2023.

Finally, the report provides an updated Council Tax Base for Sefton Council and each Parish area for 2023/24.

Recommendation(s):

Cabinet:

- 1) Notes the content of the review of the Council Tax Reduction Scheme for the current financial year, 2022/23.

- 2) Recommend to Council that there are no changes to the existing Scheme for 2023/24 for working age claimants.
- 3) Considers the Equality Impact Assessment in respect of the Council Tax Reduction Scheme at Annex C.
- 4) Recommend that Council approves an increase in the Long-term Empty Homes Premium on dwellings that have been left empty for 10 years or more, from 200% to 300%, from 1 April 2023.
- 5) Recommend that Council approves the relevant Council Tax Base for Sefton Council and each Parish Area for 2023/24 as set out in Annex A.

Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services):

- 1) That the report be noted.

Council:

- 1) Notes the content of the review of the Council Tax Reduction Scheme for the current financial year, 2022/23.
- 2) Approve that there are no changes to the existing Scheme for working age claimants for 2023/24.
- 3) Notes the Equality Impact Assessment in respect of the Council Tax Reduction Scheme at Annex C.
- 4) Approve an increase in the Long-term Empty Homes Premium on dwellings that have been left empty for 10 years or more, from 200% to 300%, from 1 April 2023.
- 5) Approve the relevant Council Tax Base for Sefton Council and each Parish Area for 2023/24 as set out in Annex A of the report.

Reasons for the Recommendation(s):

Council Tax Reduction Scheme

Each financial year, the Council must consider whether to revise or replace its local Council Tax Reduction Scheme. The Council must approve and adopt the 2023/24 Council Tax Reduction Scheme by 11 March 2023, as set out in the Council Tax Reduction Scheme (Amendment) (England) Regulations 2017.

The report provides an update on key aspects of the local Council Tax Reduction Scheme. An Equalities Impact Assessment has also been produced that details how the Council meets both its equalities duties and the Council's principles set out for the scheme.

After consideration of the factors outlined later in the report, and in the Equalities Impact Assessment, it is proposed that the local Council Tax Reduction Scheme for 2023/24 remains unchanged for working age claimants.

Increasing Premium on dwellings left empty for 10 years or more

Increasing the long-term empty homes premium on dwellings left empty for 10 years or more is intended to encourage owners of these homes to bring them back into use. Any additional income raised from the premium will help support the provision of Council services.

Council Tax Base

In accordance with Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as amended, the Council is required to set a tax base for both Sefton Council and for each Parish Area for 2023/24 before 31st January 2023.

Alternative Options Considered and Rejected: (including any Risk Implications)

Council Tax Reduction Scheme

The Council Tax Reduction Scheme was last revised in 2018/19 following a public consultation process. The Scheme continues to be monitored and reviewed on an annual basis to ensure that it remains fit for purpose by addressing the Council's priorities to meet its equalities duties, minimise the impact on vulnerable residents whilst striking a balance with Council financial priorities. For these reasons, no alternative options have been considered for 2023/24.

Increasing Premium on dwellings left empty for 10 years or more

The Council could choose not to increase the long-term empty homes premium; however, this would not provide any additional incentive for owners of long-term empty homes to bring them back into use or any additional income to help meet budget pressures in 2023/24.

What will it cost and how will it be financed?

(A) Revenue Costs

Council Tax Reduction Scheme 2023/24

There would be no additional revenue implications as a result of a decision to retain the current scheme. The cost of the current council tax reduction scheme discounts has been reflected in the council tax base.

Increasing Premium on dwellings left empty for 10 years or more

Increasing the empty homes premium from 200% to 300% on dwellings left empty for 10 years or more is forecast to increase Council Tax income by £116,900 in 2023/24 (Sefton's share £98,000). This income is built into Council Tax Base Option B and will be distributed between Sefton Council and its major preceptors.

Council Tax Base

Changes to the council tax base will have an impact on the level of Council Tax income transferred from the Collection Fund to the Council's General Fund in 2023/24. It will also impact on the amounts due to the Police and Crime Commissioner, the Fire and Rescue Service, and the Combined Authority.

The following table shows the estimated increase in council tax income as a result of changes to the tax base between 2022/23 and 2023/24, based on the 2022/23 Council Tax Band D charge:

Council Tax Income	Sefton Council £ million	Police & Crime £ million	Fire & Rescue £ million	Combined Authority £ million
Option A	2.539	0.341	0.120	0.027
Option B	2.637	0.354	0.125	0.028

Option A assumes no change in the level of empty homes premium in 2023/24.

Option B assumes that the empty homes premium charged on dwellings left empty for 10 years or more will increase from 200% to 300% in 2023/24.

(B) Capital Costs

No capital costs applicable.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):

The local Council Tax Reduction Scheme will continue to be administered from existing resources.

Legal Implications:

Local Council Tax Reduction Scheme

By Section 5 of Schedule 1A of the Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012) for each financial year each billing authority must:

- a. Consider whether to revise its Council Tax Reduction Scheme or to replace it with another scheme
- b. Make any revision to its scheme, or any replacement scheme, no later than 11 March in the financial year preceding that for which the revision or replacement is to have effect.
- c. If any revision to a scheme, or any replacement scheme, has the effect of reducing or removing a reduction to which any class of person is entitled, the revision or replacement must include such transitional provision relating to that reduction or removal as the authority thinks fit.
- d. Before revising its scheme or making a replacement scheme, an authority must:

<ul style="list-style-type: none"> i. Consult any major precepting authority which has power to issue a precept to it. ii. Publish a draft scheme in such manner as it thinks fit, and iii. Consult other such persons as it considers are likely to have an interest in the operation of the scheme. 								
<p>Equality Implications: The equality implications have been identified and mitigated. An Equalities Impact Assessment is included at Annex C.</p>								
<p>Climate Emergency Implications: The recommendations within this report will</p> <table border="1"> <tr> <td>Have a positive impact</td> <td>No</td> </tr> <tr> <td>Have a neutral impact</td> <td>Yes</td> </tr> <tr> <td>Have a negative impact</td> <td>No</td> </tr> <tr> <td>The Author has undertaken the Climate Emergency training for report authors</td> <td>Yes</td> </tr> </table> <p>There is no Climate Emergency impact resultant from the recommendations of this report.</p>	Have a positive impact	No	Have a neutral impact	Yes	Have a negative impact	No	The Author has undertaken the Climate Emergency training for report authors	Yes
Have a positive impact	No							
Have a neutral impact	Yes							
Have a negative impact	No							
The Author has undertaken the Climate Emergency training for report authors	Yes							

Contribution to the Council's Core Purpose:

<p>Protect the most vulnerable: The Council Tax Reduction Scheme proposed for 2023/24 will continue to help maintain fairness and consistency. The Scheme provides support to those experiencing financial hardship as well as supporting those making the transition to Universal Credit.</p>
<p>Facilitate confident and resilient communities: Not applicable</p>
<p>Commission, broker and provide core services: Not applicable</p>
<p>Place – leadership and influencer: Not applicable</p>
<p>Drivers of change and reform: Not applicable</p>
<p>Facilitate sustainable economic prosperity: Provide support to those in financial hardship as well as supporting people into work.</p>
<p>Greater income for social investment: Not applicable</p>

Cleaner Greener: Not applicable

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services is the author of this report (FD7054/22).

The Chief Legal and Democratic Officer (LD5254/22) has been consulted and any comments have been incorporated into the report.

(B) External Consultations

Details of the review of the local Council Tax Reduction Scheme and the Council Tax Base are provided to the precepting bodies, i.e., the Police and Crime Commissioner, Merseyside Fire and Rescue Service and the Liverpool City Region Combined Authority.

Empty Homes Premium

A public consultation on proposals to increase the empty homes premium in-line with new discretionary powers introduced in the Rating (property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, ran for 5 weeks from 29th October 2018 to 3rd December 2018. The Police and Crime Commissioner for Merseyside supported the Council's proposals to increase the empty homes premium in-line with the new legislation.

Implementation Date for the Decision

Following the expiry of the "call-in" period for the Minutes of the Cabinet recommendation to Council and approval by Council on 19th January 2023.

Contact Officer:	Diane Turner, Customer Centric Services Manager, Corporate Resources
Telephone Number:	0151 934 3481
Email Address:	diane.turner22@sefton.gov.uk

Appendices:

Annex A: Council Tax Base Report 2023/24

Annex B: A summary of feedback from the 2018 consultation on increasing the Council Tax Long term empty Homes Premium and the associated equalities impact assessment

Annex C: Equalities Impact Assessment in respect of Council Tax Reduction Scheme.

Background Papers:

There are no background papers available for inspection.

1. Introduction/Background

Local Council Tax Reduction Scheme

1.1 Introduction/Background

1.2 Local Council Tax Reduction replaced Council Tax Benefit (CTB) from 1st April 2013. The Council Tax Reduction Scheme is a discount awarded to households on a low income to help towards Council Tax payments. The amount awarded is based on a person's household and income. The local scheme rules only apply to working-age Council Taxpayers. Pensioners are protected by legislation and must be provided with the level of Council Tax support specified by the Government.

1.3 The grant transferred to the Council, Police and Crime Commissioner and Fire Service in 2013/14, £24.2M; to fund the local scheme was £3M lower than had previously been provided to fund CTB in 2012/13. The Council therefore had to introduce changes to the national default Council Tax Support Scheme to ensure that the local scheme was cost neutral. As the Government had specified the level of support that had to be provided to pensioners, the saving requirement had to be met by reducing the level of support available to working age claimants and through changes to Council Tax empty property discounts.

1.4 The Council is required, by law, to review the Scheme each year irrespective of whether it is being amended.

1.5 The Council Tax Reduction Scheme for 2023/24 must be agreed by Council by 11th March 2023.

2. Review of the Council Tax Reduction Scheme for 2022/23

2.1 To satisfy the requirement to review the Scheme, the following areas have been evaluated:

- Claimant caseload
- Scheme expenditure
- Council Tax collection
- Attachment of Benefits
- Council Tax Exceptional Hardship Fund
- Review of the Council's five principles for the Scheme
- An Equality Impact Assessment has been produced, setting out the impact on the most vulnerable groups using the scheme.

2.2 Claimant Caseload

The table below shows the caseload data at 30th September 2022 compared to caseload data at the end of each year since the Council Tax Reduction Scheme was introduced in 2013/14:

Year	Date	Pensioners	Working Age	Total	Change
2013/14	03.04.14	14,655	16,025	30,680	n/a
2014/15	01.04.15	13,925	15,349	29,274	-1,406
2015/16	31.03.16	13,206	14,886	28,092	-1,182
2016/17	31.03.17	12,541	14,524	27,065	-1,027
2017/18	31.03.18	11,970	14,005	25,975	-1,090
2018/19	31.03.19	11,404	14,160	25,564	-411
2019/20	31.03.20	10,871	14,326	25,197	-367
2020/21	31.03.21	10,491	15,519	26,010	+813
2021/22	31.03.22	10,243	14,917	25,160	-850
2022/23	30.09.22	10,125	14,496	24,621	-539

The working age caseload can be split further:

Year	Date	Employed	Other	Total	Change
2013/14	03.04.14	2,874	13,151	16,025	n/a
2014/15	01.04.15	2,748	12,601	15,349	-676
2015/16	31.03.16	2,504	12,382	14,886	-463
2016/17	31.03.17	2,193	12,331	14,524	-362
2017/18	31.03.18	1,900	12,105	14,005	-519
2018/19	31.03.19	1,597	12,563	14,160	+155
2019/20	31.03.20	1,268	13,058	14,326	+166
2020/21	31.03.21	1,070	14,449	15,519	+1,193
2021/22	31.03.22	1,126	13,791	14,917	-602
2022/23	30.09.22	1,082	13,414	14,496	-421

2.3 Pensioner Claimants

Since the initial implementation of the scheme in 2013/14 the number of Pensioner Claimants has declined in every year. Claimant numbers reduced by -248 between 2020/21 and 2021/22. Pensioner claimant numbers have continued to fall in 2022/23.

2.4 Working Age Claimants

Claimant numbers increased significantly in 2020/21 as a result of the economic impact of Covid-19. Claimant numbers reduced in 2021/22 and have continued to reduce in 2022/23. However, the current economic climate is uncertain, and a recession could see this trend reverse.

2.5 Scheme Expenditure

The following table shows the Council Tax Reduction Scheme Expenditure reported in the Revenue Outturn Return compared to the mid-year estimate for 2022/23:

Year	Source	Pensioners £000	Working Age £000	Total £000	Change £000
2013/14	RO Return	13,305	9,907	23,212	n/a
2014/15	RO Return	12,152	10,364	22,516	-696

2015/16	RO Return	11,895	9,760	21,655	-861
2016/17	RO Return	11,540	10,559	22,099	+444
2017/18	RO Return	11,378	10,948	22,326	+227
2018/19	RO Return	11,695	11,069	22,764	+438
2019/20	RO Return	11,790	11,784	23,574	+810
2020/21	RO Return	11,898	13,414	25,312	+1,738
2021/22	RO Return	12,020	13,823	25,843	+531
2022/23	Estimate	12,047	13,512	25,559	-284

Note: 2022/23 Estimate: The costs recorded at 30 September 2022 have been split based on the Pensioner & Working Age weekly costs recorded on the monthly Northgate CTR304 reports.

2.6 Council Tax Collection

The table below shows the amount of Council Tax billed and collected during 2021/22:

Recorded at 31 March 2022	Liability Raised £000	Received In Year £000	Collection Rate %
CTRS Cases - Working Age	4,635	3,271	70.6
CTRS Cases - Pensioner Age	1,503	1,588	105.70
Other Council Tax Payers	172,988	164,980	95.4
Total (in-year collection)	179,126	169,839	94.8

The in-year collection rate reduced from 97.2 % in 2012/13 under the council tax benefit system to 96.2% in 2013/14 when council tax support was localised. The in-year collection rate subsequently reduced to 95.0% in 2020/21 and 94.8% in 2021/22 as a result of the impact of Covid-19. Sefton's in-year collection rate remains higher than the average for Metropolitan Districts which was 93.8% in 2021/22.

2.7 Council Tax Collection for the Current Year, 2022/23

As at 31st October 2022, the in-year Council Tax collection figure was 62.99% compared to 62.91% in 2021/22.

Collection rates in 2022/23 are currently impacted positively by the £150 Council Tax Energy Rebate. If customers did not nominate bank accounts to receive the Energy Rebate payment it has been offset against the Council Tax account. Approximately 10,100 payments were offset with the majority of those payments in respect of Council Tax Reduction claimants and for whom £150 paid a substantial portion of their annual liability.

During the Covid-19 pandemic, the Council adopted a more sensitive approach to Council Tax collection. During 2022, as restrictions have eased, the Council has transitioned back to a regular programme of recovery and enforcement, albeit with a wide range of support measures in place to help residents experiencing financial difficulties; a greater awareness of vulnerability has meant that as soon as an issue is identified, in most cases, recovery action is placed on hold whilst the vulnerability aspect is assessed. It may result in the Council entering payment arrangements which take

slightly longer to repay because of a genuine financial vulnerability being identified.

2.8 Attachment of Benefits

Since the introduction of the Council Tax Reduction Scheme in April 2013 the number of working age claimants falling into arrears continues to grow. One recovery option open to the Council in respect of benefit claimants is to apply for an Attachment of Benefit (AOB) via the courts. Under this option the Council can now require a payment of £3.75 per week to be made by the DWP directly from the claimant's benefits to meet Council Tax arrears. The rate for Universal Credit claimants is £20.89 per month.

Payments by AOB do provide some certainty to both the Council and the debtor. For the Council, the payments do guarantee regular income from the debtor. For the debtor, there is the security of knowing that a debt is being paid by a deduction from their benefit.

However, AOB is not a perfect solution to the problem of growing debt for the following reasons: -

- An AOB cannot be applied without first having taken the debtor to court to obtain a Liability Order. Due to the need to follow the correct legislative timeline for obtaining a Liability Order, payment by AOB cannot commence until part-way through the year. Typically for a bill issued in March the first payments would not be made by the DWP until August of the same year.
- Many debtors have arrears outstanding for multiple years Council Tax. An AOB can only be used to collect one debt at a time. In addition, current legislation does not allow the Council to take any other form of debt recovery (e.g., use of Enforcement Agents) whilst an AOB is in place. To mitigate this, letters have been issued to people on AOB asking them to contact the Council for advice, to make alternate payment arrangements or seek financial advice from Citizens Advice Sefton. However, this initiative met with only a few people contacting the Council to make payment arrangements.
- Collection of Council Tax debt by way of AOB is not the highest priority of debt administered by the DWP. The level of recovery will therefore be affected when a person has multiple debts, e.g., rent and energy debts are given higher priority. Whilst the number of these applications decreased during the COVID period, numbers have now increased. Between November 2021 and October 2022, the number of cases subject to an attachment increased from 5,000 to 7,500.
- Many new claimants for local Council Tax Reduction have already accrued debts before an AOB can be considered.
- At the commencement of the scheme in 2013 the maximum deduction of £3.70 was lower than the minimum weekly Council Tax charge for all property bands. The minimum contribution of 20% towards the Council Tax was greater than the amount that could be collected within the year by AOB. This created a problem of debt being carried forward to the following year. Therefore, whilst debt payments were being collected regularly the amount of debt at the end of each year kept growing.
- To try and break the cycle of debt, the Council Tax Reduction Scheme was

amended with effect from 1st April 2016 to reduce the minimum contribution rate to 16%. This rate was calculated so that the then AOB payment rate of £3.70 per week was more than would be due from Council Tax for many of the claimants.

- A significant number of customers have arrears for more than one financial year. As only one AOB order may be deducted at a time there has been a significant increase in the number of pending cases. These cases are effectively stacked up until an earlier order is paid. No recovery action may be taken in the interim and the value of such cases is increasing year on year.
- The following table shows the amount of debt being recovered by AOB, and the amount of debt still waiting recovery by AOB as at 31st October 2022: -

	01.04.20	31.10.20	01.04.21	31.10.21	31.10.22
AOB in payment	£1,160,881	£1,011,275	£976,248	£1,170,127	£1,719,777
Number of cases	5,803	4,528	4,442	5,002	7,524
AOB Pending	£4,382,203	£4,425,238	£4,278,022	£4,868,797	£5,897,664
Number of cases	18,163	18,076	17,215	17,101	20,008

2.9 Council Tax Exceptional Hardship Fund

The Council provides Exceptional Hardship Funding of £170,000 each year. The fund aims to help vulnerable working age people experiencing financial hardship by reducing their Council Tax bill. Each year, approximately £20,000 is used to fund council tax discounts for care leavers.

In addition, for 2022/23, following a review conducted by the Ministry of Justice it was identified that fees of £3.00 paid to the Magistrates Court for each case summonsed to appear for non-payment of Council Tax were in excess of the actual costs incurred. Consequently, those fees were reduced to £0.50 per case retrospectively resulting in the Council receiving a refund of £223,692.76.

Issuing a summons is an indicator that the recipient could be falling into debt with other bills. A substantial number of summonses are issued to taxpayers in receipt of Council Tax Reduction and in many cases state benefits. These are also the taxpayers most likely in need of additional assistance. Consideration was given to refunding the overpayments to those who had been issued with a summons, but this was deemed too costly and impractical to implement. Therefore, in light of the increasing cost of living and potential fuel poverty issues Cabinet approved that the refunded amount be added to the Exceptional Hardship Fund thereby allowing additional assistance to be offered to those most needy and vulnerable residents.

The fund is administrated within an agreed policy, the Discretionary Reduction in liability policy, approved by Cabinet Member for Regulatory, Compliance and Corporate Services.

2.10 Impact on the most vulnerable claimants

The local Council Tax Reduction Scheme addresses the Council's priorities to minimise the impact on the most vulnerable, by seeking to strike a balance between dealing with Council priorities whilst supporting those experiencing financial challenges. The Council, having recognised the impact on communities, has introduced a range of mitigating actions, including:

- Administration of the Government's Council Tax Energy Rebate Scheme. The Scheme was announced by the Chancellor in February 2022 whereby a one-off payment of £150 was made to Council Tax households in Bands A-D. Payments have been made to around 110,000 eligible Sefton households, totalling approximately £16.5Million. In addition, a discretionary fund of £708,150 was provided. The Council's approach, in the main, has been to provide targeted discretionary support to households in receipt of Council Tax Reduction.
- Provision of an Exceptional Hardship Fund, as described at 2.9 above.
- Allowing a Universal Credit notification, received from the Department for Work and Pensions (DWP), to be treated as a claim for local Council Tax Reduction, thus removing the need for those working age people in receipt of Universal Credit to have to make a separate claim for support towards their Council Tax.
- Making provision in the local Council Tax Reduction Scheme for awards to be backdated for up to 6-months for working-age vulnerable claimants.
- Deciding that the Council's local Council Tax Reduction scheme for working-age families should not replicate the rules that are in place in the national Housing Benefit scheme and the Council Tax Reduction Pensioner scheme whereby the removal of the family premium and the "2-child" rule restrict the level of award.
- Continuing to disregard the whole of a war pension as part of the Council Tax Reduction Scheme, including War Disablement Pensions, War Widows Pensions, and any corresponding pensions payable to a widower or surviving civil partner. For those claimants also in receipt of Housing Benefit, the Council also fully disregards War Disablement Pension and War Widow's Pension; with the cost of the first £10 disregard met by the Government as part of the Housing Benefit subsidy claim and the remainder of costs covered by the Council.
- Offering 12-month (rather than 10-month) instalment payments to Council Tax payers.
- Adopting a sensitive approach to enforcement action to consider the potential vulnerability of Council Tax Reduction claimants. Before cases are referred to Enforcement Agents a vetting stage has been introduced and cases are dealt with under a separate debt recovery process to minimise potential increases in debt.
- In response to the cost-of-living crisis, the procedures for negotiating payments have been reviewed and updated. Sefton Citizen's Advice provided current

information and feedback regarding their clients that was considered as part of the review. Updated guidance has been circulated amongst staff in the front and back offices and also to Citizen's Advice Sefton.

- Establishing a co-ordinated working relationship between the Council's contracted Enforcement Agents and Citizens Advice Sefton to support people in debt. Citizens Advice Sefton has direct lines of communication with the Enforcement Agents and can arrange for recovery action to be placed on hold whilst discussing and agreeing affordable payment arrangements.
- Participating in the Debt Respite Scheme (Breathing Space) which started on 04th May 2021. The scheme gives someone in problem debt the right to legal protections from creditor action, including most enforcement action, contact from creditors and freezing most interest and charges on debts. This enables a debt advice provider, who must be authorised by the Financial Conduct Authority, who wants to set up a breathing space for their client, time to arrange an appropriate debt solution. Standard breathing space, i.e., up to 60-days, is available to anyone with problem debt. A mental health crisis breathing space is available to a client who is receiving mental health crisis treatment. If an Approved Mental Health Professional (AMHP) certifies a client is in mental health crisis treatment, the client or someone else might apply for a mental health crisis breathing space on the client's behalf. The mental health crisis breathing space has some stronger protections than the standard breathing space. It lasts as long as the client's mental health crisis treatment, plus 30 days (no matter how long the crisis treatment lasts).
 - Upon receipt of notifications, all areas dealing with debt recovery in the Council, including Council Tax, Business Rates, Sundry Debt, Housing Benefit Overpayments and Parking Services receive notifications to hold action on any recovery activity for at least 60 days.
 - During the period 1st November 2021 – 31st October 2022, the Council has received notification of 190 customers in Breathing Space of which 149 have now expired. Over 95% of these applications were in respect of Council Tax debt only.
- Implementing processes for Council staff to refer claimants to the Money Advice and Pension Service, or Citizens Advice Sefton for help and support with debt/budgeting advice or making/maintaining their Universal Credit claim.
- Putting an escalation process in place for the debt advisor based at South Sefton foodbank to contact nominated Council Tax staff to request a hold on recovery action or discuss affordable payment arrangements.
- Participating in Sefton's Welfare Reform Anti-Poverty Partner's Group – staff from the Council's Council Tax and Benefit team, work with partner organisations and other Council services to support residents suffering financial vulnerability and to provide practical support such as signposting claimants for winter coats, school uniforms.

2.11 Review of Scheme Principles

The local Council Tax Reduction Scheme is based on five principles and the review is summarised below:

Principle	CTRS working for non-pensioner claimants?
<p>The Council will continue to support work incentives</p>	<p>Yes – The Council continues to operate a system which disregards certain amounts of money from customers earnings through employment and self-employment when calculating entitlement.</p> <p>This results in some additional support to those customers receiving Universal Credit who are in low paid work, following the removal of UC work allowances from April 2016</p>
<p>The Council will continue to recognise the additional needs of our most vulnerable residents.</p>	<p>Yes – The Council continues to make additional allowances and give additional support to those receiving certain DWP sickness benefits, disability benefits and benefits for Carers when calculating entitlement.</p> <p>Additionally, the Council continues to disregard certain disability benefits as income when calculating entitlement</p> <p>Procedures were reviewed for the collection of non-payment of Council Tax to ensure non-disproportionate impact on the most vulnerable households. Also budgeting support and advice is made available to all claimants.</p> <p>The Council Tax Exceptional Hardship Fund is available to those in the greatest financial need with fair and transparent criteria for awards.</p>

<p>The Council will continue to recognise the additional needs of families with children</p>	<p>Yes – Child Benefit and Child Maintenance payments are not considered as income when calculating entitlement to CTRS.</p> <p>Additional allowances are given when calculating entitlement for where there is a disabled child in the family.</p> <p>The CTRS also mirrors provisions in the Housing Benefit scheme by taking childcare costs into account for low income working families</p> <p>The Council continues to include the Family Premium when calculating the Council Tax Reduction. This has been removed for all new Housing Benefit claims from May 2016. The Council has also chosen not to mirror the Housing Benefit scheme which restricts the amount of support given to families with more than two children within its CTRS;</p>
<p>The Council supports households staying together to make better use of housing in Sefton and reduce homelessness.</p>	<p>Yes - The amount of Council Tax Reduction taken away from a customer when other adults live in the household (known as a non-dependant deduction), was reduced in 2013 and remains at those lower levels.</p>
<p>The Council will continue to have due regard to the Armed Forces Covenant</p>	<p>Yes – War Disablement and War Widows pensions in calculating CTRS, including any Armed Forces compensation in accordance with the covenant is disregarded. This also includes the service attributable element of the armed forces pension could also be disregarded as income when calculating entitlement. In addition, where there is a Housing Benefit eligibility, the Council disregards the full amount of such income when calculating entitlement.</p>

2.12 Summary of local Council Tax Reduction Scheme Review 2022/23

The forecast cost of the scheme has reduced by £0.284m (-1.1%) in 2022/23 to £25.559m (at 30/09/22). This is due to a reduction in both pensioner and working age claimant numbers offsetting an average council tax increase of 3.1%.

3. Council Tax Reduction Scheme - Consultation

The statutory provisions are silent on the consultation required when a council is not proposing to change its Council Tax reduction scheme.

Letters will be issued to the precepting authorities – Merseyside Police and Crime Commissioner, Merseyside Fire and Rescue Service, and the Liverpool City Region Combined Authority notifying them that no change is being proposed.

4. Local Council Tax Reduction Scheme - Equality Impact Assessment

Department for Communities and Local Government issued a report in February 2014 reminding local authorities of their key duties when deciding on local Council Tax Reduction Schemes:

- Public Sector Equality Duty (The Equality Act 2010)
- Duty to mitigate the effects of child poverty (The Child Poverty Act 2010)
- The Armed Forces Covenant
- Duty to prevent Homelessness (The Housing Act 1996).

An equality impact assessment has been undertaken (at Annex C) in line with the above key duties and the Council's five principles for the local Council Tax Reduction Scheme.

Mitigating actions in place to support working families and vulnerable residents are regularly monitored to ensure that they remain relevant and fit for purpose.

5. Conclusion

As a result of the work undertaken, it is proposed that no changes are made to the Council's local Council Tax Reduction Scheme for 2023/24. Maintaining the Scheme will continue to address the Council's focus to minimise the impact on the most vulnerable households by striking a balance between collecting Council Tax whilst supporting those experiencing financial challenges.

In addition, there would be no additional revenue implications because of a decision to retain the current scheme, with the cost of the current Scheme discounts reflected in the council tax base.

6. Proposal to Increase the Long-Term Empty Homes Premium to 300% on dwellings that have been left empty for 10 Years or more

6.1 Background

Since 1st April 2013, Councils have been able to charge a Council Tax premium on unfurnished properties that have been left empty for more than two-years as a means of incentivising owners of these properties to bring them back into use. The maximum allowable premium percentage was set at 50% between 1 April 2013 and 31 March 2019.

The premium cannot be applied to homes that are empty due to the occupant living in armed forces accommodation for job-related purposes, or to annexes being used as part of a main property. Furthermore, the Council Tax system provides statutory exemptions for properties left empty for a specific purpose – for example, when a person goes into care. However, there is no statutory exemption from the premium for properties that are genuinely on the market for sale or letting. Councils also have powers to apply discretionary discounts in cases where homes are empty due to special circumstances – for example, financial hardship, fire or flooding.

The premium may be applied when a property has been empty for two years, irrespective of how long its current owner has owned it. Therefore, it is possible for an individual to buy a property which has already been empty for two years and be liable for the premium immediately. This scenario may occur if, for instance, the individual does not occupy the property immediately because they wish to extend or renovate the property. If the long-term empty property is occupied for a period of 6 weeks or less it is regarded as not having been occupied for the purposes of the two-year period. Occupancy of a long-term empty property for more than 6 weeks “resets the clock” for this purpose.

6.2 Legislative Changes from 2019/20 onward

On 1 November 2018, the Government introduced legislation that would allow local authorities to increase the empty homes premium from 50% up to 300% over a three-year period with effect from 1st April 2019. The Rating (property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, allows local authorities to charge the following maximum amounts of Council Tax empty homes premium:

- 100% premium from 1st April 2019 on properties empty for 2 years or more;
- 200% premium from 1st April 2020 on properties empty for 5 years or more;
- 300% premium from 1st April 2021 on properties empty for 10 years or more.

These are the maximum allowable empty homes premium charges.

The Government introduced this change because there is a serious shortage of decent, affordable housing, and tackling the issue of empty homes, while also seeking to ensure that we respect the rights of property-owners, is part of the solution. There are currently more than 200,000 properties standing empty in England. As well as being a blight on the local community and attracting squatters, vandalism and anti-social behaviour, long-term empty properties are a wasted resource when 1.16 million households are on social housing waiting lists. Increasing the premium will allow local authorities to strengthen the incentive for owners of empty homes to bring them back into use.

The Government recognises that a one-size-fits-all approach is inappropriate, given that different areas will have different housing needs and different numbers of long-term empty homes. That is why they are keeping the premium as a discretionary discount, allowing local authorities to decide whether it is appropriate for their areas, and what level of premium should be charged.

6.3 Long-term Empty Homes in Sefton

On 3 October 2022, there were 836 long-term empty properties paying a premium in Sefton. Of these 94 had been empty for ten years or more. This is expected to increase to 104 properties by 1 April 2023.

Following a public consultation, Sefton Council approved an increase in the premium from 50% to 100% with effect from 1st April 2019 on properties left empty for 2 years or more. A further increase from 100% to 200% was introduced from 1st April 2020 on properties left empty for 5 years or more. The aim of the increases was to encourage more empty properties to be brought back into use.

A decision to increase the premium on properties left empty for 10 years or more from 200% to 300% was deferred as a result of the impact of Covid-19 on the housing market.

As well as charging the empty homes premium, there are other Council initiatives to help bring empty homes back into use, this includes offering advice to owners through sending regular letters and the Council's property accreditation scheme that helps empty homeowners find tenants for their property. The Council's Housing Standards Team will also work with owners to bring their properties back into use. However, in some cases enforcement action is required when the property is causing a statutory nuisance and the owner is uncooperative or untraceable.

6.4 Proposed Change from 1 April 2023

It is proposed that the Council further increase the premium charge from 200% to 300% for properties empty for 10 years or more in-line with the maximum allowable under the new legislation from 1 April 2023.

The aim of this increase would be to further incentivise owners of long-term empty properties to bring them back into use. This will increase the stock of available housing in the borough, which would assist in achieving the aims of the local development plan. It will also increase the amount of Council Tax income raised from those that continue to leave their properties empty.

Making this change would bring Sefton into line with other councils in the Liverpool City Region (Halton, Knowsley, St Helens, and Wirral) who have already implemented this change.

6.5 Revenue Implications

The proposed change in the long-term empty homes premium from 200% to 300%, on 'dwellings left empty for 10 years or more' is forecast to increase the 2023/24 tax base by 55.5 Band D equivalents.

This would give the following increase in Council Tax income in 2023/24:

	2022/23 Band D Charge £	Additional Band D Equivalents	2023/24 Additional Income £
Sefton Council	1,765.78	55.5	98,000
Police & Crime Commissioner	236.97	55.5	13,200
Fire & Rescue Authority	83.61	55.5	4,600
Combined Authority	19.00	55.5	1,100
Total	2,105.36	55.5	116,900

The forecast assumes a 16% reduction in the number of homes that have been empty for 10 years or more is achieved in 2023/24. The actual number of properties brought back into use could be higher or lower than this and will be reflected in future tax base calculations.

6.6 Consultation

The Council undertook a public consultation on proposals to increase the empty homes premium in-line with new discretionary powers introduced in the Rating (property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, which ran for 5 weeks from 29th October 2018 to 3rd December 2018.

The Cabinet is recommended to consider the outcome of the consultation before deciding whether to recommend to Council the proposed further increase in the long-term empty homes premium from 1st April 2023.

Consultation findings and Equality Impact Assessment can be found at Annex B.

7.0 **Levelling-up and Regeneration Bill**

The Council currently charges a 100% Council Tax premium for homes that have been empty for over two years (with the premium rising the longer the home remains empty). Under proposals contained in the government's Levelling Up and Regeneration Bill, local authorities will be able to charge a premium after one year, as well as introduce a premium on second homes.

When the Levelling Up and Regeneration Bill is enacted, it is intended that relevant approval will be sought to undertake a public consultation before a decision is made to implement the new premiums to ensure that views of all stakeholders such as those council taxpayers affected, other council taxpayers, service users, and local preceptors are considered before the decision is made. The outcome of the consultation will be reported back to the Council in due course.

SETTING THE COUNCIL TAX BASE FOR 2023/24

1. Setting the Council Tax Base

1.1 The council tax base is the link between the Council's budget and the level of council tax. The tax base will be used to calculate the council tax in Sefton, once the Council's budget has been agreed. The Council is required to calculate its own tax base as well as the tax base for each parish council within its boundary and have them approved by the 31 January 2023.

1.2 The calculation of the council tax base takes into account many factors such as the rate of new building and the trends in people living on their own (Sole Occupier Discounts).

1.3 The tax base calculation assumes a collection rate of 97.0% in 2023/24, which is unchanged from the rate applied in 2022/23.

1.4 The Council has the option to increase the premium charged on homes left empty for 10 years or more from 200% (current level) up to 300% from 1 April 2023. The implications of this option are considered elsewhere in this report. Two alternative tax base figures for Sefton Council and each parish area are presented below:

Option A: the premium remains at 200%.

Option B: the premium is increased to 300%.

2. Council Tax Base for Sefton Council in 2023/24

2.1 An analysis of the changes between the 2022/23 and the 2023/24 tax base is provided in the table below:

Tax Base for Sefton Council		Band D Equivalents		
		2022/23	2023/24	Change
H	<u>Chargeable Dwellings</u>			
	Dwellings on the Banding List	112,241.1	112,838.2	597.1
	Exempt Dwellings	-2,313.0	-2,235.2	77.8
	Disabled Persons Reductions	-148.7	-152.8	-4.1
		109,779.4	110,450.2	670.8
Q	Discounts	-10,405.8	-10,468.0	-62.2
E	Empty Homes Premium	707.3	830.6	123.3
J	Adjustments	-376.8	-495.0	-118.2
Z	Council Tax Support Scheme	-12,938.7	-12,070.3	868.4
B	Collection Rate Adjustment	-2,603.0	-2,647.4	-44.4
	MOD Properties	8.0	8.0	0.0
	Council Tax Base (Option A)	84,170.4	85,608.1	1,437.7

	<u>Continued from previous page</u>			
E	Premium on homes left empty for 10 years or more increased from 200% to 300% from 1 April 2023	0.0	55.5	55.5
	Council Tax Base (Option B)	84,170.4	85,663.6	1,493.2

2.2 The main reasons for the changes in the tax base are:

Dwellings on the Banding List: The number of properties on the Banding List has increased by 643 (+0.5%) in the year.

Exempt Dwellings: The number of dwellings subject to an exemption reduced by 86 (-3.1%). The largest reductions were in the number of Class F exemptions (dwellings left empty by deceased persons) and Class E exemptions (an unoccupied dwelling which was previously the sole or main residence of a person who has moved into a hospital or care home).

Sole Occupier & Status Discounts: The number of dwellings receiving a 25% discount due to single occupancy has increased by 235 (+0.5%).

Empty Homes Premium: The number of dwellings left empty for more than two years has increased by 135 (+19.0%).

Adjustments: The taxbase forecast assumes that exemptions will return to their previous higher level over the next year.

Council Tax Support Scheme (CTRS): The number of working age claimants has continued to reduce over the last 12 months.

3. Council Tax Base in Parish Areas for 2023/24

3.1 There are also new tax base figures for each parish area in 2023/24. The following tables provide details of the proposed new tax base for each parish compared to 2022/23 under both alternative options:

Tax Base for Parish Areas Option A	Band D Equivalent			%
	2022/23	2023/24	Change	Change
Parish of Aintree Village	2,029.6	2,055.4	25.8	1.3%
Parish of Formby	9,071.9	9,153.1	81.2	0.9%
Parish of Hightown	859.3	867.1	7.8	0.9%
Parish of Ince Blundell	165.9	173.1	7.2	4.3%
Parish of Little Altcar	336.6	434.0	97.4	28.9%
Parish of Lydiate	2,085.2	2,109.2	24.0	1.2%
Parish of Maghull	6,798.9	6,875.5	76.6	1.1%
Parish of Melling	1,092.0	1,097.4	5.4	0.5%
Parish of Sefton	278.2	324.7	46.5	16.7%
Parish of Thornton	777.0	778.9	1.9	0.2%

Tax Base for Parish Areas Option B	Band D Equivalents			%
	2022/23	2023/24	Change	Change
Parish of Aintree Village	2,029.6	2,056.7	27.1	1.3%
Parish of Formby	9,071.9	9,154.4	82.5	0.9%
Parish of Hightown	859.3	867.6	8.3	1.0%
Parish of Ince Blundell	165.9	173.1	7.2	4.3%
Parish of Little Altcar	336.6	434.0	97.4	28.9%
Parish of Lydiate	2,085.2	2,109.2	24.0	1.2%
Parish of Maghull	6,798.9	6,878.1	79.2	1.2%
Parish of Melling	1,092.0	1,098.0	6.0	0.5%
Parish of Sefton	278.2	324.7	46.5	16.7%
Parish of Thornton	777.0	778.9	1.9	0.2%

- 3.2 The tax base calculation for each of the parish areas is based on the same assumptions made in the calculation for Sefton Metropolitan Borough Council.
- 3.3 The higher percentage increases in Little Altcar and Sefton parish areas is due to housing development in those areas.