

**Report to:** Council

**Date of Meeting:** 23<sup>rd</sup> January 2014

**Subject:** Local Council Tax Reduction Scheme 2014/2015, Change to Council Tax Discount for Unoccupied Properties from 1<sup>st</sup> April 2014 and updating the Council Tax Base 2014/2015

**Report of:** Head of Corporate Finance and ICT **Wards Affected:** All

**Is this a Key Decision?** Yes

**Is it included in the Forward Plan?** Yes

**Exempt/Confidential** No

### **Purpose/Summary**

This report seeks to –

- A. Provide Council with a review of the current Council Tax Reduction Scheme and to consider whether the scheme should be revised or replaced with another scheme for 2014/2015.
- B. Provide Council with feedback received on the recent consultation exercise regarding the proposed revision to the current Council Tax Reduction Scheme and approve a scheme for 2014/2015;
- C. Recommend Council to progress the Council Tax technical change discount for unoccupied properties from 1<sup>st</sup> April 2014; and
- D. Provide Council with an updated Council Tax Base for both Sefton Council and for each Parish Area for 2014/2015.

**The report contains a number of Annexes listed below for ease of reference:**

**Annex A:** Sefton MBC New Council Tax Reduction Proposed Scheme 2014/2015  
**Annex B:** Consultation Summary – Local Council Tax Reduction Scheme 2014/2015  
**Annex C:** Council Tax Base Report 2014/2015

### **Recommendations**

1. Council approves and adopts the revision to the Council Tax Reduction Scheme as detailed in paragraph 4.3 of this report;
2. Council approves the change to the discount for empty and unoccupied properties to take effect from 1<sup>st</sup> April 2014 as set out in section 5;
3. Council approves a budget of £150,000 for exceptional hardship payments in 2014/2015;
4. Council approves the Tax Base for Sefton Council and for each Parish Area for 2014/2015 as set out in Annex C;
5. Council approves the payment of grants to the parish councils in 2014/2015 to compensate them for the cost of the Council Tax Reduction Scheme as set out in Annex C.

## How does the decision contribute to the Council's Corporate Objectives?

	Corporate Objective	Positive Impact	Neutral Impact	Negative Impact
1	Creating a Learning Community		✓	
2	Jobs and Prosperity		✓	
3	Environmental Sustainability		✓	
4	Health and Well-Being			✓
5	Children and Young People			✓
6	Creating Safe Communities		✓	
7	Creating Inclusive Communities		✓	
8	Improving the Quality of Council Services and Strengthening Local Democracy		✓	

### Reasons for the Recommendations:

#### Local Council Tax Reduction Scheme

By law each financial year the Council must consider whether to revise or replace its Local Council Tax Reduction Scheme. Any revision must be made by 31 January in the preceding financial year to that which it is to take effect.

The 2013/2014 local scheme has only been in operation since April 2013 and the objectives of the scheme and its impact continue to be monitored and evaluated. Any decision to revise or replace the scheme would require compliance with statutory provisions in accordance with the Local Government Finance Act 2012 (Chapter 17), schedule 4.

Each year state benefits for working age people are increased by the Government. These increases, because they would result in a higher income for anyone receiving benefits, would subsequently result in a reduction in the amount of means-tested council tax reduction received unless the applicable amounts and personal allowances are also increased. This increase is referred to as uprating and a small revision is required to the existing scheme from 2014/2015 and the Council is required by law to publish and consult on this proposed change.

**The proposed revisions to the Council Tax Reduction Scheme ensures that those householders on the lowest incomes are not adversely affected by the Government annual uprating of state benefits.**

#### Change to Council Tax Discount for Empty Property

The Council at its meeting held on 28<sup>th</sup> February 2013 agreed a budget proposal for 2014/2015 which requires a change to council tax charges for vacant properties (unoccupied and substantially unfurnished) from the 1<sup>st</sup> April 2014.

#### Council Tax Base

In accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 1992, as amended, the Council is required to set a tax base for both Sefton and for each Parish Area for 2014/2015. This can only be achieved once the Local Council Tax Reduction Scheme and change to council tax discount for vacant properties have been approved.

## What will it cost and how will it be financed?

### (A) Revenue Costs

Local Council Tax Reduction Scheme: The proposal to up-rate the amounts used to calculate the level of support in the 2014/2015 Local Council Tax Reduction Scheme is expected to be cost neutral. As the uprating will be mainly in-line with the Government's proposed changes to pensions and benefits it is not expected to increase the level of claimants eligible for council tax support in 2014/2015.

Change to Council Tax Discount: The proposed removal of the 50% discount on homes that have been empty and substantially unfurnished for between 2 and 6 months is expected to increase the council tax income by £780,000 in 2014/2015. Sefton's share of this amount is £659,000 (84.4%). The Indicative Budget for 2014/2015 approved by Council on 28 February 2013 assumed additional income of £400,000 as a result of this change, so there will be a need to approve further savings of at least £400,000 in 2014/2015 if this change is not approved.

Exceptional Hardship Fund: The proposal to make the Exceptional Hardship Fund a permanent feature of the Council's Budget will cost £150,000. It is proposed to fund this budget from the increase in council tax income resulting from the removal of the discount on empty (and substantially unfurnished) homes.

Council Tax Base: The Council's tax base has increased by 475.8 Band D equivalent properties. This will lead to an increase in Sefton's share of forecast council tax income of £602,000 in 2014/2015. This includes the impact of removing the 50% discount highlighted above. This is £202,000 higher than assumed in the Indicative Budget for 2014/2015, before allowing for any increase in Sefton's Band D Tax rate.

Parish Funding: The proposed grant funding for Parish Areas to compensate them for the cost of the Council Tax Reduction Scheme is £118,116. This amount is already included in the Indicative Budget for 2014/2015, so there is no additional revenue budget implication.

Summary of Revenue Costs	2014/2015		
	Indicative Budget £000	Proposals £000	Variation £000
Council Tax Reduction Scheme Up-rating	0	0	0
Changes to Council Tax Discounts	-400	-659	-259
Other Changes in the Tax Base	0	57	57
Exceptional Hardship Fund	0	150	150
Parish Funding	118	118	0
<b>Total</b>	<b>-282</b>	<b>-334</b>	<b>-52</b>

**(B) Capital Costs**

No capital costs are planned for this change in system.

**Implications:**

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

**Legal comments**

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 31<sup>st</sup> January 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:
  - 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.

Human Resources None

- 1. No Equality Implication at this time
- 2. Equality Implications identified and mitigated
- 3. Equality Implication identified and risk remains

✓

**What consultations have taken place on the proposals and when?**

The Head of Corporate Finance and ICT (FD2757) and the Head of Corporate Legal Services (LD2063) have been consulted and any comments have been incorporated into the report.

**Are there any other options available for consideration?**

Not to revise the 2013/2014 Council Tax Reduction Scheme in line with Department for Work and Pensions annual uprating for state benefits, applicable amounts and personal allowances. This would mean non-pensioner claimants would see a reduction in the amount of means-tested council tax reduction and will not match the applicable amounts and personal allowances for Housing Benefit calculation.

**Implementation Date for the Decision**

After the Council meeting.

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**Background Papers:**

There are no background papers available for inspection.

## 1 Introduction/Background

### 1.1 Local Council Tax Reduction Scheme

- 1.1.1. The Government abolished Council Tax Benefit (CTB) from the 1 April 2013 and councils had to replace this with a local scheme which had to be approved and adopted by 31<sup>st</sup> January 2013 as prescribed within the Local Government Finance Act 2012.
- 1.1.2. The Government protected pensioners and the level of support received by pensioners did not reduce by the introduction of the local scheme.
- 1.1.3. Following public consultation between August and October 2012, Sefton Council's Local Council Tax Reduction Scheme 2013/2014 was approved and adopted by Council on 24<sup>th</sup> January 2013.
- 1.1.4. For each financial year, the Council must consider whether to revise its scheme or replace it with another scheme. The scheme must be approved and adopted no later than the 31<sup>st</sup> January in the preceding financial year.
- 1.1.5. **The proposed revisions to the Council Tax Reduction Scheme ensures that those householders on the lowest incomes are not adversely affected by the Government annual uprating of state benefits.**

### 1.2 Council Tax Technical Change

- 1.2.1. At its meeting on 24 January 2013 the Council approved a small number of technical changes to council tax discounts and exemptions in order to meet the funding requirements of the Council Tax Reduction Scheme and to encourage owners of empty properties to bring them back into use more quickly. These changes took effect on 1 April 2013 and were expected to deliver an increase in council tax income of £1.530m. This report provides a review of the impact of the technical changes based on information available at the end of October 2013.
- 1.2.2. At its budget meeting on the 28 February the Council approved an indicative budget for 2014/2015 that assumed a further technical change to council tax discounts that was expected to increase the Council's share of council tax income by £0.4m. This report progresses the formal approval process for this change and provides an updated forecast of the financial implications.

### 1.3 Setting the Council Tax Base

- 1.3.1. The Council is required to calculate its own tax base along with a tax base for each parish council within its area and have them approved by 31 January 2014.
- 1.3.2. The tax base is normally approved by Cabinet. However, for 2014/2015 the tax base calculation is affected by the changes to the council tax reduction scheme and the technical change to council tax discounts proposed in this report. These need to be agreed before the tax base can be formally approved, therefore, Council approval is required for these changes.

## 2. Review of the Scheme Approved for 2013

### 2.1. Local Council Tax Reduction Scheme Review

2.1.1. The Council is under a statutory duty to review its scheme annually. At the time of writing this report, we are only part of the way through the financial year. Therefore, the review is based on available data for the first seven months (April to October). The focus of the review centres on the following fundamental areas which include:

- Claimant caseload
- Prescribed requirement regulations
- Impact on the most vulnerable claimants.
- Review of scheme principles
- Local Scheme – review of feature changes made to Government national scheme
- Appeals / Disputes
- Council Tax Exceptional Hardship fund - discretionary provision
- Financial implications for the Council

2.2. **Claimant caseload** – the table below shows the caseload in comparison to the previous year.

Year	Pensioner Claimants	Working Age Claimants	Total
October 2012	15,723	17,814	33,537
October 2013	14,901	16,552	31,453

The working age caseload can be split further:

Vulnerable – identified from non-passported claims	26
Employed	3,080
Working Age Other	13,446
<b>Total</b>	<b>16,552</b>

2.3. **Prescribed Requirements regulations** – Statement of intent on up-rating for pensioners on council tax support

2.3.1. To ensure that this protection is maintained, the Government has amended the Prescribed Requirements Regulations to up-rate the allowances, premia and non-dependent deductions for pensioners for 2014/2015 [Statutory Instruments

2013 No.3181 Council Tax, England, Council Tax Reduction Scheme (Prescribed Requirements)(England)(Amendment) Regulations 2013 which came into force 13/01/2014]. They will be amended again to up-rate for 2015/2016.



## 2.4. Impact on the most vulnerable claimants

2.4.1. The scheme implemented for 2013/2014 minimised the impact on vulnerable claimants as much as possible. The mitigating actions include:

- Provision of an Exceptional Hardship Fund – see paragraph 2.8
- Maintenance of core aspects of the Government Default scheme that provides additional assistance where there are children, disability and caring responsibilities.
- Council tax collection – 12 month instalment payments offered to council tax payers.
- Enforcement action – processes were reviewed and court costs were minimised to external charges only. Also customers are sign posted for debt advice and appointments can be arranged with Citizen Advice Bureau for advice on budgeting skills. In addition before cases are referred for bailiff enforcement action which would incur associated statutory costs, cases are dealt with under a separate debt recovery process to ensure the debt does not increase.

## 2.5. Review of scheme principles

2013/2014 Local Council Tax Reduction Scheme was based on 5 principles and is summarised below:

Principle	(CTRS) Scheme working for non-pensioner claimants?
The Council will continue to support work incentives	<b>Yes</b> – rules based on the Government default scheme regarding the treatment of earnings from employment is in place under the 2013/2014 scheme.
The Council will continue to recognise the additional needs of our most vulnerable residents.	<b>Yes</b> – the Council have retained the carer premium for those eligible for Carer’s Allowance and the various disability premiums for those in receipt of Disability Living Allowance, Attendance Allowance, Long Term Incapacity Benefit, Severe Disablement Allowance and other qualifying benefits.  Procedures were reviewed for the collection of non-payment of council tax to ensure non-disproportionate impact on the most vulnerable households. Also financial budgeting skills and advice is being made available to all claimants.  The Council Tax Exceptional Hardship Fund – is available with fair and transparent criteria for awards.
The Council will continue to recognise the additional needs of families with children	<b>Yes</b> – Child Benefit and Child Maintenance payments are not taken into account when calculating the income for CTRS. Also the Council continue to award the Disabled Child premium and disregard child care costs as administered under the government default scheme.
The Council supports households staying together to make better use of housing in Sefton and reduce	<b>Yes</b> - The amount deducted when calculating council tax reduction when other adults live in the household has been reduced.

homelessness.	This is known as a non-dependant deduction.
The Council will continue to have due regard to the Armed Forces Covenant	<b>Yes</b> – War Disablement and War Widows pensions in calculating CTRS, including any Armed Forces compensation in accordance with the covenant is ignored.

## 2.6. Local Scheme - review of feature changes made to Government scheme 2013

The local scheme was based on the Government prescribed Default scheme from April 2013 with a number of modifications for non-pensioner claimants – see table below;

Feature	Sefton local Council Tax Reduction Scheme (CTRS) 01.04.2013 – 31.03.2014	2013/2014 review of non-pensioner modifications <u>Monitoring results @ 31.10.2013</u>
1	Reduce council tax eligible liability to 80%. All non-pensioner claimants will have to pay 20% of their council tax bill.	80% liability calculation - £3.3m saving within forecast  Non pensioner claimants 16,552
2	Do not grant a Council Tax Reduction to a non-pensioner claimant who has capital/ savings above £6,000.	85 claimants were affected by the change, and 13 claims are now back in payment.
3	Remove entitlement to non-pensioner claimants to council tax second adult rebate	179 claims were affected by the change, and 13 claimants now qualify for CTRS The change simplifies the scheme and aligns to rules for Universal Credit. Claimants on low income can apply for the Council Tax Reduction scheme
4	<b>Introduction of flat rate deduction for non-dependants – for working age claimants.</b>	
	flat rate deductions for non-dependants for working age claimants:- <ul style="list-style-type: none"> <li>• £2.00 per week for non- working non-dependants</li> <li>• £2.00 per week for non-dependant in remunerative work with a gross income of less than £183 per week.</li> <li>• £5.00 per week to apply to all working age working no dependants.</li> </ul> (there are no deductions if the non-dependant is in receipt of Income Support, Income -based Job Seekers Allowance, Income Related	<p><b>Note: There are no non- dependant deductions for Council Tax Benefit if the claimant or partner</b></p> <p>- <i>Is blind or has recently regained their sight or, receives the care component of disability living allowance payable at any rate or receives attendance allowance payable at any rate.</i></p> <p><b>Cost implication</b> – currently indicating a cost of £60K which is within forecast.</p> <p>There has been anecdotal evidence that the flat rate deductions have supported non-dependant adults staying in the family home, or moving back to the family home. However, the impact of the Housing Benefit reductions in the social rented sector for under-occupied households (“bedroom tax”) has also resulted in non-dependants moving back into the family home to help minimise Housing Benefit cuts. This factor makes it difficult to quantify the exact impact of the flat rate non-dependant deduction in the CTRS.</p>

	Employment and Support Allowance, or Pension Credit	
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## 2.7. Appeals /Disputes

- There have been 174 appeals/disputes regarding the local Council Tax Reduction Scheme since April 2013. The majority of these were received between April-July when 130 appeals were submitted. Out of the 174 only 1 appeal has been submitted to the Valuation Tribunal Service which relates to a matter not concerning the design of scheme.
- Matters raised in the appeal process included some of the following comments:
  - why am I paying more this year ?
  - Why do I have to pay if on Income Support/ Job Seekers Allowance etc?
  - I cannot afford to pay anything
- Where payment difficulty has been identified claimants have been invited to apply for a Council Tax Exceptional Hardship Payment.

## 2.8. Council Tax Exceptional Hardship Fund

- 2.8.1. As part of the proposals to mitigate against potential issues for vulnerable claimants the Council set aside £143,000 for the exceptional hardship fund which is administrated within agreed policy and procedures.
- 2.8.2. The following is a brief summary of how the fund has been operating up until 31 October 2013:
- 1,758 requests for council tax hardship fund received.
  - 963 claimants received an award
  - 622 claims refused
  - 173 to be processed.
- 2.8.3. At that time £18,602.74 (13% of the total budget) remained unallocated. The fund is on target to be used in full by the year end.

## 2.9. Financial implications

- 2.9.1 The Council Tax Reduction Scheme approved in January 2013 was expected to generate savings of £3.130m against total forecast council tax benefit expenditure of £27.960m. This amount needed to be uplifted by £0.150m to take account of increases in council tax charges by the Police and Crime Commissioner, the Fire and Rescue Service and Parish Councils in 2013/2014, giving a net budgeted scheme cost of £24.980m. The latest forecast expenditure on council tax reduction scheme discounts in 2013/2014 is £23.620m, based on information at 25 October 2013. This is a saving of £1.360m which is due to a reduction in the number claimants during 2013.
- 2.9.2. The Council Tax Base also included an additional provision of approximately £0.800m for non-payment of council tax now charged to CTRS claimants. The latest budget monitoring forecast includes a provision of £1.200m based on the level of debt outstanding on CTRS accounts in October 2013. This is £0.400m higher than the budget.

- 2.9.3. The forecast net scheme saving is therefore £0.960m. However, it should be noted that the number of claimants is changing daily and that the level of non-payment could increase as the year progresses, so there is still a significant level of uncertainty around this forecast.

## 2.10. Summary of local Council Tax reduction scheme review

- 2.10.1 The monitoring and evaluating activity being undertaken shows that the local scheme is working and fulfilling the principles of the scheme.

## 2.11. Council Tax Technical changes review

- 2.11.1 As part of the proposals to bridge the funding shortfall on the council tax reduction scheme the Council approved a small number of changes to council tax discounts and exemptions. These changes were forecast to deliver an increase in council tax income of £1.520m.

- 2.11.2. We are only part way through the first year of implementing the changes so it is not possible to fully assess their success in delivering the required additional income. However, the following table provides a comparison of the budgeted council tax income against the forecast position at the end of October 2013:

	<b><u>Technical Changes</u></b>	Budgeted Income 2013/2014 £	Updated Forecast 2013/2014 £	Variation £
B1	Reducing the discount from 10% to 0% for second homes and any other furnished properties not occupied as a main home.	-70,000	-57,000	13,000
B2	Removing the 6 month Class C exemption for vacant properties (unoccupied and substantially unfurnished). Introducing a 100% discount for 1 month and reducing the discount to 50% for the following 5 months.	-780,000	-781,000	-1,000
B3	Charging a premium of 50% on properties unoccupied longer than 2 years.	-450,000	-333,000	117,000
B4	Removing the 12 month Class A exemption for properties undergoing major structural repair / alteration. Introducing a 50% discount for up to 12 months when a property is in need of or undergoing major repair / alteration.	-230,000	-215,000	15,000
	<b>Total</b>	<b>-1,530,000</b>	<b>-1,386,000</b>	<b>144,000</b>

- 2.11.3. The shortfall in council tax income is largely due to a reduction in the number of properties subject to the empty homes premium. This is because a significant number of long-term empty homes have been brought back into use during the year.

### **3. Proposed draft local Council Tax Reduction Scheme 2014/2015**

- 3.1. The scheme so far addresses the reduction in funding available and has been formulated to minimise the detrimental effect on the most vulnerable.
- 3.2. It is proposed to uprate state benefits for non-pensioner claimants in line with Department for Work & Pensions (DWP) uprating which was confirmed in the 'Welfare Benefits Uprating Act 2013' and enacted in March 2013. In addition to uprate the applicable amounts and personal allowances using DWP rates. This will ensure non-pensioner claimants are not adversely affected by annual uprating. To achieve this in 2014/2015, minor adjustments are required to the scheme.
- 3.3. Except for annual uprating the scheme should continue to run as at present for 2014/2015 taking into account the annual uprating for pensioners and any other statutory requirements. The scheme will continue to be monitored and evaluated. This will allow a more comprehensive review to be undertaken in early 2014/2015 when more comparative data will be available before recommending options for 2015/2016. This will include any required consultation to be undertaken during the summer /autumn of 2014.
- 3.4. See Annex A for proposed 2014/2015 Sefton local Council Tax Reduction Draft Scheme.

### **4. Council Tax Reduction Scheme – Feedback on Consultation**

- 4.1 It was agreed at Cabinet on 5 December 2013 that the Head of Corporate Finance and ICT would publish and consult upon the draft revised Council Tax Reduction Scheme for 2014/2015, as set out in Annex A
- 4.2 The results of the consultation would be reported to this meeting – this is attached at Annex B. A summary of the consultation is as follows:
- a) 35 responses to the online survey have been received of which 28 agree and 7 disagree.
  - b) Letters were issued to the precepting authorities – Merseyside Police and Merseyside Fire and Rescue Service.
  - c) Letters were issued to stakeholders inviting them to take part in the consultation survey.
  - d) Comments received indicate there is no issue regarding the proposal to uprate working age personal allowances in line with Department for Work and

Pensions uprating of income-related social security benefits. Comments received are also detailed in Annex B.

- e) As part of the consultation, equalities questions were asked in connection to gender, age, disability and ethnicity. The consultation responses do not indicate any disproportional impact.
- f) The Department for Work and Pensions has announced that housing benefit personal allowances will be uprated by 1% (Housing Benefit Circular A24/2013 (Revised) dated 18<sup>th</sup> December 2013). This is in accordance with the figures presented to Cabinet 5<sup>th</sup> December 2013.

4.3 It is recommended that the Council's existing Council Tax Reduction Scheme be revised so that it takes into account the annual uprating of applicable amounts and personal allowances for working age claimants as defined by Department for Work and Pensions Housing Benefit Circular A24/2013 (Revised) such revision to take effect from 1<sup>st</sup> April 2014.

## **5. Proposed Council Tax Technical Change 2014/2015**

- 5.1. Section 11 of the Local Government Finance Act 2012, Chapter 17 allows Billing Authorities the power to determine the council tax discounts given on certain prescribed classes of dwelling in their area.
- 5.2. At its budget meeting on 28 February 2013 the Council approved an indicative budget for 2014/2015 that included additional income of £0.4m achieved by the removal of the current 50% council tax discount on dwellings that are empty and substantially unfurnished for two to six months.
- 5.3. The latest council tax forecast indicates that the removal of this discount will increase gross council tax income by £0.780m in 2014/2015. Sefton's share of this amount is £0.659m (84.4%). The remaining income is paid to the Police and Crime Commissioner, the Fire and Rescue Service, and Parish Councils.
- 5.4. The aim of the proposed change is to help keep down the overall level of Council Tax for our residents by increasing the council tax base and to make best use of housing stock by encouraging owners to bring empty properties into use more quickly.
- 5.5. The removal of council tax exemptions for certain classes of empty properties and their replacement with locally determined discounts was consulted on as part of the council tax reduction scheme proposals undertaken in 2012. An equalities assessment was also undertaken during 2012. Details of the consultation responses and equalities analysis was reported to Council on 24 January 2013.
- 5.6. The proposed change does not affect the 100% discount given in the first month that a dwelling becomes unoccupied. So registered social landlords, private landlords, and owner occupiers will still benefit from a reasonable period free from paying council tax within which to bring their properties into occupation.
- 5.7. Owners of vacant properties requiring, or undergoing, major structural repair will also continue to be able to claim a 50% discount for up to twelve months. So the proposed change should not discourage owners from making improvements to their properties.

5.8. There is no discretionary power for Councils to change:

- The rules around other empty properties being exempt from council tax, for example where the owner has died or in a nursing home.
- The rules around other occupied properties being allowed an exemption or discount from council tax for example, where certain occupants are students, carers or severely mentally impaired.

5.9. The Council is required to formally approve any change to local council tax discounts. This report seeks to formally recommend the approval of the removal of the current '50% discount on dwellings that are empty and substantially unfurnished for two to six months' with effect from 1 April 2014.

5.10 Additional budget savings of at least £0.4m will have to be identified in 2014/2015 if this change is not approved.

## **6. Exceptional Hardship Fund 2014/2015 and beyond**

6.1. The cost of the Council Tax Exceptional Hardship Fund was met from one-off funding in 2013/2014. This funding will cease in 2014/2015 and the Council will be unable to address individual hardship cases if an extension is not agreed for 2014/2015 and beyond. It is therefore proposed to make the Exceptional Hardship Fund a permanent feature of the Council's Budget at a cost of £150,000. It is proposed to fund this budget from the increase in council tax income resulting from the removal the discount on empty (and substantially unfurnished) homes.

## **7. Proposed Council Tax base for 2014/2015:**

7.1. The Council in its capacity as the local billing authority is required to set the council tax base for 2014/2015 for both Sefton and for each Parish Area no later than 31 January 2014. Details of the proposed tax base for each of these bodies is provided in Annex C of this report along with a brief explanation of the reason for any changes from the previous year.

7.2. The following table shows the tax base proposed for Sefton Council and each Parish Area for 2014/2015:

Area	Tax Base 2014/2015
Metropolitan Borough of Sefton	76,992.00
Parish of Aintree Village	1,972.24
Parish of Formby	8,877.62
Parish of Hightown	839.36
Parish of Ince Blundell	157.78
Parish of Little Altcar	261.79
Parish of Lydiate	1,976.84
Parish of Maghull	6,335.30
Parish of Melling	953.97
Parish of Sefton	228.65

Parish of Thornton	735.83
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## **8. Compensating Parish Areas for Loss of Council Tax Income**

- 8.1. The council tax income that parish areas can generate was reduced in April 2013 as a result of the introduction of the local council tax support scheme. The Government built funding into Sefton's Settlement Funding Assessment in order to provide Parish Areas with compensation for this loss of council tax income. How much, if any of this funding is to be passed on to Parish Council's has been left to Council's to decide in discussion with the parishes. In 2013/2014 the Council provided Parish Areas with a grant of £118,116 to bridge this funding gap. It is proposed that the same amount is paid to each Parish Area in 2014/2015 in order to prove stability of funding. Further detail is provided in Annex C of this report.