

# North Tyneside Council Report to Cabinet Date: 9 September 2013

ITEM 6(b)

Title: Discretionary Local  
Taxation Policy

Portfolio(s): Finance

Cabinet Member(s): Councillor Ray  
Glendon

Report from Directorate: Finance and Resources

Report Author: Fiona Rooney, Strategic Director of Finance and Resources (Tel: (0191)6435724)

Wards affected: All

## **PART 1**

### **1.1 Purpose:**

The purpose of this report is to agree a policy for use of the discretionary powers the Council has to reduce the level of Council Tax or Business Rates payable by an individual or a business.

### **1.2 Recommendation(s):**

It is recommended that Cabinet:

(a) note that the Authority already has a comprehensive policy covering Discretionary Relief of Business Rates for charitable organisations, or organisations which are established and conducted on a non profit making basis. (Set out as appendix A)

(b) note that the Authority already has a hardship rate relief scheme for Business Rate payers and has a Local Council Tax Support Scheme for residents.

(b) agree the proposed Discretionary Local Taxation Policy as set out in Appendix B.

### **1.3 Forward Plan:**

This report appears on the Forward Plan for 8 May 2013.

### **1.4 Council Plan and Policy Framework**

This report does not directly relate to priorities identified in the Council Plan 2012-15 or the Sustainable Community Strategy 2010-2013.

## 1.5 Background Information:

### Council Tax

- 1.5.1 Section 13A(1)(c) of The Local Government Finance Act of 1992 (as amended) gives the Authority the ability to reduce the level of Council Tax paid by an individual as it sees fit. This discretion is exercised on the understanding that for any discount awarded the loss of income will have to be met in full by the Authority.
- 1.5.2 Due to the fact the cost of any award of discount under this category must be met in full by the Authority, and therefore by the Council Tax payers as a whole, the discount has only ever been used in exceptional circumstances to date.
- 1.5.3 The discount was for instance used in 2007 by Mayor Harrison's Cabinet to assist residents that were affected by flooding, caused by exceptional weather conditions in North Tyneside, mainly in the area of Longbenton. The discount was awarded to residents who remained in their flood damaged homes, who did not qualify for statutory Council Tax exemptions, which they would have received had they vacated their homes. Approximately £5,000 in total of this Council Tax discount was awarded at that time.
- 1.5.4 This discretionary award of discount was used again in June 2012 when severe flooding hit many parts of North Tyneside. On this occasion over eighty homes were awarded assistance in the form of a discretionary Council Tax discount amounting to in total £8,605.

### Business Rates

- 1.5.5 Section 47 of the Local Government Finance Act 1988 as amended permits the Councils to reduce the Business Rates of any local ratepayer. It is stipulated within the legislation that this can only be done if the Authority is satisfied it would be reasonable to do so, having regard to the interest of persons liable to pay Council Tax set by it. This is because the cost of any award of this discretionary discount must be met in full by the Authority and therefore ultimately by the Council Tax payers.
- 1.5.6 No award of discount under this provision has been made.

### Other existing support

- 1.5.7 There are a number of schemes available to support residents and businesses with their Council Tax and Business Rates liability other than the discretionary powers set out in 1.5.1 and 1.5.6 of this report.
- 1.5.8 For Council Tax this includes the Local Council Tax Support Scheme, which replaced Council Tax Benefit on 1 April 2013. This scheme is means tested and provides reductions to the level of Council Tax payable for individuals or families on low income. There are also a wide range of discounts and exemptions for Council Tax depending on a persons circumstance.
- 1.5.9 For Business Rates this includes the Small Business Rate Relief Scheme, where 1207 businesses in North Tyneside currently pay no Business Rates as the rateable value of the property is less than £6,000. A further 516 businesses pay a reduced level of Business Rates under this scheme. There are also a charitable mandatory and

discretionary relief schemes. The Authority's discretionary relief scheme for charities is set out at appendix A to this report. There is also a Hardship Rate Relief Scheme and a Part Occupied Property Scheme.

1.5.10 Other support is offered to residents through the Discretionary Housing Payment Policy and the Local Welfare Provision.

## **1.6 Decision options:**

The following decision options are available to Cabinet:

Option (1) Agree the proposed Discretionary Local Taxation Policy as set out at appendix B.

Option (2) Not approve the Discretionary Local Taxation Policy and refer the content of this report back to officers for further consideration.

## **1.7 Reasons for recommended option:**

1.7.1 It is recommended that Cabinet agree Option 1 as set out in this report as it reflects the fact that others avenues of support are available and promoted to residents and businesses. Option 1 recognises that the full cost of any award under the Discretionary Local Taxation Policy must be met in full by the Council Tax payers and should therefore only be used in exceptional circumstances.

## **1.8 Appendices:**

Appendix A – Charitable Discretionary Rate Relief Policy  
Appendix B - Discretionary Local Taxation Policy

## **1.9 Contact officers:**

Andrew Scott - Senior Client Manager Revenues, Benefits and Customer Services,  
Tel. (0191) 643 7150  
Janice Gillespie - Senior Manager Corporate Finance, Tel. (0191) 643 5701  
Geoff Huzzard - Financial Development Officer, Tel. (0191) 643 5716  
Tracy Vasey - Client Manager Revenues Benefits and Customer Services,  
Tel. (0191) 643 7228

## **1.10 Background information:**

1.10.1 The following background papers/information have been used in the compilation of this report and are available at the office of the author:

1. The Local Government Finance Act 1988
2. The Local Government Finance Act 1992
3. The Local Government Finance Act 2003
4. The Localism Act 2011
5. The Local Government Finance Act 2012

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

- 2.1.1 Any discretionary discounts awarded for Council Tax under section 13A 1(C) of the Local Government Finance Act 1992 or awarded for Business Rates under the new powers contained in the amended section 47 of the Local Government Finance Act 1988 must be met in full by the Authority. .
- 2.1.2 Awards of either of the above discretionary discounts can only be given if the Authority is satisfied it would be reasonable to do so, having regard to the interests of persons liable to pay council Tax to it, as ultimately the cost will be met by Council Tax payers.
- 2.1.3 Due to the financial constraints the Authority has upon its budget, it is recommended in this report that the discretionary relief should only be used in exceptional circumstances.

### **2.2 Legal**

- 2.2.1 The ability for the Authority as a billing authority to reduce a person's Council Tax is a discretionary power. This power is given by virtue of section 13A (1)(c) of the Local Government Finance Act 1992. There is a similar discretionary power in relation to a reduction in the amount of business rates contained in section 47 of the Local Government Finance Act 1988. Both of these discretions are exercised by Cabinet because they are not included in section 67 of the Local Government Finance Act 1992 as decisions that can only be taken by the Council.

### **2.3 Consultation/community engagement**

- 2.3.1 No external consultation has taken place. Due to the cost to the Authority of using the discretionary discount powers the matter has been discussed with Cabinet Members with the proposal to only use these powers in exceptional circumstances.

### **2.4 Human rights**

- 2.4.1 There are no human rights implications directly arising from this report.

### **2.5 Equalities and diversity**

- 2.5.1 There are no changes proposed to existing practice. No groups or individuals will be excluded from consideration should the Council choose to determine that exceptional circumstances have occurred that warrant the use of awarding discretionary discounts.

### **2.6 Risk management**

- 2.6.1 There are no significant risk management implications directly arising from this report.

### **2.7 Crime and disorder**

- 2.7.1 There are no significant crime and disorder implications directly arising from this report.

### **2.8 Environment and sustainability**

Discretionary Local Taxation Policy

2.8.1 There are no significant environmental and sustainability implications directly arising from this report.

**PART 3 - SIGN OFF**

- Chief Executive
- Strategic Director(s)
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Strategic Manager, Policy, Partnership, Performance and Communication