
Report to Cabinet

Local Taxation and Benefits Discretionary Policies 2020/21

Portfolio Holder: Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Corporate Services

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Reason for Decision

The purpose of the report is to seek approval for a number of amended Local Taxation and Benefits Discretionary Policies for 2020/21.

Executive Summary

This report provides the full detail of proposed updates to the discretionary policies used to support Local Taxation and Benefits administration i.e. Council Tax, Business Rates, Housing Benefits and Council Tax Reduction administration. The policies and proposed changes are:

- **The Discretionary Council Tax Discounts Policy**
 - Speeding up the timeline for the decision making for Exceptional Hardship payments
 - Setting out of the process for considering requests for the removal of the Empty Property Premium.
- **The Discretionary Business Rate Relief Policy**
 - An adjustment to the Discretionary Revaluation Relief policy to re-introduce the requirement for businesses to apply for this relief and to reflect reduced Government funding for the final year of the scheme.

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- An adjustment to the process for approving applications for Discretionary Rate Relief
 - Incorporation of and expanded list of additional discounts and reliefs for the 2020/21 financial year that Central Government has introduced.

The Local Welfare Provision (LWP) and Discretionary Housing Payments (DHP) policies have also been subject to an annual review. No proposals for changing the policy have been identified for 2020/21.

It is important to note that the at the present time due to the coronavirus, there is a rapidly changing range of Government policy revisions. Government guidance on the allocation of funds to support to support Council Tax payers suffering financial hardship and businesses, for example, has not yet been received and therefore may require policies to be created. It may therefore require the amendment of discretionary policies or the creation of new policies. Action around these will be taken under delegation to the Cabinet Member for Finance and Corporate Services and the Director of Finance.

Recommendations

It is recommended that approval is given to:

- 1) the amendments to the Discretionary Council Tax Discounts Policy and the Discretionary Business Rates Relief Policy summarised at Section 2 of the report
- 2) The Local Taxation and Benefits' Discretionary Policies for the 2020/21 financial year as presented at Appendices 1 to 4.
- 3) The delegation to the Cabinet Member for Finance and Corporate Services and the Director of Finance to amend policies or create new ones to align to revisions to Government guidance or new Government guidance or local circumstances.

Local Taxation and Benefits Discretionary Policies

1 Background

- 1.1 This report advises that there has been a review of four discretionary Local Taxation and Benefits policies and proposes amendments to the policies where appropriate. Each policy is set out in turn throughout the report, with the background section providing a general overview of key policies.

Discretionary Council Tax Discounts Policy

- 1.2 Local Authorities can reduce the amount of Council Tax payable by granting locally defined discounts under provisions contained in Section 13A of the Local Government Finance Act 1992. The Local Government Act 2012 inserted a new section 13A in the Local Government Finance Act 1992, and this created two discounts.

- Section 13A (1)(a) and (b) requires the Council to operate a Local Council Tax Reduction Scheme. The implications under 13A (1)(a) and (b) are considered and agreed on an annual basis when deciding the Local Council Tax Reduction (CTR) scheme (the 2020/21 local CTR scheme was approved at the Council meeting of 26 February 2020).
- Section 13A (1)(c) allows for a discretionary reduction which can be used in relation to any individual on a case by case basis or by determining a class of case for which the charge should be reduced. The intention behind this legislation is to allow billing authorities the discretion to create local discounts or exemptions to cater for local circumstances, for example flooding. The discount must be funded from the Council's own Revenue Budget (General Fund) and can amount to anything up to 100% of the Council Tax charged.

- 1.3 The Council currently makes use of Section 13A (1)(c) of the Local Government Finance Act 1992 to provide for a discount of up to 100% for care leavers under the Council Tax Discount for Care Leavers policy approved by Cabinet on 24 April 2017 (discount up to the age of 21) and 25 March 2019 (extended up to the age of 25).

- 1.4 Section 13A (1)(c) can also be used to support residents on a case by case basis, typically when they are experiencing exceptional financial hardship and Cabinet approved the introduction of an Exceptional Hardship Payments (EHP) scheme from 2019/20 to support residents to pay their Council Tax when experiencing financial crisis.

Discretionary Business Rate Relief Policy

- 1.5 The Local Government Finance Act 1988 (LGFA 1988) and the Localism Act 2011 require the Council to maintain a Discretionary Rate Relief Scheme to award Business Rates Relief (also known as Non-Domestic Rates Relief) of up to 100% to certain organisations who operate within specified criteria as follows:

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- Charitable bodies already in receipt of Mandatory Rate Relief of 80% – the Council has further discretion to ‘top up’ this relief to 100% of the rates due;
 - Registered community amateur sports clubs (CASCs) already in receipt of Mandatory Relief of 80% – the Council has further discretion to ‘top up’ this relief to 100% of the rates due;
 - Non-profit making organisations – the Council has discretion to grant Discretionary Rate Relief of between 0% -100% of the Business Rates due;

1.6 The Government has in recent years, introduced several temporary Business Rate Relief schemes. Any awards made under these schemes are awarded under Section 47 of the LGFA 1988 i.e. under the provision enabling Councils to make discretionary payments. However, the Council is fully reimbursed by Central Government by way of grants provided under Section 31 of the LGFA 2003. These temporary relief schemes which have operated up to and including 2019/20:

- The permanent doubling of Small Business Rate Relief (SBRR) with a rise in the threshold to rateable values of up to £12,000, tapering to £15,000.
- Full business rate relief for the following rural businesses serving populations of under 3,000:
 - The only village shop or post office with a rateable value of up to £8,500
 - The only public house or petrol station with a rateable value of up to £12,500
- Supporting Small Business Relief scheme for ratepayers who are losing some or all of their small business rate relief as a result of a large rateable value increase following the 2017 revaluation. The scheme is available for 5 years from April 2017.
- The provision of Revaluation Relief - a 4 year discretionary rate relief scheme to support those businesses that have experienced a large increase in rateable value following the 2017 revaluation.

1.7 The Council also has the power to reduce or remit the Business Rates charged in certain circumstances where the business is enduring temporary financial difficulties. This is known as Hardship Relief (HR) and may be awarded where the Council is satisfied that:

- The ratepayer would sustain financial hardship if the Council did not do so; and,
- It is reasonable for the Council to grant relief with regard to the interests of its Council Tax payers.

1.8 The Council also receives requests from ratepayers asking that the rateable value of premises subject to Business Rates is split between the occupied and unoccupied portions. This means that the Council would only apply and charge Business Rates on the occupied portion of the property. The Council has discretion

to accept or refuse a request that the rateable value is split between the occupied and unoccupied portions under Section 44a of the Local Government Finance Act 1988. If the request is accepted, then the Valuation Office Agency is asked to supply a certificate indicating the relevant values for the occupied and unoccupied portions and this certificate is binding upon the Council.

Local Welfare Provision Policy

- 1.9 The Welfare Reform Act 2012 ended the provision of Community Care Grants and Crisis Loans for living expenses under the Discretionary Social Fund administered by the Department for Work and Pensions (DWP). There was no statutory duty requiring Local Authorities to deliver a scheme, but Oldham Council considered it to be in the best interests of the residents of the Borough to do so.
- 1.10 Oldham's Local Welfare Provision (LWP) scheme has been operating since 1 April 2013, providing vulnerable residents, who meet the criteria of the policy, with furniture, beds, white goods and more in order to establish or maintain a home in the community.
- 1.11 Oldham's residents access the LWP scheme by making a claim online or over the phone. In most circumstances a decision is made within 24 hours. The assessor will then notify the applicant of the outcome and order any items awarded from the relevant suppliers.
- 1.12 All applicants are signposted to other external agencies or internal avenues of support such as the Department for Work and Pensions (DWP) or Welfare Rights Service as appropriate. This approach supports residents to address the longer-term issues which might have contributed to their crisis situation in the first place, helping to ensure that they have the tools they need (e.g. such as budgeting skills) to be able to manage an unexpected crisis in the future.

Discretionary Housing Payment Policy

- 1.13 The Discretionary Housing Payments (DHP) Scheme give Local Authorities the power to make Discretionary Housing Payments (DHPs) to top up Housing Benefit or the Housing Element of Universal Credit for residents who are most in need.
- 1.14 Central Government provides funding for the scheme. The Department for Work and Pensions (DWP) allocation for DHPs was 2019/20 was £638,046. The funding allocation for 2020/21 is expected to be a similar sum and confirmed before the end of February 2020.
- 1.15 The Council can add additional resources of its own to support the DHP budget up to a ceiling of 1.5 times the DWP allocation, should it wish to do so. The Council has not budgeted to top up the DWP allocation.
- 1.16 Awards of Discretionary Housing Payments are focused on enabling people to secure, retain and pay for appropriate and sustainable accommodation to support them through temporary difficulties (i.e. where Housing Benefit or the Housing Element of Universal Credit doesn't cover all the rent payable) This is in order to

reduce the risk of homelessness and support the stability of families and communities.

- 1.17 As with Local Welfare Provision policy, all applicants are signposted to other external agencies or internal avenues of support such as the DWP or Welfare Rights Service as appropriate. This approach supports residents to address the longer-term issues which might have contributed to their crisis situation in the first place, helping to ensure that they have the tools they need (e.g. such as budgeting skills) to be able to manage an unexpected crisis in the future.

2 **Current Position**

Discretionary Council Tax Discounts Policy

- 2.1 The Council currently provides a 100% Council Tax Discount for Care Leavers aged up to the age of 25.
- 2.2 The Council operates an Exceptional Hardship Payments (EHP) scheme to support residents who experiencing exceptional financial hardship in paying their Council Tax.
- 2.3 The proposed policy document (attached as Appendix 1) includes the proposed amendment to the 2020/21 Discretionary Council Tax Discounts Policy. This is:
- The introduction of guidance and a transparent process for the Council to follow when considering requests for removal of the Empty Property Premium (EPP). The EPP is a 100% premium applied to properties which are unoccupied and unfurnished for over 2 years and requires long term empty property owners to pay 200% Council Tax.
- 2.4 The Government has announced a hardship fund as part of the March 2020 budget to support economically vulnerable people and households experiencing financial hardship as a consequence of the coronavirus outbreak. The Discretionary Council Tax Discounts Policy will be amended (or a new policy created if required) to include guidance on how this will be administered once it is received from Central Government.
- 2.5 In the event of further measures being announced the Council will amend the Council Tax Discretionary Discount Policy as required under delegation to reflect these changes once guidance has been received from Central Government.

Discretionary Rate Relief Policy

- 2.6 The Council's existing Discretionary Rate Relief Policy outlines the areas of local discretion and the Council's approach to the various discretionary awards. This approach considers the impact:
- Of granting Discretionary Rate Relief on the Council's wider financial position and Council Tax payers.
 - On the organisations and businesses that currently receive or may apply for relief in the future.

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- For Oldham residents if relief is awarded and the regeneration benefits for the borough.
- 2.7 When deciding whether to award any Discretionary Rate Relief, the principal consideration is that in making the award there should be a resultant positive impact for residents and Council Tax payers of Oldham. This consideration also includes long term benefits to both the community and the Council Tax payer, such as increasing employment or improving amenities available to the local community.
- 2.9 The proposed policy document (attached as Appendix 2) includes proposed amendment to the 2019/20 Discretionary Rate Relief policy. These are:
- An adjustment to the policy to reintroduce a requirement for potentially eligible ratepayers to submit an application for Discretionary Revaluation Relief in 2020/21. Revaluation Relief, which is also a Government scheme, will enter its final year of operation in 2020/21 and funding allocations to support the scheme will reduce to £9k in 2020/21, (from £301k in 2017/18, £146k in 2018/19, and £60k in 2019/20). An application process will ensure that the limited funds available to support affected businesses are assessed on a first come, first served basis.
 - An amendment to the decision-making process for approving applications for Discretionary Rate Relief.
 - The introduction of new business rates discounts and reliefs announced by Central Government as part of the March 2020 Budget measures to support businesses due to disruption caused by the Coronavirus virus. The Government confirmed a number of additional business rates discounts and reliefs for the 2020/21 financial year that would be funded by Section 31 grants. The Government expects Local Authorities to ensure these changes are applied for the start of the 2020/21 billing period. The policy therefore requires an amendment to include:
 - An increase to the discount available for recipients of the Retail Discount from a third of the business rates payable to one hundred percent.
 - The removal of the rateable value limit of £51,000 for the Retail Discount.
 - An amendment to the list of eligible retail premises for the Retail Discount to include cinemas, music venues, museums, art galleries, and theatres; caravan parks and gyms; small hotels and B&Bs; sports clubs, night clubs; club houses, and guest houses.
 - The re-introduction of Pub Relief. This scheme was previously available in 2017/18, and 2018/19 and provided a discount of £1,000 to Pubs with a rateable value of up to £100,000. For the 2020/21 financial year the discount will be £5,000.

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- An extension of Newspaper Relief for 2020/21. This scheme provides a £1,500 business rates discount for office space that is occupied by local newspapers.

Local Welfare Provision Policy

- 2.10 The current Local Welfare Provision (LWP) scheme has been in operation since 2013. This scheme is designed to meet short term emergency and immediate support needs of vulnerable residents and to assist them to establish or maintain a home in the community. Each application is treated strictly on its merits and all applicants are treated equally and fairly. The policy is subject to regular reviews to ensure it is fit for purpose.
- 2.11 Following the review of the policy for 2020/21, there are no proposed amendments. The policy is therefore presented at Appendix 3.

Discretionary Housing Payment Policy

- 2.12 The current policy specifies how the councils operates the Discretionary Housing Payment scheme and details some of the factors that are considered when considering if a Discretionary Housing Payment can be made. Each case is treated strictly on its merits and all applicants are treated equally and fairly.
- 2.13 Following the review of the policy for 2020/21, there are no proposed amendments to the policy for 2020/21 (Appendix 4).

Further Policy Amendments of New Policy Creation

- 2.14 Since the March 2020 Chancellors Budget the Government has announced a range of further measures to support businesses. The Council will amend the Discretionary Rate Relief Policy or create a new policy as required to reflect these changes once guidance has been received from Central Government. These changes currently are expected to include:
- Funding for local authorities to provide cash grant per business for any firm that is currently eligible for the small business rates relief.
 - A one hundred percent discount for non-local authority Child care providers for the 2020/21 financial year.
- 2.8 In the event of further measures being announced the Council will amend the Discretionary Rate Relief Policy or create a new policy as required under delegation to reflect these changes once guidance has been received from Central Government.

3 Options/Alternatives

3.1 The following options are available:

3.2 Option 1 - Do nothing

3.2.1 If no action was taken, then the following issues would need to be considered

Discretionary Council Tax Discount policy

- 3.2.2 The Council would continue to award a 100% Council Tax Discount for care leavers up to the age of 25 and consider requests from residents for Exceptional Hardship Payments.
- 3.2.3 The Council would not have a transparent process in place for considering requests from long term empty property owners to remove the 100% Council Tax Empty Property Premium.

Discretionary Rate Relief Policy

- 3.2.4 If the Council chose not to adopt the revised Discretionary Rate Relief policy, the Council would continue using the current policy in place. This would mean the Council would not be able to introduce amendments to the Revaluation Relief scheme to require an application to cover the more limited pot of money in 2020/21.
- 3.2.5 The Council would still administer the temporary business rates discount and relief schemes funded by introduced by Central Government. However, the Discretionary Rate Relief Policy would not provide clear guidance to ratepayers about the operation of the scheme.
- 3.2.6 The Council would retain current approval process for the award of Discretionary Rate Reliefs.

Local Welfare Provision Policy

- 3.2.7 No amendments are proposed to the Local Welfare Provision Policy in 2020/21 so this option would have no effect.

Discretionary Housing Payment Policy

- 3.2.8 No amendments are proposed to the Discretionary Housing Payments Policy in 2020/21 so this option would have no effect.

3.3 Option 2 – Approve the Proposed Local Taxation and Benefits Discretionary Policies for 2020/21

Discretionary Council Tax Discount policy

- 3.3.1 This would reflect shortened timelines for the decision about Exceptional Hardship Payments and ensure clear and transparent guidelines are used when assessing requests for removal of the Empty Property Premium from property owners. The aim of this change is to ensure the Council does not penalise property owners who have made reasonable efforts to bring their empty properties back into use but have been prevented from doing so due to exceptional circumstances.

Discretionary Rate Relief Policy

3.3.2 Adopting a revised policy for 2020/21 would ensure that:

- The application criteria for the Revaluation Relief scheme is revised to ensure potentially eligible businesses apply for the scheme. This will allow the Council to award the remaining funding of £9k as effectively as possible to the businesses that require it the most.
- Detailed guidance is incorporated into the policy about the revisions to Business Rate reliefs for introduced by Government to support businesses through the coronavirus pandemic including the increase in Retail Discount, Re-introduction of Pub Relief and the extension of Local Newspaper Relief.
- The approval process for determining applications for DRRs is amended. This will result in a more streamlined and faster decision-making process for DRRs.

Local Welfare Provision Policy

3.3.3 No changes to the policy are proposed in 2020/21.

Discretionary Housing Payment Policy

3.3.4 No changes to the policy are proposed in 2020/21.

4 Recommended Option

4.1 Option 2 – The recommended option is to approve the updated Local Taxation and Benefits Discretionary Policies.

5 Consultation

5.1 During the review of each policy, feedback has been obtained from relevant services involved in the application process including The Unity Partnership Ltd who deliver Revenues and Benefits services on behalf of the Council.

5.2 As there are no major deviations from existing procedures, it is believed that there would be no negative impact on residents or individuals and thus further or public consultation is not required

6 Financial Implications

6.1 The proposed update to the policies outlined in this report will have the following direct financial implications:

6.2 Discretionary Council Tax Discounts Policy

The establishment of clear and transparent guidelines when assessing requests for removal of Empty Property Relief, will help ensure that property owners who have made reasonable efforts to bring their empty properties back into use are not unduly financially penalised. The impact of this might have a negligible impact on the

amount of cash received but would simultaneously help increase Council Tax collection rates.

6.3 Discretionary Rate Relief Policy

Any costs associated with the revised Retail Discounts, Revaluation Relief, Pub Relief and Local Newspaper Relief scheme will be reimbursed by the Government through Section 31 grants.

6.4 Discretionary Housing Payment Policy

Government resources for 2020/21 are still to be confirmed by Central Government for helping to support DHPs. The Council has not allocated any top-up resources to the DHP scheme for 2020/21.

6.5 All other policy changes are required to fit within the existing budgetary provision.

(John Hoskins – Finance Manager)

7 **Legal Services Comments**

7.1 It is important that the Council operates in a clear and transparent manner. Failure to do so could lead to reputational damage and / or legal / LGO challenge. By adopting option 1 (Do nothing) the council is putting itself at risk of the above implications and curtailing its ability to better serve the relevant council tax payer and business operator in the Borough. (Alex Bougatef- Group Lawyer litigation).

8. **Co-operative Agenda**

8.1 The operation of Local Taxation and Benefits discretionary policies is consistent with the Council's Co-operative ethos.

9 **Human Resources Comments**

9.1 Not applicable

10 **Risk Assessments**

10.1 Not applicable

11 **IT Implications**

11.1 Not applicable

12 **Property Implications**

12.1 Not applicable

13 **Procurement Implications**

13.1 Not applicable

14 **Environmental and Health & Safety Implications**

14.1 Not applicable

15 **Equality, community cohesion and crime implications**

15.1 Not applicable

16 **Equality Impact Assessment Completed?**

16.1 In taking financial decisions the Council must demonstrate that it has given “due regard” to the need to eliminate discrimination, promote equality of opportunity and promote good relations between different groups.

16.2 Demonstrating that “due regard” has been given involves:

- assessing the potential equality impacts of proposed decisions at an appropriate stage in the decision-making process - so that it informs the development of policy and is considered before a decision is taken;
- ensuring that decision makers are aware of the equality duties and any potential equality issues when making decisions.

(NB – having due regard does not mean the Council cannot make decisions which have the potential to impact disproportionately, it means that we must be clear where this is the case and must be able to demonstrate that we have consulted, understood and mitigated the impact).

16.3 To ensure that the process of impact assessment is robust, it needs to:

- Be specific to each individual proposal;
- Be clear about the purpose of the proposal;
- Consider available evidence;
- Include consultation and involvement with those affected by the decision, where appropriate;
- Consider proposals for mitigating any negative impact on particular groups;
- Set out arrangements for monitoring the actual impact of the proposal.

16.4 The Equality Act 2010 extends the public sector equality duties to cover eight protected characteristics, namely: age, disability, gender, gender reassignment, pregnancy and maternity, race, religion and belief and sexual orientation.

16.5 There is no duty to undertake an equality impact assessment (EIA) but an EIA is recognised as a useful tool in performing and recording the duty to have due regard. Given the nature of the proposed change a stage one EIA review is considered adequate. These are attached for reference at Appendices 5 - 8

17 **Key Decision**

17.1 Yes

18 **Key Decision Reference**

18.1 FCS-02-20

19 Background Papers

- 19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: The background papers to this report are the Council Tax Discount for Care Leavers policy approved by Cabinet on 24th April 2017 (discount up to the age of 21) and The Local Taxation and Benefits Discretionary Policies approved by Cabinet on 25 March 2019. Both papers are publicly available at www.oldham.gov.uk

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20 Appendices

- 20.1 Appendix 1 – Discretionary Council Tax Discount Policy 2020/21
- 20.2 Appendix 2 – Discretionary Business Rate Relief Policy 2020/21
- 20.3 Appendix 3 – Local Welfare Provision Policy 2020/21
- 20.4 Appendix 4 – Discretionary Housing Payment Policy 2020/21
- 20.5 Appendix 5 – Equality Impact Assessment – Discretionary Council Tax Discounts
- 20.6 Appendix 6 – Equality Impact Assessment – Discretionary Business Rate Relief
- 20.7 Appendix 7 – Equality Impact Assessment -- Local Welfare Provision Scheme
- 20.8 Appendix 8 – Equality Impact Assessment – Discretionary Housing Payments