

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **19TH FEBRUARY 2013**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **COUNCIL TAX AND BUSINESS RATE POLICIES**
2013-14

1.00 PURPOSE OF REPORT

1.01 Members are asked to approve various policies for the administration of Council Tax and Business Rates for the financial year 2013-14.

1.02 The policies required by statute to be approved each year are :-

- Council Tax Discounts on second and long term empty homes (section 2)
- Council Tax Discretionary discounts (section 3)
- Business Rates Discretionary Rate Relief (section 4)
- Business Rates Discretionary Rate Relief for Small Businesses (section 5)

1.03 Some policies are detailed for information purposes only, these are :-

- Payment dates for Precepting/Levying Bodies (section 6)
- Payment dates for Council Tax and Business Rates (section 7)

2.00 COUNCIL TAX ON SECOND AND LONG TERM EMPTY HOMES

2.01 Each year the Council is required to determine what discount, if any, is awarded to second or holiday homes (known as Prescribed Classes A or B) and long term empty properties (known as Prescribed Class C). The prescribed Classes are :

Class A – A property which is unoccupied and furnished but occupation is prohibited by law for over 28 days each year.

Class B – A property which is unoccupied but furnished and occupation is not prohibited by law.

Class C - A property which is unoccupied and substantially unfurnished beyond the normal exempt period (usually 6 months)

2.02 The current policy is not to award discounts to any Prescribed Class and this applies to the whole of the County area. This is also reflected in the 2013-14 Tax Base calculation.

3.00 COUNCIL TAX DISCRETIONARY DISCOUNTS

- 3.01 In accordance with section 13A of the Local Government Finance Act 1992 (as amended by section 76 of the Local Government Act 2003), the Council has a general discretion to reduce the amount of Council Tax payable, effectively granting a local Council Tax Discretionary Discount.
- 3.02 In exercising these discretionary powers the Council must act reasonably having regard to all relevant considerations and the interests of all tax payers as the cost of awarding a Discretionary Discount would in effect be borne by other Council Tax payers.
- 3.03 The current policy is for the Head of Finance and Cabinet Member for Corporate Management to consider discretionary discounts through the use of delegated powers **only** in cases of civil emergencies and natural disasters.

4.00 BUSINESS RATES - DISCRETIONARY RATE RELIEF

- 4.01 Discretionary Rate Relief for Charitable and Non Profit Making Organisations is currently awarded on a continual basis, subject to a minimum of 12 months and full financial year notice if any ratepayer is affected by a change in policy.
- 4.02 Executive recently approved the continuation of the existing policy for Discretionary awards and for 2013-14 is determined by the following categories :-

A Premises that are used for charitable purposes by organisations specifically registered with the Charity Commission. *(20% discretionary 'top up' relief is awarded, with the exception of shops operated by national organisations, who receive 80% Mandatory Relief only).*

B Premises that are used by non-profit making organisations that are treated as charities, for the reason that they bear the same characteristics as those organisations that are registered charities. This category consists of Community Centres, Institutes and Village Hall, other than those occupied by Precepting Authorities. *(20% 'top up' relief is awarded)*

C Premises occupied by sporting clubs, societies or other organisations used for the purpose of non profit making and used for the purpose of recreational, social welfare etc. *(100% Discretionary Relief is awarded with the exception of golf clubs, which are awarded 50% Discretionary Relief)*

D Premises not covered by any of the above categories, occupied by non-profit making organisations but are used for the benefit of the community and who are assessed on an individual basis based on their merits. *(Up to 100% Discretionary Rate Relief can be awarded)*

- 4.03 From 1st April 2012, section 69 of the Localism Act 2011 amends section 47 of the Local Government Finance Act 1988 to replace the limited circumstances in which local authorities can currently give discretionary relief with a power to grant relief in any circumstances.
- 4.04 This is subject to the condition that, except in the limited circumstances specified, the local authority may only grant relief if it would be reasonable to do so having regard to the interests of council tax payers in its area. However, unlike other specific types of discretionary rate relief as detailed in section 4.02 where the Welsh Government substantially fund the cost of rate relief, the Council will be responsible for fully funding any other discretionary discounts granted
- 4.05 In exercising these discretionary powers the Council must act reasonably having regard to all relevant considerations and the interests of all tax payers as the full cost of awarding a Discretionary Discount would in effect be borne by other Council Tax payers.
- 4.06 The Council must not have a blanket policy not to award discretionary discounts and the recommended policy is that the Head of Finance and Cabinet Member for Corporate Management consider any applications received for discretionary discounts falling outside of the scope of the policy in section 4.02 to be considered on their own merits through the use of delegated powers using the following criteria
- Requests for reductions will be required in writing from the ratepayer or their appointed agents with a full business case and documentary evidence in support of the request
 - The Council's finances allow for a reduction to be made.
 - It must be in the interest of Council Tax payers for the Council to grant such a reduction
 - All other eligible discounts/reliefs have been considered and/or awarded to the ratepayer

5.00 BUSINESS RATES – DISCRETIONARY RELIEF FOR SMALL BUSINESSES

- 5.01 The Welsh Government Small Business Rate Relief scheme was first introduced in April 2007 which coupled with the Government's recent decision to extend rate relief on a temporary basis up to 31st March 2014 provides rate relief, financed by the Welsh Government, as detailed below :

- 100% rate relief for most small businesses with a rateable value limit up to £6,000
- Tapered rate relief, between 100% and 0%, for most small businesses with a rateable value limit between £6,001 and £12,000

5.02 The Welsh Government Small Business Rate Relief scheme contains provision to award discretionary 'top up' relief to small businesses although the Council is required to meet the costs in full of any 'top-up' awards.

5.03 The current policy is not to award additional discretionary 'top-up' discounts to small businesses.

6.00 PAYMENT DATES FOR PRECEPTING/LEVYING BODIES

6.01 The following payment dates currently apply to Precepting Authorities and Levying Bodies :-

Sea Fisheries	1st of April
North Wales Police Authority	12 payments on 15th of each month
North Wales Fire Service	12 payments on 15th of each month
Town/Community Councils	3 payments (April, August, December)

7.00 PAYMENT DATES FOR COUNCIL TAX AND BUSINESS RATES

7.01 Council Tax and Business Rate customers are usually required to pay their bills in line with a statutory instalment scheme over a period of 10 months, from April to January.

7.02 Amendment regulations recently introduced by the Welsh Government now provide Council Tax customers with a statutory right to request to pay their Council Tax, from the start of the financial year, in 12 monthly instalments rather than 10, although for those customers who find it increasingly difficult to pay over 10 months, the Council has, for several years, adopted a discretionary scheme to accept payment over 12 months to help reduce the customer's monthly outgoings and effectively spread the charges over the two additional months.

7.03 For Council Tax and Business Rate customers who choose to pay their bills by Direct Debit, the Council offers customers a choice of four payment dates, the 1st, 8th, 18th or 25th day of each month, as this is the most cost effective way of collecting bills. Payment by weekly direct debit is also promoted for payment of Council Tax only and proves to be a useful way of helping customers who work to a weekly income.

7.04 The Council will continue to offer alternative payment dates, including payment over 12 months, to provide customers with a range of flexible dates to suit individual finances and circumstances. These are :

1 annual instalment – due on 30th June (Council Tax and Business Rates)

2 half yearly instalments – due on 31st May and 30th September (Council Tax and Business Rates)

44 weekly instalments – due from 1st April to 31st January (Council Tax only)

52 weekly instalments – due from 1st April to 31st March (Council Tax only)

8.00 RECOMMENDATIONS

8.01 Members are requested to consider continuation of the current Council Tax and Business Rate Policies for 2013-14 , as follows:-

- Not to award Council Tax discounts on any prescribed class and that this applies to the whole of the County area (2.02).
- For the Head of Finance and Cabinet Member for Corporate Management to consider section 13a discretionary discounts through the use of delegated powers (3.03).
- Discretionary rate relief for as set out (4.02).
- For the Head of Finance and Cabinet Member for Corporate Management to consider any applications for Business Rate discretionary discounts not within the scope of the existing policy as set out in 4.02 through the use of delegated powers (4.06).
- Not to award discretionary 'top-up' discounts to small business (5.03).

8.02 Members are also asked to note the payment dates for Precepting/Levying Bodies (6.01) and payment dates for Council Tax and Business Rates, (7.01 - 7.04).

9.00 FINANCIAL IMPLICATIONS

9.01 On the basis of a continuation of existing policies, costs will be contained within the current budget.

10.00 ANTI POVERTY IMPACT

10.01 None

11.00 ENVIRONMENTAL IMPACT

11.01 None

12.00 EQUALITIES IMPACT

12.01 None

13.00 PERSONNEL IMPLICATIONS

13.01 None

14.00 CONSULTATION REQUIRED

14.01 None

15.00 CONSULTATION UNDERTAKEN

15.01 None

16.00 APPENDICES

16.01 None

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

Local Government Finance Acts 1988 & 1992
The Non Domestic Rating (Discretionary Relief) Regulations 1989
The Council Tax (Administration and Enforcement) (Amendment)
(Wales) Regulations 2013

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