

Proposals for Council Tax Technical Reforms

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WHAT BENEFITS WILL THESE PROPOSALS BRING TO COPELAND RESIDENTS

The proposals will generate additional income from changes to discounts on empty properties and second homes. This could be used to offset the costs of the new Local Support for Council Tax (LSCT) scheme and other budget savings the Council is required to make. It will also assist Cumbria County Council and Cumbria Police authority in meeting the costs that will fall to it under the proposed LSCT scheme.

WHY HAS THIS REPORT COME TO THE EXECUTIVE?

(E.g. Key Decision, Policy recommendation for Full Council, at request of Council, etc)

Key Decision

RECOMMENDATION:

The Executive are recommended to consider the proposals set out in the report and summarised in para 5.2 and agree to consult on these options as part of the wider public budget consultation in October.

1. INTRODUCTION

- 1.1. The government produced a consultation paper on Council Tax Technical reforms on 31st October 2011 and published the results of that consultation on 28th May 2012. In parts, the consultation response was clear about the changes it wants to make with effect from 1st April 2013. Other areas of potential change carried less clarity, posed further questions and are unlikely to be implemented on 1st April 2013 as originally intended.
- 1.2. The Local Government Finance Bill contains a number of 'technical' changes which give councils greater freedom to vary existing discounts and exemptions. The government consider that this would be a suitable means of helping to offset the cost of a Local Support for Council Tax Scheme (LSCT) as the additional income, would be shared between the precepting authorities in the same proportions they are funding the LSCT.

- 1.3. The details of the proposed LSCT along with early consideration of the Technical Reforms to Council Tax were considered by the Executive at previous meetings in July and August. Council approved the proposed LSCT scheme for public consultation on 6th September.
- 1.4. The Billing Authority (i.e. CBC) will be empowered to make the decisions on changing the Council Tax discounts without the need for further consultation; however this Council is proposing to consult on these proposals as part of the wider public consultation on the budget that will take place in October.
- 1.5. It should be noted that the Local Government Finance Bill is still progressing through Parliament and the Regulations have still not been made to enable the changes to take place.

2. LOCAL SUPPORT FOR COUNCIL TAX SCHEME (LSCT)

- 2.1 CBC's proposed scheme for the Localised Support for Council Tax was considered by the Executive on 10th July and 21st August 2012 and approved by full Council on 6th September for consultation. It was agreed that for 2013/14 the local scheme adopted would be identical to the DCLG default scheme. This in effect replicates the existing benefit scheme as far as claimants are concerned and so claimants will see no changes to their benefits. There will however be significant technical and accounting changes arising from the change in the award from a benefit to a discount for the precepting Councils. For CBC the funding gap of LSCT (before considering the potential mitigations of Council Tax Technical Reforms) is estimated at c. £140,000 p.a.
- 2.2 The County Council and the Police authorities were consulted on this proposal and their responses were largely positive and supportive of the Council's reasons for the proposals it had made. There was predictable concern however over the funding gap that arises from the proposals, which for the County amount to between £4.2m and £6.3m, before any mitigation which could be made from the Council Tax Technical Reforms. Both the County Council and the Cumbria Police authority have welcomed the Council's proposal to consider using the technical changes to the existing discount scheme.

3. SUMMARY COUNCIL TAX TECHNICAL REFORMS

- 3.1. A briefing note on the Council Tax technical reforms was included within the original LSCT paper presented to the Executive in July and is also attached to this report (**Appendix 1**) for background information. An explanation of the current exemptions affected by the technical reforms is also included (**Appendix 2**).
- 3.2. In the Communities and Local Government (DCLG) impact assessment for the Technical Reforms to Council Tax, published 20th December 2011, the DCLG have stated, "it is unlikely that authorities would think it appropriate to use their new flexibilities to reduce these discounts to zero.....That said, if authorities exercise the flexibilities to maximise revenue, the extra revenue generated would relieve pressure on Council Tax" The current understanding is that it is therefore entirely the

decision of Councils as to what to set their discount levels at. The Government has given a strong indication that it expects authorities to use the new Council Tax discount powers as one way for Councils to fund the cost of their LSCT schemes. Nationally it is estimated that LSCT may cost local authorities about £500m whilst the extra income from the Council Tax Discounts could raise about £400m.

- 3.3. Due to the complexity and interaction of the various options for the technical reforms with Housing and other Council policies, a small working group of officers from a range of disciplines and cross party members was established to consider the options in more detail. The remit of the working group was both to try to find savings to offset the cost of the new LSCT scheme (approx. £140,000) and to ensure that more empty properties were brought back into use. The proposals in this report reflect the views of the working group.
- 3.4. The different Council Tax Discounts available for consideration are considered in more detail in paragraph 4 below, with estimates of a range of financial impact shown in **Appendix 3**.
- 3.5. A number of other changes are to be made to Council Tax, the main ones are:
 - (i) Council Taxpayers will be given a legal right to pay by twelve instalments on request, although the default will still be ten instalments
 - (ii) Councils will no longer need to provide each Council taxpayer with a hard copy of the information that supports the Council Tax Bill.
- 3.6. There are a number of other discounts that the Government have not given the Council any discretion on altering including the Single Person discount and this will continue to be set nationally by the Government at 25%. This is despite lobbying by a number of Councils to be allowed to set this discount locally.

4. DETAILED COUNCIL TAX TECHNICAL REFORM PROPOSALS

- 4.1. **Exemption Class A** – these exemptions apply to uninhabitable properties which are unfurnished and in the course of renovation. These are generally properties in need of significant modernisation, requiring works to remedy structural defects or affected by natural disaster e.g. flood or fire.
 - 4.1.1. **Currently, these properties can receive a 100% exemption from Council Tax for a period up to 12 months.** They are primarily owned by private individuals, rather than builders, and allow the purchaser to acquire the property at a cheaper market value in lieu of the cost of work required to render it habitable. They also include owners who move out (e.g. live in a caravan on site) in order to remedy structural defects or substantially alter the dwellings e.g. add on another floor.
 - 4.1.2. Setting the discount at less than 100% would require the buyer/owner to factor in the additional costs of Council Tax when purchasing the property and could impact

adversely on the first time buyer market or in any strategy to reduce the number of unfit homes within the City. Note, the Council can still introduce local discounts under S13A of the Local Government Finance Act 1992 (LGFA) e.g. properties rendered uninhabitable by localised flooding.

4.1.3. There may be some impact on businesses involved in renovating properties.

4.1.4. Working Group Proposal: The Working Group considered that the current discount of 100% for 12 months should be reduced to 75%. There is no option to alter the time period on this exemption. The estimated value of this reduction is £25k of which CBC will receive c. £3k.

4.2. **Exemption Class C** – these apply to short term unoccupied and unfurnished properties.

4.2.1. **Currently these properties can receive a 100% exemption from Council Tax for a period up to 6 months.** They are primarily properties that are changing owner or changing tenant and the six months allows for the exchange of contracts/new tenancy agreements to take place. They can also include property left under the terms of a will.

4.2.2. This category includes all property that is rented as unfurnished and includes the majority of Registered Providers of Social Housing. It can also apply to properties that have enjoyed Class A exemption for 12 months and qualify to transfer into Class C exemption for a further period of up to 6 months.

4.2.3. All persons affected would have to factor any discount reduction/increase in liability into their budgets. It might encourage faster re-letting or re-occupation of empty homes. Conversely it may lead to more sub-standard housing where the cost of repairs/re-decoration increases with the increase in liability.

4.2.4. There may be some impact on businesses involved in house-building as a newly completed but unoccupied dwelling would normally enjoy a period of 6 months before liability arises. There will also be additional costs to Registered Providers of Social Housing in increased housing costs.

4.2.5. Working Group Proposal: The Working Group considered that the current discount of 100% for 6 months should be reduced to 50%. There is now an option to alter the time period on this exemption, however this was notified after the working group had met. If the time period was changed to (say) 3 months then there would be an impact on the financial benefit however at the moment our current modelling tool does not allow that to be estimated albeit Capita have assured us that it will be available shortly. The estimated value of this reduction based on the current 6 months is £240k of which CBC will receive c. £28k.

- 4.3. **Second Home Discount** – this applies to furnished but unoccupied properties.
- 4.3.1. **Currently these properties can receive a 10% reduction in Council Tax liability for an indefinite period.** They are generally 2nd homes or properties between tenancies that are let furnished.
- 4.3.2. This category does not include properties which are unoccupied due to a planning condition restriction or properties which are unoccupied due to job-related contract provisions. These properties retain a 50% discount.
- 4.3.3. There will be an incentive to turn round tenancy changes in a faster time period which could increase the local housing provision supply.
- 4.3.4. The disadvantage of reducing the discount to zero is that there would be no incentive for owners to declare their houses as second homes and the record of second homes may therefore become less accurate over time.
- 4.3.5. A further consideration is that there is also a ten year agreement (started April 2009) between the County Council and all the Cumbrian Districts. Under this agreement the County granted back to each District a third of the extra Council Tax raised for the County by the Districts (as Billing Authorities) of reducing the discount from 50% to 10%. For Copeland this is **£105,000 per annum**. The agreement was made to ensure that part of the total Council Tax raised by second homes was retained within the district in which it arose. Members will note that the County Council consultation response makes reference to this grant and that ‘the current income sharing agreement may also require review late in the year as the legislation and regulations through which they are financed changes and the full impact becomes clearer’. The County have indicated informally that they are not planning to reconsider the income sharing agreement at this time however Members will need to be clear on the implications of a potential change in the grant back conditions before it makes any decision.
- 4.3.6. **Working Group Proposal: The Working Group considered that the current discount of 10% should be reduced to zero, but that this should be dependent on Cumbria County Council confirming that it will not be reconsidering the current income sharing agreement. The estimated value of this reduction is £105k of which CBC will receive c. £12k.**
- 4.4. **Standard Empty Discount** – this applies to longer term unoccupied and unfurnished properties.
- 4.4.1. **Currently these properties can receive a 50% reduction in Council Tax liability for an indefinite period.** Existing legislation allows the Authority to set this discount at a percentage it determines. Also to make a determination varying or revoking a determination but only before the beginning of the financial year.

- 4.4.2. This category contains a mix of circumstances e.g.
- Additional property acquired under the terms of a will
 - Additional property in need of modernisation but not bad enough to be classed as uninhabitable
 - Property which remains unsold or untenanted
 - Property which is an asset but where the owner does not want to be involved in the business of renting it out
 - Property being held for future occupation
- 4.4.3. Reducing the discount may fit with wider Council strategy or policy objectives around increasing the local housing provision by bringing empty homes back into use or increasing funding through the New Homes Bonus Scheme.
- 4.4.4. However, there may be a number of cases where the owner does not have the financial capacity to bring the home back into use and increasing the Council Tax liability could cause hardship.
- 4.4.5. Working Group Proposal: The Working Group considered that the current discount of 50% for an indefinite period should be reduced to 10%. There is no option to alter the time period on this exemption. The estimated value of this reduction is £320k of which CBC will receive c. £37k.**
- 4.5. **Long Term Empty Premium** – this applies to long term unoccupied and unfurnished properties.
- 4.5.1. **Currently these properties can receive a 50% reduction in Council Tax liability for an indefinite period.** The current proposal allow for a premium to be charged on these properties in future.
- 4.5.2. Similar profiles to standard empty discount properties (detailed above), similar considerations and potential for greater impact if premium applied on top of erasing the current discount.
- 4.5.3. Figures on long term empties are not currently available as the authority does not treat them differently to other empty properties receiving a 50% discount and regulations do not require separate reporting. Investigations will be undertaken to identify the current and trend figures for the more detailed, separate report into the decisions regarding the implementation of the Council Tax technical reforms.
- 4.5.4 Working Group Proposal: The Working Group considered that the current discount of 50% for an indefinite period should be changed so that a 50% premium should be charged. The estimated value of this reduction is £335k of which CBC will receive c. £40k.**

5. FINANCIAL IMPACT

- 5.1. Council Tax technical reforms are due to take effect on 1st April 2013 and, under the new proposals, local authorities will have limited discretion to reduce the exemption/discounts (increase the Council Tax liability) on empty dwellings and second homes. The changes could have a significant impact upon the funding gap resulting from the introduction of LSCT.
- 5.2. Based on 2012/13 figures, the estimated shortfall for Copeland Borough Council is estimated at c. £140,000. The anticipated savings that might be made from the changes to Council Tax discounts is summarised below:

Exemption / Discount	Proposed Reduction in Liability	Full financial impact £000	Impact on CBC £000
Class A	From 100% for 12 months to 75% for 12 months	25	3
Class C	From 100% for 6 months to 50% for 6 months	240	28
Second Homes	From 10% for an indefinite period to zero	105	12
Standard Empties	From 50% for an indefinite period to 10% for an indefinite period	320	37
Long Term Empties	From 50% discount for an indefinite period to a premium of 50% for an indefinite period	335	40
TOTAL		1,025	120

- 5.3 The above table is an estimation of the impact only as the figures are based on current levels of empty properties and second homes. The potential impact also does not take fully into account any collection / avoidance issues. Copeland Borough Council would receive c.11.5% of the above amounts saved directly with the balance going to the County Council (74.3%) and the Police (12.9%). It is not yet known whether the Parishes will be affected and this will depend on the outcome of a consultation that finishes on 8th October.
- 5.4 As can be seen from the Table above the estimated maximum amount that could be raised for CBC if discounts were set to the proposed levels would be c. £120k. Although this would appear to almost meet the estimated funding gap of c. £140k arising from LSCT, it should be stressed that there are a number of assumptions and unknown factors in the above figures such as number of empties / second homes and impact of any changes on potential 'avoidance' measures coupled with increased difficulty in collecting impact on collection rates. The situation will be closely monitored and fully reviewed for impact in 2013/14.

- 5.5 There will also be a potential positive effect on the New Homes Bonus payments from the Government which is impacted on by reducing the amount of empty properties in the area. Again this will be monitored to see if the new charges do indeed reduce the number of empty properties.
- 5.5 The County Council consultation response has 'encouraged' a consistent approach to the Council Tax Technical Reforms across the Districts and a further meeting of the Cumbria Chief Finance Officers took place on 31st August. As far as is currently known, all Districts are taking a slightly different approach to this issue depending on local circumstances.

6. OPTIONS TO BE CONSIDERED

Executive can decide to accept all or some of the proposed Council Tax Technical Reform proposals as set out in the report for recommendation to Council or reject / amend them and consider alternative options.

7. CONCLUSIONS

- 7.1. The consultation responses from the County Council and the Police are generally supportive of the LSCT scheme proposed by CBC but have asked that the Council consider mitigating measures to negate the financial impact.
- 7.2. The decisions to be made around setting levels of discount and premium for the wider Council Tax Technical Reforms need to be carefully considered with regard to financial, economic and wider community impact.
- 7.3. Once a decision is made, any new Discounts proposed will be consulted on as part of the budget consultation to assess their views. Clearly owners of second and empty homes are unlikely to welcome any reduction in their current discounts and benefits.

8. STATUTORY OFFICER COMMENTS:

- 8.1 The Monitoring Officer's comments are: None, that the position is still that there is still uncertainty over the detailed regulatory framework for the Technical Reforms as the relevant legislation has not completed its passage through Parliament.
- 8.2 The Section 151 Officer's comments are: Included in the report.
- 8.3 EIA Comments: An initial EIA assessment is attached at **Appendix 4**
- 8.4 Other consultee comments, if any: A consultation will be carried out on the proposals once approved by the Executive as part of the wider budget consultation.

10. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

10.1 The project will be overseen by CBC officers and managed within the Revenues and Benefits shared service. Once the discounts have been agreed by members these will be input into the 'CBC' IT system. It will not make any difference to workload if CBC have different discounts to Allerdale and Carlisle except insofar as the shared service staff will need to remember that there are different discounts for each area and be able to advise customers on this accordingly. As far as is known Allerdale and Copeland have not made decisions on their discounts as yet. There will be an additional workload from monitoring the effect of the reduced discounts and particularly how this might impact in terms of debt recovery and monitoring and inspection of properties. How the monitoring and inspection of properties can be most efficiently carried out across the authority will be investigated further.

10.2 The Key risks are:

- It is difficult to accurately predict the additional income that will be generated from the proposals as this will depend on the number of discounts granted in any one year and any 'avoidance' measures taken together with the unknown impact on collection levels.
- Financial monitoring procedures will need to be strengthened to ensure movements' in caseload and the resulting impact on the overall Council's finances are picked up at an early stage.
- The monitoring and inspection of properties may need to be increased to realise the additional income.
- Although the decision on which discounts to amend is one for CBC, there is a risk of challenge that any consultation does not include all parties 'who have a reasonable expectation' to be consulted or not consulting on the appropriate issues.

11. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

This report provides information about measurable outcomes from the Council's work in delivering a new scheme for Local Support for Council Tax.

12. APPENDICES AND BACKGROUND DOCUMENTS:

- **Appendix 1:** Governments Response to the Technical Reform for Council Tax
- **Appendix 2:** Exemption Classes
- **Appendix 3:** Technical Council Tax Changes – Example Financial Scenarios
- **Appendix 4:** Initial Equality Impact Assessment

Background documents:

- Council Tax Technical Changes – Government consultation document

The Government's Response to the Technical Reform to Council Tax

Second Homes

The government will allow billing authorities to levy up to the full council tax on second homes for 2013/14. Currently the rules mean that the majority of second homes will receive a 10% discount (with some exceptions e.g. a pitch occupied by a caravan, a mooring occupied by a boat or a dwelling which is unoccupied due to job-related occupation). There will be no duty to inform the billing authority if a property is used as a second home and, therefore, if the authority requires this information they may need to introduce a process for information gathering and classification status.

Authorities could offer a discount equivalent to the single person discount (i.e. 25%) to avoid a significant amount of work on deciding sole or main residence claims when second homes avoidance tactics appear as a result of reducing the discount to zero. However, this would have the effect of reducing the tax base / revenue to the precepting authorities whereas a zero discount would increase it.

Empty Dwellings under going major repair

The current exemption for properties in this category would be 'Class A' exemption which is an unoccupied dwelling which requires or is undergoing structural alteration or major repair, for up to 12 months. After 12 months, the exemption class ceases and a full charge is applicable.

The technical response summary states that this does not fit in with the current broader pursuit of localism and will be replacing this exemption with a discount which Billing authorities have the discretion to set at 100 % or any % lower which seems reasonable: having regard for local circumstances.

An enabling measure has been included as Clause 9 of the Bill which will amend section 11A of the Local Government Finance Act 1992. This will then allow a class of dwelling that the Authority can determine a discount for of between 0 and 100 %.

It is important to note there is no change to the period for which this discount will be awarded so it will remain at one year or as long as it continues to be undergoing major repair (whichever is less). After this time the discount will be set by the authority at a discretionary amount between 0 % and 50 %

Vacant dwellings

Currently, dwellings which are empty and unfurnished for up to 6 months are exempt from Council tax after which time a full charge may be made. This is called a 'Class C' exemption.

The consultation paper states that it is the government intention to replace this exemption with a discount and that the billing authority will have the discretion to set it at between 0 and 100 % for any dwellings that fall into the old definition of 'Class C'.

Liabilities of Mortgagees in possession

Currently the bank or building society does not become liable for council tax on taking possession and the owner becomes exempt under class L

The Government intention is that the mortgagee will be made responsible but the final details of this proposal are not yet available as there are a number of very complex issues surrounding the ability to make this a workable solution. Further consideration / development of this proposal is required.

Empty Homes Premium

There is a government policy to ensure that empty homes are placed back into use and the statement of intent supports the idea that a billing authority should have the option to levy an empty premium onto properties left vacant.

It is considered that two years is the right vacancy period before this premium is added. The suggested value of the premium will be an additional amount of up to 50% so liability could go up to 150 % of the council tax if the dwelling remained unoccupied.

Relevant person

It has been agreed that the drafting error loophole on the definition of 'relevant person' will be closed by Clause 6 in the Local Government Finance Bill.

Payment by Instalment

The Government wanted to give 12 instalments as the default instalment scheme and retain 10, or another instalment pattern, through agreement. This was greatly opposed by the Local authorities with 171 out of 195 saying 'no' to this proposal. In the face of this opposition the government has decided to leave the default at 10 but will take forward its proposal to grant council tax payers the legal right to pay by 12 monthly instalments and ensure they are duly informed of this.

Information to be supplied by the demand notice

Clause 12 of the Local government finance bill will allow Billings authorities to publish the information (supplied with the demand notice) on-line. There will still be an option for a claimant to request a paper copy if preferred.

Rent a roof solar panels

This is now clarified so that, in general, solar panels will be considered part of the property and not subject to non domestic rates. The exception is if they produce more than 10 kilowatts of energy.

Annexes to dwellings

No clear decision has been made on this area of Council Tax. The Government has decided to undertake a review of how this change might be implemented but that review has yet to commence. However, the following is a comment from Eric Pickles in the Telegraph during May 2012

The Communities Secretary, Eric Pickles, said it was "fundamentally unfair" for households to be charged twice by paying council tax on their homes as well as the annexes. "We are keen to remove tax and other regulatory obstacles to families having a live-in annex for immediate relations," he said. "We should support home owners who want to improve their properties and standard of living. These reforms should also play a role in increasing the housing supply.

Exemption Classes

Note these are not 'word for word' legal definitions

Class A - Property requiring major or structural repairs

A dwelling may be exempt for up to 12 months if it is vacant unoccupied and unfurnished and requires or is undergoing, major repair works to make it habitable;

Or

Is undergoing structural alteration or has undergone major repair work or structural alteration to render it habitable but has remained vacant for less than six months since completion.

Class C - Unoccupied and unfurnished

This exemption can apply for a maximum period of up to six months for an empty and unfurnished property, or up to six months after a completion notice has been served on a newly built property.

After the six months have elapsed, if the property remains empty, a 50% discount will be applied.

Class L - Unoccupied because the property has been repossessed

This is an indefinite exemption that would normally arise when a lender (Bank, Building Society or other financial institution) has repossessed a property under the terms of the mortgage.

Special Provision Discounts:

The Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 SI 2003/3011 prescribed three classes of dwellings, for the purposes of Section 11A of the Local Government Finance Act 1992, and allowed the billing authority (Carlisle City Council) to determine the Council Tax discount applicable, to these prescribed classes, where there is no resident of the dwelling. The existing discount (50%) could be replaced by a lower discount (to a minimum limit of 10%). The three classes were:

- Class A – properties which are unoccupied and furnished and occupation is restricted by a planning condition preventing occupancy for a continuous period of at least 28 days in the year.
- Class B – properties which are unoccupied and furnished, where there is no such planning condition restriction.

Classes 'A' and 'B' exclude any dwelling:

- that is a pitch occupied by a caravan or a mooring occupied by a boat; or
 - Where the person is liable for another dwelling which is job-related e.g. tied accommodation.
- Class C – properties which are unoccupied and substantially unfurnished i.e. standard empty properties that are not exempt.

The Draft Local Government Finance Bill proposes to amend these regulations in order to allow Billing Authorities to reduce the discount to zero and to levy a premium on Class C (above) properties that have been empty for a continuous period of at least two years.

Technical Council Tax Changes – Example Financial Scenarios

APPENDIX 3

Exemption / Discount:	Period of Application:	Current Reduction in Liability:	Value of awards in 2011/12:	Proposed Reduction in Liability:	Financial Impact: <i>(Based on 2011/12 awards)</i>
Class A Exemption Currently applies to uninhabitable properties which are unfurnished and in the course of renovation e.g. due to refurbishment, flooding etc.	Up to 12 months	100%	£100,003.85	50%	£50,001.93
				25%	£75,002.89
				10%	£90,003.47
				Zero	£100,003.85
Class C Exemption Currently applies to short-term unfurnished and unoccupied properties usually between periods of occupation. <i>Note: periods of non-occupation of less than 6 weeks are ignored.</i>	Up to 6 months	100%	£477,673.44	50%	£238,836.72
				25%	£358,255.08
				10%	£429,906.10
				Zero	£477,673.44
Class L Exemption Currently applies to properties repossessed under the terms of the mortgage.	Indefinite	100%	£24,279.88	100%	None – Ability to change exemption subject to wider consultation and delayed implementation.
Second Homes Discount Currently applies to unoccupied but furnished properties – Class B	Indefinite	10%	£105,194.29	5%	£52,597.15
				Zero	£105,194.29

Exemption / Discount:	Period of Application:	Current Reduction in Liability:	Value of awards in 2011/12:	Proposed Reduction in Liability:	Financial Impact: <i>(Based on 2011/12 awards)</i>
of the prescribed dwellings.					
Standard Empties Definition applies after exemption classes A or C no longer apply – Class C of the prescribed dwellings.	Indefinite	50%	£399,486.48 <i>(This figure includes > and < 2 years empty)</i>	25%	£199,743.24
				10%	£319,589.18
				Zero	£399,486.48

Premium:	Period of Application:	Current Reduction in Liability:	Value of awards in 2011/12:	Proposed Increase in Liability:	Financial Impact: <i>(Based on 2011/12 awards)</i>
Long Term Empties Definition applies after exemption classes A or C no longer apply – Class C of the prescribed dwellings (for at least 2 years).	Indefinite	50%	£168,292.64	25%	£252,018.15
				50%	£336,024.21

Copeland Borough Council Initial Equality Impact Assessment

Directorate/Service Area	Corporate Resources	Persons undertaking the assessment		Assessment: Angela Brown	
		Person responsible for implementation of the policy/ function/ service or proposal		Lead Officer: Darienne Law	
Name of policy/ function/ service or proposal to be assessed	Proposed alterations to Council	Date of assessment	September 2012	New or Change to existing circumstances	Change
	Tax Technical Reforms				

Positive Equality Duties

This initial EIA will also help you identify whether there are opportunities for promoting equality. Even if there are no adverse impacts, this part of the process is essential as it will ensure we meet our equality duties. These equality duties are set out in a number of pieces of [legislation](#) and are summarised below for reference:

The need to eliminate unlawful discrimination, promote equality of opportunity and foster good relations between and for different groups based on:

- Gender
- Gender reassignment (i.e. transgender individuals)
- Age
- Disability (mental and physical)
- Sexual orientation (heterosexuality, homosexuality, etc)
- Religion and belief (including no belief)
- Race
- Pregnancy and maternity
- There is a further protected characteristic of marriage and civil partnerships where the duty is to eliminate unlawful discrimination.

If you require any assistance with the completion of this form please contact the Equalities Officer:

Alison Walton (59 8358)Email: awalton@copeland.gov.uk

1. Briefly describe the aims, objective or purpose of the policy/service/ function or proposal being assessed. If this EIA is assessing the impact of a proposed change please describe the proposed change.

The Local Government Finance Bill currently progressing through parliament includes proposals for Local Billing authorities to alter current Council Tax Discounts from 1st April 2013.

The proposed reduction in Discounts will impact on owners of second homes and empty properties. The additional income raised from the proposals would offset to a large extent the cost of the new Local Support for Council Tax Scheme that the Council is now required to provide from 1st April and which will cost the Council in the region of £140,000 to support due to decreased funding from the Government.

2. What are the required outcomes from this policy/service/function or proposal?

The new proposals can be implemented from 1st April 2013

3. Who will be affected by this policy/service/function or proposal?

Owners of second homes and empty properties will be affected.

4. How do these outcomes align with the Councils priorities? (Council Plan)

One of the Council's key priorities is to bring empty homes back into use and this change will assist in that priority.

6. What factors/risks could affect the intended outcome.

The risks to the project are set out in paragraph 10 of the report to the Executive dated 2nd October 2012.

5. Are there any wider impacts associated with the policy/service/function or proposal that should be considered, e.g. the proposed impact on the effectiveness of other service areas of the Council or any assistance to implement that would be required.

None other than the potential to bring more empty homes back into use.

<p>7. Who are the main stakeholders in relation to this policy/service/function or proposal (e.g. partners, community groups etc.)?</p>	<p>Current recipients of Second Homes and Empty Property Discounts.</p>
<p>8. What quantitative data have you used for this assessment (Statistics, demographics, indicators, and partner data)? Please note that data should relate to each equality group (race, disability, etc.).</p> <p>All evidence to be kept and recorded</p>	<p>Statistical data on current claimants.</p>
<p>9. What qualitative data have you used for this assessment (Consultation, complaints and comments)? Please note that data should relate to each equality group (race, disability, etc.).</p> <p>All evidence to be kept and recorded</p>	<p>Impact on Cumbria County Council and Police Authority who have already been consulted on broad outline of the proposal.</p> <p>Owners of second homes and empty properties have not been directly consulted. They are unlikely to be in favour of the proposals as it will increase their charges.</p> <p>Members of the public and other stakeholders (including an opportunity for people directly affected) will be consulted as part of the wider budget consultation.</p>

Conclusion

Are there concerns that the policy/procedure/function or proposal could have specific negative impact on people from the following groups?

Group	Will the implementation of this policy/procedure/function or proposal have any negative impact on people from any of these equality groups?		If yes, can the policy/procedure/function or proposal be amended or altered to help mitigate the negative impact ?		If yes, have you considered any alternative courses of action ? Within the initial EIA, this should relate to immediate alternatives.	
	Y	N	Y	N	Y	N
Gender		N				
Gender reassignment		N				
Age		N				
Disability		N				
Sexual Orientation		N				
Religion or Belief (inc non-belief)		N				
Race		N				
Pregnancy and maternity		N				
Marriage and civil partnership		N				

If you have recorded a possible alternative course of action, please provide a short description. If you have indicated a mitigating action, please provide a short description.

Conclusion

Could the implementation of this policy/service/function or proposal disproportionately affect any particular neighbourhoods i.e. Localities/Parishes?

If yes, please describe.

Indicate what alternatives have been considered or mitigating actions are planned.

No

Will the implementation of this policy/procedure/ function or proposal have any positive impact on people from any of these equality groups?

Gender		No	Please describe
Gender reassignment		No	
Age		No	
Disability		No	
Sexual orientation		No	
Religion or Belief (inc non-belief)		No	
Race		No	
Pregnancy and maternity		No	
Marriage and civil partnership		No	

<p>Are you satisfied the implementation of this policy/service/function or proposal could not be challenged for unlawful discrimination or failure to meet statutory equality duties.</p> <p>YES</p>			
<p>Should the policy etc. proceed to a full impact assessment? (if at this stage of the process there is evidence of adverse impact on any equality groups then you must answer yes).</p>	<p>No</p>	<p>No</p>	<p>Date Full EIA Completed</p>
	<p>No</p>		<p>Not required</p>

<p>Completing Officer (Name)</p>	<p>Angela Brown</p>
<p>Completing Officer (Signature)</p>	
<p>Authorising Manager (Name)</p>	<p>Darienne Law</p>
<p>Authorising Manager (Signature)</p>	

