

BUSINESS RATES AND COUNCIL TAX DISCOUNTS ANNUAL REVIEW**Report of the Deputy Chief Executive****1. INTRODUCTION AND PURPOSE OF REPORT**

- 1.1 The council is required to annually review the local scheme of discounts and exemptions which are available in respect of Business Rates and Council Tax.
- 1.2 Regulations allow for certain occupiers of non-domestic properties to be entitled to relief on the Business Rates payable. Some types of relief are mandatory but local authorities can further reduce the amount of Business Rates payable by awarding Discretionary Relief. Discretionary Relief can either “top-up” Mandatory Relief or be awarded as a stand-alone discount. Stockport has agreed a number of local discounts for Business Rates.
- 1.3 The council has also agreed Council Tax premium charges in respect of properties that have been empty for two years or more, an exemption for care leavers and a localised Council Tax Support scheme, to help people who are on a low income.
- 1.4 This report outlines the current arrangements, and proposed changes as follows:
 - Section 2 – Funding Arrangements
 - Section 3 – Business Rates Discounts
 - Section 4 – Council Tax Empty Property Discounts & Premiums
 - Section 5 – Council Tax and Care Leavers
 - Section 6 – Council Tax Support
 - Section 7 – Council Tax Discretionary Support
 - Section 8 – Council Tax Base
 - Section 9 – Future Legislative Changes

2 FUNDING ARRANGEMENTS**2.1 Business Rates**

- 2.2 Since April 2017, the council alongside the other Greater Manchester Authorities entered the Greater Manchester 100% Business Rates Retention Pilot. As part of the Greater Manchester Trailblazer deal agreed with government early this year, Greater Manchester Authorities will continue to retain 100% of Business Rates income for the next 10 years. Prior to this the council was part of the 50% retention scheme and shared 50% of its Business Rates income with government. Under the 100% retention scheme the full impact of Business Rates income increases and decreases are borne by the council.
- 2.3 The Business Rates regime includes a safety net to protect local authority revenues should they fall below a certain threshold defined as 92.5% of baseline funding level (under the 50% Retention Scheme) and 97% of baseline funding

level (under the 100% Pilot) - (baseline funding level is the benchmark against which business rates growth or decline is measured). An over-generous discretionary relief or discount scheme could contribute to a decline in revenues which is why government has stated that the impact of such schemes will be considered when calculating entitlement to safety net funding.

- 2.4 The council has no influence over the value of and entitlement to Mandatory Rate Relief and nationally prescribed Discretionary Relief. As part of the 100% Pilot, the council will incur 100% of the cost (loss of Business Rates income). However, the council will continue to be compensated for the loss of Business Rates income as a result of these reliefs via a Section 31 Grant from government.
- 2.5 Any local reliefs are applied after mandatory relief has been awarded. The council can determine the amount of local Discretionary Rate Relief made available. As part of the 100% Pilot, the council will incur 100% of the cost with no compensation for the loss of Business Rates income as a result. Local Discretionary Rate Relief impacts on the council's future Business Rates income which in turn, impacts on the amount of funding available to support the council's Budget and medium-term financial plan (MTFP).
- 2.6 The 100% Pilot means the cost (Business Rates income forgone) to award local Business Rates discounts is borne in full by the council rather than being shared with government under the 50% retention scheme. This means that using local Discretionary Rate Relief to provide additional support to organisations that the council is already aiding (in either grant or commissioned contracts) is unlikely to be the most appropriate way to provide help. It is clearer and more transparent for any support to be given through grants or commissioned contracts.
- 2.7 **Council Tax**
- 2.8 Since the abolition of Council Tax Benefit in April 2013, the local authority has been required to agree a localised Council Tax Support (CTS) scheme, funding for this scheme is devolved to local authorities.
- 2.9 In addition, local authorities are also able to set certain local discounts, the cost of these discounts sits with the local authority. The level of all Council Tax discounts including CTS directly impacts on the council's finances. The impact of any variation to the current arrangements would need to be reflected in the council's Council Tax Taxbase.

3 BUSINESS RATES RELIEF

3.1 Mandatory Relief

- 3.1.1 The council is required to award mandatory relief to organisations which are eligible. Entitlement to this is currently as follows:
- Registered community amateur sports clubs (CASC) receive 80% mandatory relief.
 - Registered charities receive 80% mandatory relief where the property is occupied and wholly or mainly used for charitable purposes.
 - Village shops which meet set criteria receive 50% mandatory relief.
 - Empty properties are exempt from Business Rates when they first become empty. The exemption applies to the first 6 months for industrial property and 3 months for other property.

- Small Business Rates Relief (SBRR) - businesses with a rateable value (RV) of £12k and below currently receive 100% relief, whilst those between £12k and £15k will receive tapered relief.
- 100% Business Rates relief is available for separately assessed public toilets, including those being operated by local authorities.

3.1.2 The council is compensated for the loss of business rates income in respect relief awarded to small businesses and public toilets via a Section 31 grant.

3.2 **Discretionary Relief**

3.2.1 The council has previously established sets of criteria against which local discretionary rate relief (DRR) can be allowed in relation to the following circumstances:

- Top-up the statutory relief to 100% for some CASC's.
- Provision of 50% relief for other "not-for-profit" organisations that are neither registered charities nor CASCs.
- To encourage large businesses which are either new to the borough or are significantly expanding within the borough.
- In exceptional circumstances which are essential to enable the council to achieve its priorities.

3.2.2 A table showing the total of mandatory and discretionary reliefs awarded to date, along with a comparison to 2022-23 is shown at Appendix 1.

3.3 **CASC**

3.3.1 The number of CASCs qualifying for 80% mandatory relief in 2023-24 has decreased by 1, with a total reduction of £13k in awards compared to 2022-23.

3.3.2 The council's current DRR scheme enables registered CASC's to apply for an additional 20% 'top up' discretionary rate relief providing they meet the criteria listed at Appendix 2. 16 organisations are currently receiving a total of £20.3k under this provision.

3.3.3 The top up relief encourages amateur sports organisations in the Borough to affiliate to Stockport Active and to also accept the council Leisure Key/and or Life Leisure Membership.

3.3.4 Ensuring the provision of independent sport clubs across the Borough which supports the council's priorities is considered beneficial. It relieves pressure on council provision and extends the range of provision available, making it easier for residents to adopt a healthy lifestyle. The CASC standard gives the council some assurance about the quality of the provision offered and ensures that the money is used for the benefit of the sport rather than financial gain for the organisation.

3.3.5 It is recommended that the CASC Top-up scheme be continued for the year 2024-25, enabling CASCs to achieve 100% relief from non-domestic rates, provided they meet the qualifying criteria at Appendix 2.

3.4 **Registered Charities**

- 3.4.1 The number of registered charities qualifying for 80% mandatory relief reduced from 315 in 2022-23 to 302 2023-24, but the value of awards increased by £509k, largely attributed to an increase in rateable values following the Business Rates revaluation.
- 3.4.2 Letting premises to a charity continues to remain an attractive option for landlords as a way of avoiding rates on otherwise empty premises. Robust procedures are in place to ensure correct entitlement.
- 3.4.3 For several years, the council's DRR scheme has not included an opportunity for registered charities to apply for additional 20% "Top Up" relief, due to the potential cost to the council which has been estimated to be in excess of £0.5m p.a. However, organisations recognised within the council's priorities will be considered under para 3.8 for any additional relief.
- 3.4.4 It is recommended that charity relief remains limited to 80% mandatory relief for the year 2024-25.**

3.5 **Rural Relief**

- 3.5.1 Any business which qualifies under the legislation as a Village Shop was previously entitled to 50% mandatory rural rate relief. However, councils are expected to use their local discount powers to grant 100% rural rate relief to eligible ratepayers. Any awards will be compensated by a Section 31 grant.
- 3.5.2 There are currently no accounts which qualify for village shop relief in Stockport.
- 3.5.3 It is recommended that village shop relief continues to be limited to 50% mandatory relief for the year 2024-25 and should any village shops be established in the future, then additional discretionary relief will be granted up to 100%.**

3.6 **Non-Profit Making Organisations (NPO's)**

- 3.6.1 Non-profit making organisations (NPO's) that are neither registered charities, nor community amateur sports clubs do not qualify for any Mandatory Relief. This includes organisations such as Scouts and Guides and amateur sports clubs which are not CASC registered.
- 3.6.2 Stockport's current DRR scheme enables these organisations to apply for DRR limited to 50% of the rates payable. The number of NPO's receiving 50% discretionary rate relief remains unchanged from 2022-23, with 26 organisations receiving support this year. However, the value of awards has increased by £76k, for the reasons as described at point 3.4.1.
- 3.6.3 The criteria used to award discretionary rate relief to not for profit organisations is listed at Appendix 3.
- 3.6.4 It is recommended that the 50% discount and qualifying criteria for not-for-profit organisations be maintained for the year 2024-25.**

3.7 **Large Businesses new to or significantly expanding within the Borough**

- 3.7.1 It is recognised that where a large business relocates to the Borough, there is likely to be a significant positive impact on the general economy, both directly through

increased employment and building occupation as well as indirectly through trickle down to smaller businesses. The council is keen to encourage large organisations to locate in the Borough to support the local economy and create additional jobs.

3.7.2 Businesses are required to submit a business case which demonstrates the significant positive benefits to the Borough which the business would bring in terms of:

- Occupation of otherwise empty premises.
- Employment.
- A proven track record of an established and viable business.
- Wider benefits the business would bring to the borough.
- A long-term commitment to the borough.
- Support for the Stockport Economic Plan
- The Town Centre Development Prospectus (where appropriate).

3.7.3 Awards are made on a case-by-case basis with the decision made by the Cabinet and /or the Cabinet Member for Finance and Resources as appropriate based on a set of principles agreed in 2014 and updated in 2016.

3.7.4 The last award of relief under this provision was made to two businesses relocating or expanding within the Borough in 2020-21, totalling £25.3k. As new office and industrial units are becoming available within the Borough, this relief is an important negotiation tool for attracting growing businesses to the area. Whilst no awards have been made so far in 2023-24, discussions have taken place with a number of businesses who may meet the criteria for support, with one likely to be awarded relief in 2024-25 subject to an approved business case.

3.7.5 It is recommended that the local scheme for large businesses which are new to the Borough or those undergoing significant expansion in the Borough be continued for 2024-25. However, as outlined at para 2.6, there is a cost (business rates income forgone) borne by the council of giving a business rates discount as opposed to other financial support.

3.8 Exceptional Circumstances

3.8.1 In addition to discounts linked to existing grants and awards, there may be exceptional circumstances which fall outside of any of the criteria listed but are essential for the council to achieve its priorities. It is anticipated that these will be very exceptional cases.

3.8.2 It has been agreed previously that any additional cases to be considered for relief on this basis would be dealt with on a case-by-case basis with the decision made by the Cabinet Member for Finance and Resources.

3.8.3 No applications have been received on an exceptional circumstances' basis since the introduction of the 100% pilot. However, it is still considered appropriate to retain this as a safety net to support those businesses that underpin the council's priorities but fall outside of the eligibility criteria for any other business rates reduction.

3.8.4 It is recommended that the continuation of a case-by-case approach where exceptional circumstances exist be continued for 2024-25. However, as outlined at para 2.6, there is a cost (business rates income forgone) borne by the council of giving a business rates discount as opposed to other financial support. It is unlikely that exceptional circumstances relief would be awarded to an

organisation which was already in receipt of other support from the council, either grant funded or commissioned.

3.9 Temporary Relief

3.9.1 There are also a range of temporary nationally prescribed discretionary relief schemes in place which are currently awarded under Section 47 of the Local Government Finance Act 1988:

- Newspaper Offices - extension of the £1.5k business rates discount for local newspapers' office space until 31 March 2025, as they continue to adapt to structural change in the industry. We do not currently have any hereditaments in the Borough that would qualify for this relief.
- Retail, Hospitality and Leisure (RHL) Relief – an extension of this relief for 2024-25 was confirmed as part of the Chancellors Autumn Statement 2023. Businesses will continue to benefit from a 75% reduction up to £110k per business, subject to state aid rules, ensuring the most vulnerable are still supported.
- Supporting Small Business (SSB) Relief – a scheme introduced following the 2023 revaluation, to ensure no small business faces a bill increase greater than £50 per month, because of losing eligibility for small business rate relief or rural rate relief. The loss is capped at £600 per year from 1 April 2023 for the next three years.

3.9.2 The council is compensated for the loss of business rates income in respect of temporary nationally prescribed discretionary relief schemes via a Section 31 grant.

3.10 Non-Domestic Rating Bill

3.10.1 The Non-Domestic Rating Bill, which received Royal Assent in October 2023, will introduce more frequent valuations, to take place every three years instead of the current five.

3.10.2 From 1st April 2024, a 12-month improvement relief will be available for ratepayers facing higher bills where eligible improvements to an existing property have increased their rateable value. Whilst the draft regulations set out the detail of the condition that a business will need to meet to qualify for relief, the Valuation Office Agency (VOA) continues to work with several councils to understand the best design for systems and processes to deliver Improvement Relief.

3.10.3 A 100% Heat Networks Relief was made available for eligible low-carbon heat networks that have their own rates bill, from April 2023. Awards are made in line with local authority guidance. It is currently delivered via discretionary powers but will be made mandatory through the bill from April 2024.

3.10.4 Under existing rules, where an application for discretionary rate relief is decided before 1 October it can be backdated to the start of liability or 1 April of the previous financial year (whichever is the most recent). Applications decided after 30 September can only be backdated to the start of liability or 1 April of the current financial year (whichever is the most recent).

3.10.5 Where a variation of a decision to award relief needs to be made, a one-year period of notice is given, and the change will take effect at the expiry of a financial year.

3.10.6 The bill will remove both the restriction on backdating and variations to discretionary rate relief awards from April 2024. It will be for individual councils to decide on their

own policy. It is proposed that the current rules will continue for 2024-25, which will be reviewed in 2025-26

3.10.7 It is recommended that the current rules for backdating or making a variation to discretionary rate relief awards as described at paras 3.10.4 and 3.10.5 will continue for 2024-25.

4 COUNCIL TAX EMPTY PROPERTY DISCOUNTS & PREMIUMS

4.1 Stockport's Empty Property Discount and Premium Scheme

4.1.1 The Council Tax (Prescribed Classes of Dwelling) (Amendment) (England) Regulations 2012 have allowed billing authorities in England, to decide what level of Council Tax to charge owners of empty property, since April 2013.

4.1.2 Council Tax regulations define six property classes where no-one is resident, for which a local discount can be set:

Class A *	A dwelling which is purpose-built holiday homes and chalets
Class B	A dwelling which is unoccupied but furnished (includes second homes)
Class C	A dwelling which is unoccupied and substantially unfurnished
Class D	A dwelling which is unoccupied and substantially unfurnished homes undergoing, or having undergone, major repair work or structural alteration
Class E	A dwelling which would otherwise be the sole or main residence of a member of the armed forces, who is absent from the property as a result of such service
Class F	A dwelling which annexes which form part of a single property where it is felt that the liable person would have reasonable opportunity to be able to advertise the annexe for let/sale.

** There are specific and complex rules about this class of property. There are no properties of this type currently in Stockport.*

These classes of empty property are separate to Council Tax valuation bandings (A-H), which are set by the Valuation Office Agency.

4.1.3 The Local Government Finance Act 2012 was also amended from April 2013, enabling billing authorities to charge an empty homes premium in respect of class A, C & D dwellings, where the property has been unoccupied and substantially unfurnished for two years or more. This gives local authorities a legislative tool to incentivise owners to bring unoccupied dwellings back into use.

4.1.4 Further legislation was brought in from April 2019, which allowed for a staged increase in the level of premium charges that can be imposed where property has been empty for more than two years, which was phased in over a three-year period.

4.1.5 Premiums are applied two years after the date from which the property first became empty, and not the date of ownership. As such, charges will often apply immediately upon purchase.

4.1.6 There are other mandatory exemptions that are available to reduce Council Tax liability in respect of an empty property, which include provision for people moving to a nursing home and time for probate to be granted following a death. A full list is included at Appendix 4.

- 4.1.7 The council is required to annually review the local scheme of discounts and exemptions that are available in respect of Council Tax. Since April 2019, Stockport Council has no longer offered any discounts in relation to unoccupied properties, except for those satisfying the criteria for a class E & F discount, where 100% relief is awarded.
- 4.1.8 Empty homes premiums are currently charged on unoccupied and unfurnished properties (class A, C & D). This is payable in addition to the amount of Council Tax that would be due if the property was occupied. Premium charges are currently set at:

Property empty and unfurnished for:	Premium charge:
At least 2 years to 5 years	100%
At least 5 years	200%
At least 10 years	300%

4.2 Technical Reforms

- 4.2.1 The Levelling-up and Regeneration Bill which received Royal Assent in October 2023, will reduce the time period in which a premium can be charged on long-term empty properties, from two years to one year. It will also give billing authorities the discretion to charge a Council Tax premium up to a maximum of 100% on unoccupied and furnished properties, which include second homes (class B Dwellings).
- 4.2.2 It is believed that the proposed changes will encourage more empty properties into productive use while enabling councils to raise additional revenue.
- 4.2.3 The change in legislation will mean that a liable person for Council Tax can become responsible for a premium charge where a dwelling has been unoccupied for one year from 1 April 2024.
- 4.2.4 To charge a premium for unoccupied and furnished properties, the billing authority will be required to give 12 months' notice and would therefore be payable from 1 April 2025.

4.3 Exceptions to Council Tax premium charges

- 4.3.1 Government recognises that there are circumstances when it would not be appropriate for premium charges to apply. A public consultation was conducted throughout July and August 2023 on proposals to exempt certain categories of dwellings from either the long-term empty homes premium and/or the second homes premium.
- 4.3.2 Properties undergoing probate – it is recognised that the period after someone passes away is challenging, especially for those managing the estate. Therefore, it is not considered appropriate that such properties should become subject to a premium immediately following the grant of probate. A 12-month exception should apply once probate or letters of administration is granted.
- 4.3.3 Properties being actively marketed for sale or let - government believes that where owners are using their best endeavours to bring a property back into productive use, then they should not be penalised through the imposition of the long-term empty or second homes premium. Those that are being actively marketed for sale or to let should be an exception to the Council Tax premiums, for up to a maximum of 6 months.

4.3.4 Empty properties undergoing major repairs - Homes that have remained empty for long periods may require extensive repair work to make it habitable. It is not considered appropriate for a premium to be charged as soon as the property has been empty for one year. Therefore, empty properties undergoing major repair works or structural alternations should be an exception to the premium for up to 6 months. This will also enable first time buyers to get on the property ladder without being faced with increased Council Tax charges. A further 6-month exception will also apply where the property is then actively marketed for sale/let.

4.3.5 Under current legislation, the following classes of property are already exceptions to the long-term empty homes' premium:

- homes that are empty where the occupant is living elsewhere for job-related purposes; and
- annexes being used as part of a main property

It is proposed that these will also be extended to the new, second homes premium.

4.4 Financial impact of legislative changes

4.4.1 Forecasting the additional revenue that can be raised via these changes is complex and carries forecasting risk which will need to be mitigated if the risk crystallises.

4.4.2 Reducing the timeframe in which a premium can be charged on Class A, C & D dwellings:

The table below shows the number of properties that were classed as unoccupied and unfurnished where a 100% premium applied during 2022-23 because it had been empty for two years or more, along with the total revenue raised. This has been compared to 2023-24 data as at June. By bringing forward the timeline in which a premium can be applied from two years to one year, a further £411,269 is expected to become available to collect from 1 April 2024:

Band	2022-23 Premium Charge (Actual)	Number of Dwellings	2023-24 Premium Charge (Forecast at 120623)	Number of Dwellings
A	£86,842	124	£99,616	68
B	£89,213	100	£96,011	56
C	£50,802	57	£70,401	36
D	£49,821	57	£54,871	25
E	£30,202	24	£21,850	8
F	£9,962	10	£34,695	11
G	£21,238	11	£29,795	8
H	£0	0	£4,029	1
Total	£338,080	383	£411,269	213

4.4.3 Charging a premium on Class B dwellings:

The table below shows the number of properties that are currently treated as being long-term empty and furnished, including second homes (Class B dwellings) and the total amount of additional revenue that would be available to collect in respect of a 100% premium from April 2025, based on data as at 12 June 2023:

Band	2023-24 Premium charge	Number of dwellings
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A	£147,015	100
B	£97,989	57
C	£155,044	80
D	£176,526	80
E	£145,830	54
F	£76,498	24
G	£52,142	14
H	£0	0
Total	£851,044	409
Less 10% optimism bias	£765,940	368

- 4.4.4 The MTFP Update approved by Cabinet in September 2023 includes the additional revenue as a result of applying the premiums; £0.411m in 2024-25 and additional £0.766m (cumulative £1.177m) in 2025-26.
- 4.4.5 The forecast of additional revenue by bringing forward the timeframe in which a premium can be levied on class C and D properties from April 2024 and charging a 100% premium on class B properties from April 2025, is based on 2023-24 Council Tax charges and does not reflect any future Council Tax increases that may be agreed.
- 4.4.6 No additional resources will be required to achieve the revenue that can be generated from implementing these changes. The work will be absorbed into business-as-usual processes.
- 4.5 Risks & mitigation**
- 4.5.1 The council will apply the appropriate exceptions to premium charges in line with statutory local authority guidance.
- 4.5.2 Council Tax charges on class B properties are currently the same whether they are empty or not. Therefore, there is no incentive for owners to report occupation. Implementation of a premium charge will also act as a data cleansing exercise whereby re-occupation will be notified following the receipt of an increased bill. An optimism bias has been applied to the income generation forecasts to account for this.
- 4.5.3 Owners of empty dwellings may re-arrange their affairs to avoid a premium charge and take advantage of other discounts and exemptions that are available, although the Service has not seen this as a particular challenge previously. However, robust guidance will need to be in place to ensure this continues to be the case.
- 4.5.4 A long-term empty property premium policy will be developed once the statutory guidance has been published, which will be subject to the usual governance process.
- 4.5.5 The current localised discount and premium scheme for long-term empty properties, and implementation of the proposed changes as part of the Levelling Up and Regeneration Bill, may cause financial hardship for owners. Section 13A(1)(c) of the Local Government Finance Act 1992 provides the council with the discretionary power to reduce a Council Tax liability. This provision can be used in exceptional circumstances and where financial hardship is evidenced. It allows the council discretion to give financial assistance to affected taxpayers. Details can be found in the discretionary support policy shown at Appendix 6. Since April 2013, only one award has been made under this provision whereby an owner was unable to claim a discount on an empty property they owned. The reduction was applied due to

exceptional personal circumstances and because the charges were deemed to have caused extreme hardship.

- 4.5.6 The application of an empty property premium is often an area of contention with charge payers, however very few progress to formal complaint. There is likely to be an increase in the number of complaints received should discretion be used to charge the maximum premium allowable on class B properties and by bringing forward the timeframe in which a premium can apply. Information on the website will be made clear and in advance of implementation so that potential purchasers are aware of likely charges up front. Information that forms part of the Council Tax bill will also be explicit.
- 4.5.7 One official complaint and two MP enquiries have been received so far this year in relation to not being able to offer a Council Tax discount in respect of an empty property. The owners were encouraged to apply for discretionary support if the cost was causing financial hardship. No applications have been received to date.
- 4.5.8 Similarly, four accounts where a premium charge is in dispute have been reviewed following local MP enquiries. In two of the cases, further information was provided enabling the service to remove the costs. Premium charges in respect of the other two were deemed correct. Further advice was offered in terms of appealing to the Valuation Tribunal, contacting the Valuation Office Agency as to whether the property could be taken out of the valuation list whilst under renovation and signposting to discretionary support.
- 4.5.9 Details of all unoccupied properties are shared with the council's Strategic Housing and Environment Team who use it to target owners to work with them to bring properties back into occupation.
- 4.5.10 The council's website offers comprehensive advice for property owners who need assistance with the disposal of, or to bring empty properties back in to use.
- 4.6 It is recommended that the council continues with its decision not to offer Council Tax discounts in respect of empty properties for 2024-25.**
- 4.7 It is recommended that the maximum premium charge levels are maintained in accordance with those shown in the table at para 4.1.8 in respect of class A, C & D dwellings (empty and unfurnished properties) for 2024-25.**
- 4.8 It is recommended that the timeframe for which a premium should be charged on long-term empty properties, is reduced from two years to one year, from April 2024.**
- 4.9 It is recommended that a premium charge of 100% is applied on class B dwellings (empty and furnished properties, which include second homes) from April 2025.**
- 4.10 Members are asked to note that not implementing the premium charges as set out above will adversely impact of the council's MTFP and increase the council's saving requirement in 2024-25 and future years as a result.**

5 COUNCIL TAX AND CARE LEAVERS

- 5.1 The term 'care leaver' is defined in The Children (Care Leavers) Act 2000:

- **Eligible/relevant child** –aged 16 and 17 and have been in the care of the local authority for at least 13 weeks after their 14th birthday and at least one day of this occurred after their 16th birthday. It is possible for the full 13 weeks (or more) to occur after their 16th birthday.
- **Former relevant child/qualifying child** – aged 18 to 21 who were previously 'eligible' or 'relevant'.
- **Former relevant child pursuing education** - is any former relevant child whose case was closed, for any reason until their 25th birthday.

5.2 It is recognised that care leavers are a particularly vulnerable group in relation to Council Tax debt. In order to ensure the transition from care to adult life is as smooth as possible, and to mitigate the chances of care leavers falling into debt as they begin to manage their own finances, members have previously agreed a scheme to exempt care leavers from paying Council Tax up to the age of 25. This includes a reciprocal agreement across Greater Manchester Authorities.

5.3 Under Section 13(a) of the Local Government Finance Act 1992, the council has the power to reduce liability for Council Tax in relation to particular cases or by determining a class of cases that it may determine and where national discounts and exemptions cannot be applied, the cost of which is borne by the council.

5.4 Where a care leaver becomes liable for Council Tax at the age of 18, any remaining liability after the award of any nationally prescribed reliefs, exemptions or discounts is currently reduced to zero. The total cost of reductions so far in 2023-24, amounts to £102,624 in respect of 115 care leavers.

5.5 The council's discretionary support policy regarding reductions made under Section 13(a) is included at Appendix 6. Specific reference to care leavers as a priority group is covered at Section 2.

5.6 It is recommended that any Council Tax liability for care leavers up to the age of 25 continues to be reduced to zero for 2024-25.

6 COUNCIL TAX SUPPORT

6.1 Stockport's localised Council Tax Support (CTS) scheme for the working age is shown at Appendix 5. This has now been in place since April 2013 and is predominately based on the government's scheme for pension credit age customers.

6.2 The CTS scheme was established with an aim to provide support for the most vulnerable households, distributing it as widely and equally as practicable based on income, household size and Council Tax band. The scheme is designed on the following principles:

- Entitlement based on the size of the household rather than the Council Tax band of the property the household occupies.
- Supporting the people who are most in need/ most vulnerable.
- Maximising the amount of Council Tax collectable.
- A clear and accessible scheme.

6.3 There have been minor changes to the scheme in subsequent years, largely in response to the implementation of universal credit in the Stockport area. The scheme continues to run smoothly as it is generally easy to understand. The nationally prescribed Council Tax Support scheme for pension credit age remains very similar to Council Tax Benefit which was abolished in March 2013. The working age scheme is also closely aligned to the housing benefit regulations.

- 6.4 The most significant aspect of the scheme is the cap placed on the Council Tax band when calculating support, which is illustrated in the table below:

COUNCIL TAX SUPPORT – Working age only									
Description	2023-24 (snapshot as at 10/10/2023)								
	A	B	C	D	E	F	G	H	Total
1. Total CTS claims by band	8723	2713	1041	338	151	65	20	0	13051
1a. Of which number are capped to band A liability	0	1799	598	180	73	31	5	0	2686
1b. Of which number are capped to band B liability	0	0	426	143	63	29	11	0	672
1c. Of which number are exempt from the band cap	8723	914	17	15	15	5	4	0	9693

- 6.5 An additional 494 working age residents are currently receiving help via Council Tax support compared to the same time last year. 2023-24 CTS scheme costs (income forgone) to support residents who are on a low income, currently totals £22.7m. This figure will fluctuate during the year due to changes in circumstances.
- 6.6 74% of Council Tax Support recipients are exempt from the band cap either because they reside in appropriately sized property, or they are in receipt of Council Tax disabled persons relief. A total of 7,524 residents are currently receiving a 100% reduction in Council Tax charges due to the level of income and savings held.
- 6.7 Any risk of financial hardship as a result of Stockport's CTS scheme is mitigated by the provision of a Council Tax discretionary support fund outlined at Section 7. No official complaints regarding the operation/principals of the scheme have been received to date. One MP enquiry has been received so far this year. The CTS claim had been determined correctly and the resident signposted to discretionary and wider Council support.
- 6.8 It is recommended that Stockport's Council Tax Support scheme is maintained for 2024-25 as detailed at Appendix 5.**

7 COUNCIL TAX DISCRETIONARY SUPPORT

- 7.1 Despite the mandatory Council Tax reductions that are available, some residents will still suffer from financial hardship. This can be addressed through Section 13A(1)(c) of the Local Government Finance Act 1992 Regulations, which enables the Authority to reduce Council Tax liability for individual cases. The cost in terms of forgone Council Tax income is borne in full by the council.
- 7.2 A £100k per annum discretionary support fund was established at the outset of the Council Tax Support Scheme, offset by charges raised from Council Tax empty property premiums, to be distributed to the most vulnerable. The fund mitigates the risk of financial hardship where a claimant has been adversely affected by the CTS scheme or the empty property discount and premium scheme. In 2019, this was reduced to £25k per annum due to:
- A council wide review of discretionary support
 - The CTS scheme had been embedded for several years
 - No applications had been received from taxpayers affected by an empty property charge.

- 7.3 Since 2020-21, help towards Council Tax payments had been supplemented by government via Covid-19 Hardship Funding, which was fully allocated by March 2023. Given the impact of the cost-of-living crisis on residents, it was agreed that the council's own discretionary support funding would be increased to £385k for 2023-24, so that more one-off help can be distributed to those residents struggling to pay. It was also noted that government's response to the cost-of-living crisis had so far been targeted towards those who are classed as vulnerable and in receipt of state benefits. The additional discretionary support enables the council to direct help to those residents who sit just outside of benefit thresholds including CTS.
- 7.4 For 2023-24, government subsequently provided a discretionary Council Tax Support Fund in recognition that Council Tax increases set by local authorities may mean some individuals may struggle to meet payments due. The funding is ringfenced to reduce 2023-24 Council Tax liabilities. As such, the council's own discretionary support fund has been directed to cover previous years arrears only, where hardship is demonstrated. This combined level of support has allowed the service to financially assist substantially more residents throughout the pandemic and now into the cost-of-living crisis as the table below demonstrates:

Year	Council Tax Discretionary budget	Funding stream	Number of applications received	Number of awards	Value of awards
2023/24 (as at end of Sept)	£385k	Income Foregone	311	165 (53%)	£129,619
	£310k	Govt CT Support Fund	364	186 (51%)	£123,617
2022/23	£280K	Govt Covid-19 Hardship Funding	972	440 (45%)	£284,927
	£105K	Income Forgone	210	143 (68%)	£105,903
2021/22	£650K	Govt Covid-19 Hardship Funding	1,005	668 (66%)	£472,130
2020/21	£500K	Govt Covid-19 Hardship Funding	517	477 (92%)	£302,882
	£25K	Income Forgone	267	67 (25%)	£20,643
2019/20	£25K	Income Forgone	482	116 (24%)	£25,058

- 7.5 Based on current demand, which is likely to increase over the coming winter months, the full allocation of both the government's Council Tax Support Fund and the council's own discretionary support fund, will be used to reduce Council Tax liabilities on the grounds of hardship. At this stage, there is no indication that government will continue the Council Tax Support Fund in 2024-25.
- 7.6 An integrated discretionary support policy was implemented in 2017-18 to cover all elements of help available for rent and Council Tax, ensuring the consistency and transparency of decision making. This is shown at Appendix 6.
- 7.7 Whilst eligibility criteria remain largely unchanged, the wording has been updated for 2024-25 to make it clearer for residents to understand the circumstances in which an award may be made and responsive to current day issues. Policy objectives have also been updated to include the Stockport Armed Forces Community as a priority for support. Income related to their service will be disregarded as part of the financial assessment.
- 7.8 Short term discretionary awards are made to meet immediate needs and provide time for customers to seek a long-term solution to their financial difficulties. In addition, residents are signposted and referred to wider financial support and advice aligned to the council's cost-of-living response.

- 7.9 It is recommended that the 2024-25 Council Tax discretionary fund is set at £0.385m, which is based on the average of awards over three years from 2020-21 to 2022-23. This will ensure the council is able to continue to support eligible residents who find themselves in hardship, as part of the council's response to the cost-of-living crisis. It is recognised that this will result in forgone Council Tax income in 2024-25. This will be offset by earmarking the council's share of the declared and outturn Council Tax surplus in 2023-24 for this purpose. There is a risk that the 2023-24 surplus will not be sufficient to offset the forgone income in full. This risk will be mitigated through the 2024-25 Collection Fund forecasts and monitoring, and use of the Collection Fund reserve.**
- 7.10 It is recommended that delegation is given to the Deputy Chief Executive in consultation with the Cabinet Member for Finance and Resources to review and adjust the fund during 2024-25 capped at a total fund of £0.500m if required to support the council's cost-of-living response.**
- 7.11 It is recommended that the council's discretionary support policy for help with rent and Council Tax is endorsed for 2024-25.**

8 COUNCIL TAXBASE

- 8.1 The basis of the calculation of the Council's 2024-25 Council Tax Taxbase for budget setting purposes was set out in the Council Tax Taxbase and Non-Domestic Rates Forecast report presented to the Cabinet meeting on 5 December 2023. The report highlighted that in setting its Council Tax Taxbase, the Council has the discretion to allow for the impact of changes to its Council Tax support and discount schemes.
- 8.2 Following the annual review of the Council Tax support and discount schemes, it is recommended that the Council's 2024-25 Council Tax Taxbase for budget setting purposes is set at 98,396.6 Band D equivalent dwellings.

9 FUTURE LEGISLATIVE CHANGES

- 9.1 The proposals for the changes contained within this report are based on legislation at the time of writing, and subject to receiving the relevant statutory guidance in respect of the Non-Domestic Rating Bill and the Levelling Up and Regeneration Bill.
- 9.2 It is recommended that delegation is given to the Deputy Chief Executive in consultation with the Cabinet Member for Finance and Resources to consider any subsequent government announcements that impact on Business Rates and Council Tax reductions for 2024-25, and to decide what changes should be made aligned to legislation.**

10 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 10.1 Financial implications are contained within the body of the report.

11 LEGAL CONSIDERATIONS

- 11.1 The contents of the report accords with and takes into account the relevant legislation relating to Business Rates and Council Tax. The Council Tax long-term empty property policy will be developed upon receipt of statutory guidance and approval sought via the usual governance process.

12 HUMAN RESOURCES IMPACT

12.1 These proposals have no impact on Human Resources.

13 EQUALITIES IMPACT

13.1 Equality impact assessments are included as Appendix 7 for the Council Tax Discount & Empty Property Premium Scheme and Appendix 8 in respect of the Council Tax Support scheme.

14 ENVIRONMENTAL IMPACT

14.1 These proposals have no environmental impact. An environmental impact assessment is included at Appendix 9.

15 CONCLUSIONS AND RECOMMENDATIONS

15.1 It is recommended that the council agrees:

- That the CASC top-up scheme be continued for the financial year 2024-25, enabling CASCs to achieve 100% relief from non-domestic rates, provided they meet the qualifying criteria at Appendix 2.
- That charity relief remains limited to the 80% mandatory relief for the financial year 2024-25.
- That rural rate relief continues to be limited to 50% mandatory relief for the financial year 2024-25 and should any village shops be established in the future then additional discretionary relief should be awarded up to 100%.
- That the 50% discount and qualifying criteria for not-for-profit organisations be maintained for the financial year 2024-25.
- That the local scheme for large businesses which are new to the Borough or those undergoing significant expansion in the Borough be continued for 2024-25.
- That the continuation of a case-by-case approach for business rates discounts where exceptional circumstances exist be continued for 2024-25. It is unlikely that exceptional circumstances relief would be awarded to an organisation which was in receipt of support from the council, either grant funded or commissioned.
- That the current rules for backdating or making a variation to discretionary rate relief awards as described at paras 3.10.4 and 3.10.5 will continue for 2024-25.
- That the council continues to no longer offer a Council Tax discount in respect of unoccupied properties for 2024-25, except for class E & F dwellings where 100% relief is awarded.
- That the maximum Council Tax premium charges continue to be applied in respect of class A, C & D dwellings (empty and unfurnished properties) at the rates shown at para 4.1.8 for 2024-25.

- That the timeframe for which a premium should be charged on long-term empty properties, is reduced from two years to one year, from 1 April 2024.
- That a premium charge of 100% is applied on class B dwellings (empty and furnished properties, which include second homes) from 1 April 2025.
- That any Council Tax liability for care leavers up to the age of 25 be reduced to zero for 2024-25.
- That Stockport's Council Tax Support scheme is maintained for the financial year 2024-25 as detailed at Appendix 5.
- That the Council Tax discretionary fund is set at £0.385m for 2024-25, supporting customers facing financial difficulty, with no alternative means.
- That delegation is given to the Deputy Chief Executive in consultation with the Cabinet Member for Finance and Resources to review and adjust the Council Tax discretionary fund during 2024-25 capped at a total fund of £0.500m if required, to support the council's cost-of-living response.
- That the council's discretionary support policy for help with rent and Council Tax costs at Appendix 6 is endorsed for 2024-25.
- That delegation is given to the Deputy Chief Executive in consultation with the Cabinet Member for Finance and Resources to consider any subsequent government announcements that impact on Business Rates and Council Tax reductions for 2024-25, and to decide what changes should be made aligned to legislation.
- To approve the setting of the Council's 2024-25 Council Tax Taxbase at 98,396.6 Band D equivalent dwellings.

BACKGROUND PAPERS

There are none. Anyone wishing to inspect the above background papers or requiring further information should contact Jonathan Davies on Tel: 218 1025 or by email jonathan.davies@stockport.gov.uk