

APPENDIX D – NNDR DISCRETIONARY RELIEF & COUNCIL TAX SUPPORT

1 NNDR Discretionary Relief Options

1.1 Introduction

- 1.1.1 The government announced a revaluation of all properties that took effect from 1st April 2017, the last revaluation was carried out in 2010. The revaluation has resulted in a substantial increase in the rateable values of properties and a subsequent increase in business rates bills.
- 1.1.2 A system of transitional relief was introduced to make sure that businesses don't face significant changes in any single financial year but are phased in as far as practicable. However, many businesses are facing increases in their bills even after transition relief is applied.
- 1.1.3 As part of the budget announcement in March 2017, the Chancellor announced that £300m will be allocated to local authorities in England over the next 5 years (£180m in 2017/18) to enable them to provide discretionary relief to businesses facing substantial increases in their bills.

1.2 Grant and Conditions

- 1.2.1 The amount allocated to the Council from the discretionary relief fund is as follows:

Local authority	2017-18 Gross bill increase (given property criteria ¹) (£000s)	Amount of discretionary pot awarded (£000s)			
		2017-18	2018-19	2019-20	2020-21
Hounslow	12,133	1,428	694	286	41

- 1.2.2 The Council has been consulting with businesses on a number of options for discretionary business rate relief

1.3 Options

1.3.1 Option 1

1.3.1.1 *Criteria*

- Rateable value of £200k or less
- Excluding empty properties
- Properties facing an increase of more than 12.5% in their bill before any reliefs and discounts applied and a net increase in their bill after reliefs and discounts when compared to the previous year
- Less than €200,000 State Aid in the current & previous 2 financial years
- Retaining a buffer of 5%

APPENDIX D – NNDR DISCRETIONARY RELIEF & COUNCIL TAX SUPPORT

1.3.1.2 Allocation

- Any businesses meeting the above criteria would receive a discount towards the increase in their bill, the percentage discount that would be offered to businesses under this option are presented in the table below:

	2017/18	2018/19	2019/20	2020/21
Grant amount	1,427,894	693,549	285,579	40,797
Amount Allocated	1,356,274	658,552	271,055	37,939
Buffer	71,620	34,997	14,524	2,858
% discount	28.75%	8.13%	2.59%	0.31%
No. of properties	2,137	2,044	2,122	2,206

*percentages quoted above are based on latest information available as at the end of May 2017, actual percentage awarded may vary.

1.3.2 Option 2

1.3.2.1 Criteria

- Rateable value of £100k or less
- Excluding empty properties
- Properties facing an increase of more than 12.5% in their bill before any reliefs and discounts applied and a net increase in their bill after reliefs and discounts when compared to the previous year
- Less than €200,000 State Aid in the current & previous 2 financial years
- Retaining a buffer of 5%

1.3.2.2 Allocation

- Any businesses meeting the above criteria would receive a discount towards the increase in their bill, the percentage discount that would be offered to businesses under this option are presented in the table below:

	2017/18	2018/19	2019/20	2020/21
Grant amount	1,427,894	693,549	285,579	40,797
Amount Allocated	1,356,383	658,792	271,143	38,083
Buffer	71,511	34,757	14,436	2,714
% discount	65.49%	15.37%	4.48%	0.51%
No. of properties	1,967	1,869	1,943	2,019

*percentages quoted above are based on latest information available as at the end of May 2017, actual percentage awarded may vary.

APPENDIX D – NNDR DISCRETIONARY RELIEF & COUNCIL TAX SUPPORT

1.3.3 Option 3

1.3.3.1 *Criteria*

- Rateable value of £51k or less to receive 50% of the funding increasing by increments of 10% each year
- Rateable value between £51k and £100k to receive 50% of the funding reducing by increments of 10% each year

	2017/18	2018/19	2019/20	2020/21
Grant amount	1,427,894	693,549	285,579	40,797
RV £51k or less	50%	60%	70%	80%
RV between £51k and £100k	50%	40%	30%	20%
Total	100%	100%	100%	100%
RV £51k or less	713,947	416,129	199,905	32,638
RV between £51k and £100k	713,947	277,420	85,674	8,159
Total	1,427,894	693,549	285,579	40,797

- Excluding empty properties
- Properties facing an increase of more than 12.5% in their bill before any reliefs and discounts applied and a net increase in their bill after reliefs and discounts when compared to the previous year
- Less than €200,000 State Aid in the current & previous 2 financial years
- Retaining a buffer of 5%

1.3.3.2 *Allocation*

- Any businesses meeting the above criteria would receive a discount towards the increase in their bill, the percentage discount that would be offered to businesses under this option are presented in the tables below.
- RV £51k or less:

	2017/18	2018/19	2019/20	2020/21
Grant amount	713,947	416,129	199,905	32,638
Amount Allocated	677,918	394,480	187,970	30,749
Buffer	36,029	21,649	11,935	1,889
% discount	62.20%	16.50%	5.40%	0.70%
No. of properties	1,704	1,600	1,666	1,735

*percentages quoted above are based on latest information available as at the end of May 2017, actual percentage awarded may vary.

APPENDIX D – NNDR DISCRETIONARY RELIEF & COUNCIL TAX SUPPORT

- RV between £51k and £100k:

	2017/18	2018/19	2019/20	2020/21
Grant amount	713,947	277,420	85,674	12,239
Amount Allocated	677,905	262,427	80,386	9,297
Buffer	36,042	14,993	5,288	2,942
% discount	68.30%	13.70%	3.10%	0.30%
No. of properties	257	263	270	276

*percentages quoted above are based on latest information available as at the end of May 2017, actual percentage awarded may vary.

1.3.4 Option 4

1.3.4.1 *Criteria*

- Rateable value of £51k or less to receive 70% of the funding
- Rateable value between £51k and £200k to receive 30% of the funding

	2017/18	2018/19	2019/20	2020/21
Grant amount	1,427,894	693,549	285,579	40,797
RV £51k or less	70%	70%	70%	70%
RV between £51k and £200k	30%	30%	30%	30%
Total	100%	100%	100%	100%
RV £51k or less	999,526	485,484	199,905	28,558
RV between £51k and £200k	428,368	208,065	85,674	12,239
Total	1,427,894	693,549	285,579	40,797

- Excluding empty properties
- Properties facing an increase of more than 12.5% in their bill before any reliefs and discounts applied and a net increase in their bill after reliefs and discounts when compared to the previous year
- Less than €200,000 State Aid in the current & previous 2 financial years
- Retaining a buffer of 5%

APPENDIX D – NNDR DISCRETIONARY RELIEF & COUNCIL TAX SUPPORT

1.3.4.2 Allocation

- Any businesses meeting the above criteria would receive a discount towards the increase in their bill, the percentage discount that would be offered to businesses under this option are presented in the tables below:
- RV £51k or less:

	2017/18	2018/19	2019/20	2020/21
Grant amount	999,526	485,484	199,905	28,558
Amount Allocated	949,303	459,031	187,970	26,356
Buffer	50,223	26,453	11,935	2,202
% discount	87.10%	19.20%	5.40%	0.60%
No. of properties	1,704	1,600	1,666	1,735

*percentages quoted above are based on latest information available as at the end of May 2017, actual percentage awarded may vary.

- RV between £51k and £200k:

	2017/18	2018/19	2019/20	2020/21
Grant amount	428,368	208,065	85,674	12,239
Amount Allocated	405,717	192,507	76,181	10,883
Buffer	22,651	15,558	9,493	1,356
% discount	11.30%	3.40%	1.10%	0.14%
No. of properties	422	433	444	458

*percentages quoted above are based on latest information available as at the end of May 2017, actual percentage awarded may vary.

1.4 Key Considerations

- 1.4.1 A number of assumptions have been made in calculating the impact of both options as some details are only confirmed by central government each year (business rates multiplier, small business threshold) are other details change year on year (rateable value of properties, occupation status). Therefore the allocation criteria will need to be reviewed on an annual basis.
- 1.4.2 A 5% buffer has been set aside to allow for any late changes to the rating list that may affect the amount awarded to individual businesses, this will allow for the fluid nature of business rates to ensure the relief scheme does not exceed the grant level. The grant will be allocated during each year in full.
- 1.4.3 The minimum discount to be awarded to businesses will be set at £50 to avoid unnecessary administration costs.

APPENDIX D – NNDR DISCRETIONARY RELIEF & COUNCIL TAX SUPPORT

1.5 Conclusions and Recommendations

- 1.5.1 Option 1 would allow the Council to provide support to over 2,000 businesses in each year and is line with government recommendations.
- 1.5.2 Option 2 would allow the Council to provide support to over 1,900 businesses and is aimed at smaller businesses.
- 1.5.3 Option 3 would allow the Council to provide support to over 2,000 businesses, with the majority of the grant being allocated to smaller businesses.
- 1.5.4 Option 4 would allow the Council to provide support to over 2,000 businesses, with the majority of the available funding being allocated to smaller businesses, whilst still providing support to all businesses with a rateable value up to £200k.
- 1.5.5 It is recommended that option 4 along with an automatic allocation method is adopted as this would ensure that the Council provides support to as many businesses as possible as well as ensuring that administration costs are kept to a minimum, whilst also complying with government recommendations.

APPENDIX D – NNDR DISCRETIONARY RELIEF & COUNCIL TAX SUPPORT

2 Council Tax Support Options

2.1 Background

- 2.2 The Welfare Reform Act 2012 abolished the Council Tax Benefits system (CTB) and replaced it with the Local Council Tax Support Scheme (LCTSS) under the Local Government Finance Act.
- 2.3 Under the new arrangements, which came into effect from April 2013, local authorities became responsible for implementing a Council Tax Support scheme but only received 90% of the funding previously used for the CTB scheme. This funding was distributed through the Revenue Support Grant which has been diminishing over the years and is expected to be completely removed by 2020. Funding to support the scheme has, and will continue, to fall upon a combination of service reductions and increases to Council Tax.
- 2.4 On a national level, 20% to 30% is the most common minimum payment charged to claimants, with 140 councils choosing this level in April 2017, six more than the previous year and up from 86 in April 2013. The average minimum payment charged across London is 16%.
- 2.5 Hounslow took the decision to charge council tax to all working age claimants and to limit entitlement to CTS to 91.5% of their council tax liability, resulting in a minimum payment of 8.5%.

2.6 Options

Minimum Payment	Current scheme cost 2017/18 (projection)	2018/19 (estimated cost)	Change
	£m	£m	£m
8.5%	17.1	17.4	+0.3
0%	17.1	19.1	+2.0
16% (London average)	17.1	16.1	-1.0
20% (most common across nation)	17.1	15.3	-1.8

2.7 Consultation

- 2.8 A consultation on the 2018/19 scheme was carried out during January to March 2017. The consultation was made available on the Council website as well as being emailed to over 36,000 households.
- 2.9 3,000 responses were received in total, with the general consensus from respondents being that the level of support offered should either be lowered or remain the same.

2.10 Conclusion

- 2.11 For 2018/19 it has been proposed that the limit should be increased to 100%, which represents a minimum payment of 0%. This has been factored into the MTFS projections and is anticipated to cost in the region of £2m per annum.

APPENDIX D – NNDR DISCRETIONARY RELIEF & COUNCIL TAX SUPPORT

- 2.12 There is a statutory requirement to approve the Local Council Tax Support Scheme (LCTSS) by Council before 31st January each year.

3 Other Council Tax Changes

3.1 Reimbursement for Foster Carers

- 3.2 The Council is struggling to recruit in-house foster carers, with many carers opting to work for Independent Fostering Agencies (IFAs). The cost of an IFA placement is estimated to be £20k per annum more expensive than an in-house placement.
- 3.3 Offering Council Tax relief as an incentive would be a good way of retaining in-house foster carers as well as containing costs. Council Tax exemption is an alternative option, however this is not favoured as it is difficult and time consuming to administer.
- 3.4 Other points to consider would be whether the Council should reimburse foster carers who live in Hounslow but look after children from other authorities and foster carers who live outside of Hounslow but look after children from LBH. If we do not offer reimbursement to them they may feel that they are being treated unfairly, whereas offering them reimbursement may incentivise them to look after children from LBH rather than children from other authorities.
- 3.5 Therefore it is proposed that all foster carers receive re-imburement of Council Tax based on the amount that they have paid and the number of days of child care provided. The scheme is estimated to cost £130k and will be funded from the Fostering Team budget.

3.6 Reimbursement for Care Leavers

- 3.7 Care leavers are often suddenly living independently at the age of 18 and are face having to pay bills such as rent, utilities and Council Tax for the first time in their lives and are often unable to cope. Therefore it is proposed that the Council should offer Council Tax relief to care leavers until the age of 25 so that they have one less thing to worry about.
- 3.8 The service estimates that there are 132 care leavers in Hounslow between 18 and 25 years of age. However, the vast majority are not liable for council tax because they live in a house of multiple occupation or are not in employment and so would not be affected by the scheme. The cost of this scheme is estimated to be in the region of £5k per annum.