

Taunton Deane Borough Council

Council – 25 February 2014

Flooding response for the Levels – Council Tax and National Non Domestic Rates

Report of the Assistant Director - Resources

(This matter is the responsibility of the Leader of the Council, Councillor John Williams)

1 Executive Summary

This report is requesting an update to the Council's discretionary tax relief policies in respect of villages in Taunton Deane that have been most affected by the recent flooding: Saltmore, Burrowbridge, Stathe, North Curry, Stoke St Gregory, Curload, Knapp and Ruishton.

Statutory reliefs are being applied for households that have had to evacuate their properties due to flooding. The proposal is to allocate a sum of up to £40,000 to provide support for council tax bills for residents that have been flooded by remain living upstairs, or those left stranded in the flooded areas where their properties may not be flooded but are inaccessible through the normal road infrastructure. The Council will be requesting a financial contribution from the major preceptors in the area, towards the cost of council tax relief.

On the 12 February 2014 the Prime Minister announced that 100% business rates relief for three months would be given to businesses affected by the flooding. Full guidance has not been issued yet but it is assumed that any lost income will be reimbursed by Central Government Grant.

2 Background

- 2.1 The purpose of this report is to request that Council agree Taunton Deane Borough Council's response to the flooding on the levels in relation to Council Tax and Business Rates.
- 2.2 This report sets out what help the Council can provide to those residents in areas significantly affected by severe flooding, that have been flooded since late December/ early January and who pay Council Tax, Business Rates or both and are affected by the recent flooding.
- 2.3 Flooding on the levels has affected three of the Somerset Districts. Taunton Deane Borough Council, Sedgemoor District Council, and South Somerset District Council have been working together to take a consistent and fair approach in providing support to Council Tax payers in the affected villages. The villages in Taunton Deane that have been

most affected by the recent flooding are Saltmore, Burrowbridge, Stathe, North Curry, Stoke St Gregory, Curload, Knapp and Ruishton. This is a distressing time for those residents who have been forced to leave their homes or have chosen to remain in a flooded property. The impact of the floods applies to businesses as well as people's homes. Unless already exempt there will be a liability to pay Council Tax, or Business Rates, or in the case of a mixed hereditament possibly both. There are already some discounts or exemptions that can be applied but these do not cover all situations arising from the current flooding.

- 2.4 The proposals would apply a policy extension to two policies already agreed by Taunton Deane members:
- Section 13a (1)(c) Reductions Procedures
 - Business Rates Discretionary Relief Policy effective from 2014 and the previous policy from 2008 up to 31 March 2014

3 Council Tax

- 3.1 Centrally prescribed Council Tax and Business Rate reliefs do not offer any specific support for victims of flooding. However, where a property has been left uninhabitable and the residents have vacated the property the local "Class D" discount (previously "Class A"), already in place, can be awarded for a period of up to 52 weeks. This has been applied automatically where the Council has been notified or been given evidence that this has happened, and would end when the property is reoccupied. So far 10 properties have been classified as uninhabitable and the discount applied (this could increase). This cost is borne by all of the major precepting authorities.
- 3.2 Authorities can provide a "local discount" under exceptional circumstances such as flooding under Section 13A of the Local Government Finance Act 1992 as amended and empowers a billing authority as follows:-
- 1) Where a person is liable to pay Council Tax in respect of any chargeable dwelling and any day, the billing authority for the area in which the dwelling is situated may reduce the amount which he is liable to pay as respects the dwelling and the day to such extent as it thinks fit;
 - 2) The power under subsection (1) above includes power to reduce and amount to nil;
 - 3) The power under subsection (1) may be exercised in relation to particular cases by determining a class of case in which liability is to be reduced to an extent provided by the determination.
- 3.3 The Council has the right to choose whether to use this power on a case by case basis or it also has the right to specify a class of use. A class of use is where several people who pay Council Tax fall into a group because their circumstances are similar e.g. Council Tax payers who have been affected by flooding. Members are requested to

consider 100% discount for six months for a “class of property” in this case residents of Saltmore, Burrowbridge, Stathe, North Curry, Stoke St Gregory, Curload, Knapp and Ruishton whose homes were flooded at the end of December/ early January.

- 3.4 The billing authority awarding the discount (in this case TDBC) must fund the cost of that discount. This means that the other precepting authorities wishing to support this initiative would need to make a direct financial contribution to TDBC to support this otherwise the whole cost would be borne by TDBC. Normally residents would apply to the local authority setting out the individual circumstances for each property but in this case there is sufficient evidence to apply the discount without this requirement to approximately 15 homes within these specific villages. The discount proposed in this report would apply where the property was or still is flooded since late December/ early January and the resident has decided to remain in the property (living upstairs). We do not know how long the flooding will continue for or how long the clear up will take. At this time the period of award proposed is 100% for a period of up to approximately six months from 23 December 2013 (or date first flooded) to 30 June 2014. If members agree these proposals we will write to the individuals letting them know of the decision with revised bills being sent out in early April.
- 3.5 In addition it is proposed that if a household is inaccessible due to flooding of the surrounding area and road infrastructure, such that the occupants are fully cut off and stranded in their homes (e.g. receiving supplies by other means of transport other than cars/motorbikes/vans and lorries) will receive 100% relief via section 13a for a maximum of 3 months. It is estimated this could range from an estimated 20 properties.
- 3.6 It would be appropriate to possibly discount other properties on the Levels or other severely flooded areas depending on their individual circumstances but these would need to be based on individual requests. This would be based on a short application form and it is recommended that the Assistant Director – Resources in consultation with the Portfolio Holder – Corporate Resources and Health & Wellbeing is delegated authority to award up to 100% discount for up to 6 months. The delegation will cease on the 30 June 2014.
- 3.7 It is not proposed to apply a discount to any residents who’s home has not been flooded but may have been inconvenienced by the floods e.g. for travel to and from work.

4 Business Rates

- 4.1 On the 12 February 2014 the Prime Minister announced that 100% relief for three months would be given to businesses affected by the flooding. Full guidance has not been issued yet but any lost income will be reimbursed by Central Government Grant.
- 4.2 The time limit of three months may not be enough time for some

businesses to re-occupy so there may be a mix of assistance given with options that we already had available.

4.3 Statutory reductions will be applied before any discretionary relief or new 3 months flood relief announced (it is unlikely that the flood relief will be overridden by statutory reliefs).

- Empty rate relief - where businesses have vacated due to the floods we are able to give up to 3 months 100% relief, or 6 months for industrial units.
- Hardship - where the income of a business has suffered as a result of the flooding they are able to apply under the Council's hardship policy.

4.4 Note - Agricultural Land and Building - These are generally exempt from Business Rates and do not appear in the rating list (with a few exceptions).

4.5 The following advice has been issued by the Valuation Office Agency:

"Flooding in England and Wales, and its impact on business rates

If your premises have been damaged by severe flooding, you may be entitled to a temporary reduction in your rateable value. This will reduce the amount of tax you pay while you get your property back in business.

The VOA is working to identify and assess business property that has been damaged in areas hit by severe flooding, to ensure that those affected are not paying tax on a property that cannot be used.

Call us on 03000 501 501 (England) or 03000 505 505 (Wales) to discuss the details. Each case will need to be considered on its own merits".

4.6 They have also advised Local Authorities that if they are aware of affected properties to refer them direct rather than signpost the ratepayer to the Valuation Office.

4.7 The Revenues Team will work to identify affected premises and refer them to the Valuation Office.

5 Finance Comments

5.1 Further work is currently being done to ensure those residents that have been affected are being identified to enable the Council to apply the discount. It is estimated from current data that the discretionary discounts will cost approximately £17k-£20k. However, we need to ensure that all properties eligible have been identified and it is recommended that members allocate up to £40,000 from General Reserves (this should be offset by projected underspend in the current financial year, which would transfer to General Reserves at the year

end). If the other major precepting authorities agree to contribute, the Council's cost will reduce to approximately £4,500 and those contributions can be returned to Reserves.

5.2 Members will note that it is fully expected that Somerset County Council specifically will fund their element of the discount amounting to approximately £29,000 having already made a public announcement of support for and commitment to the initiative on the 12th and 13th of February.

5.3 The cost of statutory reliefs will be shared through the Collection Fund Surplus/Deficit allocations. Data is still being collected and analysed at the time of issuing this report, but it is reasonable to estimate the total cost could be in the region of £50k-£70k. The TDBC share of this would be in the region of £5k-£7k.

6 Legal Comments

6.1 None for the purposes of this report.

7 Links to Corporate Aims

7.1 This proposal is in response to the emergency situation in respect of severe flooding, and therefore fits with our Civil Contingencies priority.

8 Environmental and Community Safety Implications

8.1 None associated with this report.

9 Equalities Impact

9.1 None associated with this report.

10 Risk Management

10.1 None for the purposes of this report.

11 Partnership Implications

11.1 The Council has been working with colleagues in Sedgemoor and South Somerset District Councils with a view to providing a similar level of financial support through tax reliefs, for those communities most affected by the severe flooding.

12 Recommendations

12.1 That the Council uses its discretionary powers to introduce a once-off local Council Tax discount of 100% for up to 6 months for residents in Saltmore, Burrowbridge, Stathe, North Curry, Stoke St Gregory, Curload, Knapp and Ruishton, who have decided not to leave their flooded property using the award criteria set out in this report.

- 12.2 That up to £40,000 is allocated from General Reserves.
- 12.3 That consideration and allocation of discounts of up to 100% for up to 6 months, for other domestic properties in the severely flooded areas that have been flooded, are delegated to the Assistant Director – Resources in consultation with the Portfolio Holder – Corporate Resources and Health and Wellbeing for any applications received by the Council prior to 30th June 2014 only and a further report on the use of this delegated authority be provided to Council after it has expired.
- 12.4 Note the help that is available for Business Rates to assist businesses affected by the flooding.

Background Papers

None

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