

Chichester District Council

CABINET

10 October 2023

Council Tax Review of Locally Defined Discounts and Premiums

1. Contacts

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2. Recommendation

- 2.1. That the Council Tax Discounts and Premiums proposed in the Appendix to the agenda report be applied for the 2024-2025 financial year.

3. Background

- 3.1. The Local Government Finance Act (LGFA) 1992, as amended by the LGFA 2003 and LGFA 2012, requires the authority to set a taxbase between 1 December 2023 and 31 January 2024. The 2024-2025 tax base report will be prepared for Cabinet's consideration on 5 December 2023.
- 3.2. The level of locally defined discounts and empty homes premium impacts on the calculation of the taxbase.
- 3.3. The Local Government Finance Act 2003 provided devolved powers for billing authorities to make decisions on the level of council tax discount which can be applied to certain dwellings. These dwellings must be placed in a prescribed class.
- 3.4. The current prescribed classes are shown below.

Prescribed class A	Not a main residence, which is furnished, and occupancy is restricted by a planning condition.
Prescribed class B	Not a main residence but remains furnished.
Prescribed class C	Unoccupied and unfurnished. (Vacant)
Prescribed class D	Requires or is undergoing major repair works or is underdoing structural alteration.

- 3.5. Billing authorities have the power to increase the amount of council tax charged on properties which have been unoccupied and substantially unfurnished for over 2 years. This is known as the 'empty home premium'.

- 3.6. At the November 2017 budget, the Chancellor announced the government's intention to legislate to increase the maximum level of empty home premium billing authorities could charge. The Rating (Property in Common Occupation) and Council Tax (Empty Dwelling) Act 2018 brought in this power with effect from the 2019-20 financial year. The maximum charges are set out below:

Maximum level of Premium		Length of time a property must be empty	Effective date Premium can be charged from.
100%		2 - 5 years	1.4.2019
200%		5 - 10 years	1.4.2020
300%		More than 10 years	1.4.2021

- 3.7. At its meeting on 4 October 2022 the Cabinet resolved that for 2023-2024 financial year a 100% premium shall apply for properties that have been unfurnished and unoccupied for more than two years but less than 5 years, a 200% premium shall apply for properties empty for over 5 years, but less than 10 years and a 300% premium shall apply for properties empty for over 10 years.
- 3.8. The Levelling Up and Regeneration Bill which is currently being considered by parliament contains a provision to amend the definition of 'long term empty homes' so that, for financial years from 2024-25 onwards, homes that are unoccupied and substantially unfurnished for a continuous period of at least one year, will be subject the premium.
- 3.9. The Levelling Up and Regeneration Bill will also contain a provision for councils to charge a second home premium of up to 100%, from the financial year 2025-26 onwards. There is currently a requirement within the bill for councils that wish to charge this premium that the decision to do so is taken at least 12 months before the relevant financial year. Therefore, should the Council wish to charge a second home premium from 1 April 2025 a decision by Cabinet will need to be made by no later than 31 March 2024.
- 3.10. However, the government also have recognised that there will be circumstances where it would not be appropriate for the premium to apply. The government intends to legislate to create 'exceptions' to the premium where it may not be appropriate for a premium to be applied. Consultation to seek views on potential exceptions took place between 6 July 2023 and 31 August 2023.
- 3.11. Once further guidance has been received from government and The Levelling Up and Regeneration Bill has received Royal Assent, a further report will be taken to Cabinet for consideration concerning the level of premiums for the financial year 2025-2026. In accordance with paragraph 3.9 this will be before 31 March 2024 (assuming the Bill is passed). As a consequence, and due to the timing for the calculation of the 2024-2025 taxbase there are no proposals within this report to charge the empty homes premium after 12 months for the financial year 2024-2025.

4. Outcomes to be achieved

- 4.1. The approval of the recommendations in this report will provide certainty in respect of the locally defined discounts and empty homes premium when preparing the council tax base for the 2024-2025 financial year.

5. Proposal

- 5.1. To continue to encourage owners to bring their properties back into use as soon as possible with the empty homes premium for properties that have been empty for between 2 and 5 years be set at 100% for the 2024-2025 financial year.
- 5.2. To continue to encourage owners to bring their properties back into use, the empty homes premium for properties that have been empty for more than 5 years but less than 10 years be set at 200% for the 2024-2025 financial year.
- 5.3. To continue to encourage owners to bring their properties back into use, the empty homes premium for properties that have been empty for more than 10 years be set at 300% for the 2024-2025 financial year.
- 5.4. That the locally defined discounts proposed in appendix 1, be applied for the 2024-2025 financial year. It is proposed not to change the level of any local discounts.

6. Alternatives that have been considered

- 6.1. To reduce the empty homes premium to 100% for all properties over 2 years. This option would not encourage current owners of properties that have been empty for over 5 years to bring their property back into use. There would also be a cost to this in terms of revenue lost to the council and the precepting authorities.
- 6.2. Reduce the empty homes premium to between 0% and 99%. This option does not encourage owners to bring their empty homes back into use. There would also be a cost to this in terms of revenue lost to the council and the precepting authorities.

7. Resource and legal implications

- 7.1. Finance: Maintaining the empty homes premium at current levels will continue to generate additional Council Tax income of £23k for Chichester District Council.
- 7.2. Maintaining the current levels of empty homes premium will cause no additional resource or legal implications.

8. Consultation

- 8.1. No specific consultation has been undertaken on the proposals in this report.
- 8.2. The Director of Housing and Communities and the Cabinet member for Housing, Revenues and Benefits have been consulted on the level of discounts and premium for the 2024-2025 financial year and they are happy with the proposals.

9. Community impact and corporate risks

- 9.1. Since April 2013 there has been a reduction in tax base resulting from implementation of the local council tax reduction scheme. The income generated from locally defined discounts has helped to off-set this loss.

10. Other Implications

	Yes	No
Crime and Disorder		X
Climate Change and Biodiversity		X
Human Rights and Equality Impact		X
Safeguarding and Early Help		X
General Data Protection Regulations (GDPR)		X
Health and Wellbeing		X
Other (please specify)		X

11. Appendices

- 11.1 Summary of locally defined discounts and premium.

12. Background papers

- 12.1. None