

Chichester District Council

THE CABINET

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Council Tax Review of Locally Defined Discounts and Premia

1. Contacts

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2. Recommendation

- 2.1 That the council tax discounts proposed in the appendix to the agenda report be applied for the 2019-2020 financial year.
- 2.2 Provided that the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill 2017-2019 is passed, that the council tax empty homes premium be set at 100% for the 2019-2020 financial year.

3. Background

- 3.1. The Local Government Finance Act 1992, as amended by the LGFA 2003 and LGFA 2012, requires the authority to set a taxbase between the 1 December 2018 and 31 January 2019. The 2019-2020 taxbase report will be prepared for the Cabinet's consideration on 4 December 2018.
- 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 furnished.
Prescribed class C	Unoccupied and unfurnished.
Prescribed class D	Requires or is undergoing major repair works or is undergoing structural alteration.

- 3.5. The Local Government Finance Act 2012 gave billing authorities the power to impose an empty homes premium on properties that have been empty for more than two years. At its meeting on 5 December 2017 the Cabinet resolved that for the 2018-2019 financial year a 50% premium shall apply for properties that have been unfurnished and unoccupied for more than two years.
- 3.6. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill 2017-2019 is currently being progressed through Parliament. Following the end of the summer recess it is anticipated this will be concluded shortly, final amendments were made to the Bill during the third hearing on 18 July 2018 and is due to go to the Commons for consideration of Lords' amendments (date not yet available).
- 3.7. This bill proposes to increase the empty homes premium from a maximum of 50% to 100% for the financial year 2019-2020.

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 taxbase for the 2019-2020 financial year, and certainty for the relevant taxpayers.

5. Proposal

- 5.1. To encourage owners to bring their properties back into use as soon as possible, the empty homes premium be set at 100% for 2019-2020 financial year.
- 5.2. That the locally defined discounts proposed in appendix 1 be applied for the 2019-2020 financial year. It is proposed not to change the level of any discounts.

6. Alternatives Considered

- 6.1. To continue with the empty homes premium at 50%. This option would not encourage current owners who are paying the empty homes premium to bring their property back into use. There would 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 0%. This option does not encourage owners whose properties have been vacant for two years or more to bring them 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. Estimate of the revenue generated per annum from prescribed classes with a zero discount are;

Class	Estimated tax revenue (per annum)	Chichester District Council's share (per annum)	West Sussex County Council's share (per annum)
Prescribed class A and B second homes – zero discount	£6m	£568K	£4.8m
Prescribed class C unoccupied and substantially unfurnished properties – zero discount	£1m	£99k	£840k
Prescribed class D properties in need of or undergoing major repair – zero discount	Nil	Nil	Nil
Empty Homes premium (properties that have been vacant for more than 2 years)- 50%	£76k	£7k	£61k

8. Consultation

- 8.1 A consultation has not been carried out this year because no further changes to council tax discounts have been proposed and the legislation to change the maximum level of empty homes premium has not been finalised by the government.
- 8.2 The Director of Residents Services has been consulted on the suggestions for 2019-2020 and is happy with the proposals.
- 8.3 A review of council tax discounts and empty homes premium was considered by the Overview and Scrutiny Committee on 18 September 2018.

9. Community Impact and Corporate Risks

- 9.1. Since April 2013 there has been a reduction in taxbase resulting from the 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		No
Climate Change		No
Human Rights and Equality Impact		No
Safeguarding		No

11. Appendices

- 11.1. Summary of locally defined discounts and premia.

12. Background Papers

None