

Summary of proposals for local discounts

- 1.1. **Local discounts:** The Local Government Finance Act 2003 (2003 Act) provided devolved powers for billing authorities to make decisions on council tax discounts for certain dwellings based on local circumstances such as second homes and long term empty dwellings. Additional freedoms have been added by the Local Government Finance Act 2012 (2012 Act): extending the range of discounts that can be awarded to second homes, allowing for an 'empty home premium', and allowing charging up to 100% Council Tax for some properties that were previously exempt. It is recommended that some of these additional freedoms to raise the level of Council Tax on some properties are used in order to meet the additional cost of the local Council Tax Reduction Scheme.
- 1.2. The 2003 Act provided for three "prescribed classes" (A, B and C) of dwelling for which billing authorities may vary the discount awarded. The 2012 regulations expanded the range of discounts which may be given to these prescribed classes.
- 1.3. Prescribed classes A and B relate to unoccupied, furnished properties, i.e. second homes. Between 2004/5, when the 2003 regulations came into force, and 2012/13, the Council set the discount for second homes at the minimum permissible i.e. 10%. The discount was reduced to nil for 2013/14. At its meeting on 6 October 2015 Cabinet resolved to set the discount to nil for 2016/17 as the Council does not accept that there is a valid reason for treating second homes more favourably than first homes.
- 1.4. Prescribed class C relates to unfurnished properties, which have been unoccupied for more than six months for which the discount may be between 50% and nil. Since 2004/5 the Council has set the discount for these long term empty properties at nil and it is proposed to continue this. The old Class C exemption included vacant (unoccupied and substantially unfurnished) properties up to a maximum of 6 months which now fall into Prescribed class C and at its meeting on 6 October 2015 the Cabinet resolved that for the 2016/17 financial year a zero discount shall apply for unoccupied and unfurnished properties. It is therefore proposed to set a discount of nil for the 2016/17 financial year, meaning full Council Tax will be payable, in order that owners are encouraged to bring their homes back into full occupancy as swiftly as possible.
- 1.5. In addition to these local discounts, the 2012 Act gave Councils the power to impose an Empty Homes Premium on properties that have been vacant for more than 2 years. At its meeting on 3 June 2014 the Cabinet resolved that for the 2014/15 financial year the Empty Homes Premium should be levied on all eligible properties that had remained vacant for two years or more. Cabinet resolved to continue to charge a premium of 50% for the financial year 2016/17 at its meeting on 6 October 2015. Bringing empty properties back into use forms part of the Council's 2013-18 Housing

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Strategy and the extra cost of an Empty Homes Premium may encourage owners of long term empty properties to bring them back into use.

- 1.6. A local discount of between nil and 100% replaced Class A exemptions, from 1 April 2013. The old Class A exemption lasted for a maximum period of 12 months, included properties in need of or undergoing major repair to render them habitable or which were undergoing structural alterations, or less than six months had elapsed since the completion of such works. At its meeting on 6 October 2015 Cabinet resolved to set this 100% local discount for the 2016/17 financial year in order that owners are not discouraged from refurbishing properties in need of repair.
- 1.7. Section 13A(1) of the Local Government Finance Act 1992, as amended by the 2012 Act, allows the Council to set a class of person who will have their council tax reduced. It is not recommended that any such classes should be set.