

# 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 Prescribed Class D locally defined discount be set at zero % for the 2017-2018 financial year.**
- 2.2 **That the council tax discounts proposed in appendix 1 be applied for the 2017-2018 financial year.**

### 3. Background

- 3.1. On 6 October 2015 the Cabinet resolved that a review of the locally defined discounts, in particular Prescribed Class D should be undertaken in preparation for the 2017/18 taxbase setting. Prescribed Class D is defined as properties in need of or undergoing major repair to render them habitable or which were undergoing structural alterations, or less than six months has elapsed since the completion of such works. The Cabinet considered the locally defined discounts on 12 July 2016 and went on to resolve that the Head of Finance and Governance Services be authorised, following consultation with the Cabinet Member for Finance and Governance, to consult on the changes to the Prescribed Class D discount for 2017/18.
- 3.2. A consultation with stakeholders and the public on the proposed changes to the Prescribed Class D discount was carried out during August and September 2016.
- 3.3. Decisions of this nature have a direct impact on the taxbase calculation for the year in question.
- 3.4. The Local Government Finance Act 1992, as amended by the LGFA 2003 and LGFA 2012, requires the authority to calculate the council taxbase for forthcoming year and pass this information by 31 January to precepting authorities. The taxbase must be set between the 1 December 2016 and 31 January 2017. The 2017/18 taxbase report will be prepared for Cabinet's consideration on 6 December 2016.

#### 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 when preparing the council taxbase for the 2017/18 financial year, and certainty for the relevant taxpayers.

#### 5. Proposal

- 5.1. That following the consultation and in order to encourage owners to bring their properties back into use as soon as possible the discount for Prescribed class D be set at zero%.
- 5.2. That the locally defined discounts proposed in appendix 1 be applied for the 2017/18 financial year.

#### 6. Alternatives Considered

- 6.1. To do nothing and continue with the Prescribed Class D discount at 100%. The majority of respondents to the consultation 59.6% either strongly agreed or agreed that the Council should reduce the discount for properties in need of or undergoing structural repair. Additionally offering a discount of 100% does not encourage owners to bring properties back into the available housing stock as quickly as possible.
- 6.2. To vary the discount for the 2017/18 financial year. There are in the region of 56,400 properties in the district and at any one time there are approximately 75 Prescribed Class D awards. A substantial number of recipients benefit from this discount because they are undertaking structural alterations to their property, therefore this proposal would only assist a minority of taxpayers but the financial burden remains on the Council and the precepting authorities. The remainder of the discounts are awarded where the property is undergoing major repair to render it habitable. Whilst a discount would be a financial incentive to this group of owners, awarding a discount would not encourage them to bring their properties back into the available housing stock as quickly as possible.

#### 7. Resource and Legal Implications

- 7.1. An estimate of the financial cost of providing a discount for 2017/18 is detailed below:

	Total Cost	Cost to CDC	Cost to WSCC *
100% Discount	£197,883	£18,542	£153,636
75% Discount	£148,412	£13,906	£115,227
50% Discount	£98,942	£9,271	£76,818
25% Discount	£49,471	£4,635	£38,409

\*The balance of the cost is funded by Sussex Police and Crime Commissioner's and the parish council's share.

## 8. Consultation

8.1. Consultations on the proposals to change locally defined discounts have been carried out as follows;

- Second and empty homes was carried out during August and September 2012 and the results of this were reported to members in October of that year
- Empty homes premium was carried out between August and September 2014 and the results were reported to Cabinet in December 2014
- Prescribed Class D (properties in need of or undergoing major repair to render them habitable or which were undergoing structural alterations, or less than six months has elapsed since the completion of such works) was carried out in August and September of 2016. There was a mixed response to the consultation with no major conclusions. The analysis report has been included as an appendix to this report.
- In response to the question should the discount be varied for the 2017/18 financial year 33.3% of respondents to the consultation, think the discount should be removed completely, 29.2% said it should be reduced to 50%, 25% say it should be reduced to 75% and 12.5% say it should be reduced to 25%.

## 9. Community Impact and Corporate Risks

9.1. Since April 2013 we and the precepting authorities have seen a reduction in taxbase resulting from the implementation of the council tax reduction scheme. The income generated from locally defined has helped to off-set this loss.

## 10. Other Implications

	Yes	No
<b>Crime and Disorder</b>		No
<b>Climate Change</b>		No
<b>Human Rights and Equality Impact</b> has been completed and concluded that this proposal does not adversely impact on any of the protected groups.	Yes	
<b>Safeguarding</b>		No

## 11. Appendices

11.1. Appendix 1 Summary of locally defined discounts

11.2. Council Tax Reduction scheme survey 2017 consultation and analysis report is shown as appendix 2 to the Determination of the Council Tax Reduction scheme (previous item on this agenda).

## 12. Background Papers

None