

Taxbase 2017-18
Appendix 4

Summary of locally defined 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 and each subsequent year since then. At its meeting on 1 November 2016 Cabinet resolved to set the discount to nil for 2017/18 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 substantially unfurnished and unoccupied properties for which the discount may be between 50% and nil. Since 2004/5 the Council has set the discount for these 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. The Council has set the discount at nil for these empty properties since April 2013/14 and each subsequent year since then. On the 1 November 2016 the Cabinet resolved that for the 2017/18 financial year a zero discount should continue to apply for unoccupied and unfurnished properties, meaning that the full council tax will be payable, in order that owners are encouraged to bring their properties 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. This continued for the financial years 2015/16 & 2016/17. On the 1 November 2016 Cabinet resolved that for the 2017/18 financial year the

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Empty Homes Premium should continue to be levied on all eligible properties that had remained vacant for two years or more. Bringing empty properties back into use forms part of the Council's 2013-18 Housing 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 (Prescribed class D) of between nil and 100% replaced Class A exemptions, from 1 April 2013. Prescribed class D relates to properties in need of or undergoing major repair to render the property habitable or which were structural alterations, or less than six months has elapsed since the completion of such works. On the 1 November 2016 Cabinet resolved that for the 2017/18 financial year the discount for this type of property be set at zero %. This will encourage owners to bring properties back into the available housing stock as quickly as possible by refurbishing properties in need of major repair in a timely manner. In terms of structural alterations the Council does not accept that those property owners who are making this type of alteration should be treated more favourably than other property owners in the district.
- 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.