

COUNCIL TAX DISCOUNTS, EXEMPTIONS AND PREMIUMS

1. INTRODUCTION

- 1.1 The purpose of this report is to consider the recommendations of the Council Tax Reduction Task and Finish Group on Council Tax discounts and empty homes premium. The Group also reviewed an exemption from council tax for care leavers.
- 1.2 The effective date of any change would be 1 April 2020.

2. THE CURRENT COUNCIL TAX DISCOUNT AND PREMIUM

- 2.1 The Task and Finish Group met to review the current discretionary council tax policy regarding the discount for properties where there is a restriction preventing year-round occupation and the premium charged for properties which have been vacant (unoccupied and substantially unfurnished) for two years or more. These are summarised as follows:

Discount/ Premium	Conditions	Discretion available	Current discount or premium applied by NFDC	Quantity
Restricted occupation	Where there is a restriction preventing year-round occupation	Up to 100% discount	30%	76
Empty Homes Premium	Vacant for 2 years or more	Up to 100%	50%	129

3. DISCUSSION ON DISCOUNTS AND EXEMPTIONS BY TASK & FINISH GROUP

- 3.1 The Group discussed the above discounts.

- A **Restricted occupation.** Since 2005 this policy has only been applied to privately owned holiday chalets at Naish Estate where occupation of the property was restricted between 1 November and 1 March, except for weekends and public holidays, and the chalets are not to be used as someone's main residence.

The leases on all 76 chalets at Naish is due to end on 28 September 2020. All of the chalets will be removed from the site as the area is being redeveloped, with building work starting in the winter of 2020.

The Task and Finish Group discussed various options, including whether to end the 30% discount from April 2020 or until the leases expire in September 2020.

The Group recommend that as there will be no restriction to occupation between 1 April 2020 and the date their lease expires, to end the discount from 1 April 2020. If the recommendation is approved the Revenues Team will write to all the owners, at the earliest opportunity to give advance notice of the removal of the discount.

- B. Empty Homes Premium.** Since April 2013 local authorities had the discretion to charge a premium of 50% on top of the relevant council tax charge where a property has been unoccupied and substantially unfurnished for two years or more.

The government have stated that they “want to address the issue of empty properties. It can’t be right to leave a property empty when so many are desperate for a place to live”. Two years is considered sufficient time for home owners to sell, rent or complete any major renovations that might be required, and the premium seeks to incentivise owners to bring their properties back into use.

Under the Council Tax (Empty Dwellings) Bill 2018, from April 2019 local authorities have the discretion to charge up to 100% council tax premium on properties which have been empty for more than two years, thereby doubling the council tax on a property. All councils in Hampshire, either already charge a 100% premium or will be from April 2020.

The government has introduced additional changes so that:

- From April 2020, local authorities can charge up to 200% council tax premium on properties which have been empty for more than 5 years.
- From April 2021 local authorities can charge a premium of up to 300% on properties which have been empty for more than 10 years

There are certain exemptions in place for homes that are empty due to the occupant living in armed forces accommodation for job-related purposes, or to annexes being used as part of the main property. While not an exemption, guidance states that consideration should be given for properties which are genuinely for sale or available to rent, and that owners should not be penalised in cases of hardship. These decisions are made on a case by case basis.

The council approved a premium of 50% from April 2019 for properties that have been vacant and unfurnished for more than two years, with a view to increasing the premium to 100% from April 2020, to minimise the number of properties left empty for long periods.

Since April 2019 180 properties have had the premium applied. Of these, some have since become occupied, furnished, are undergoing major repairs or have changed ownership.

The Task and Finish Group discussed increasing the premium to 100% and introducing a further premium where a property has been vacant and unfurnished for more than five years. Currently, there are 39 properties which have been empty for more than 5 years.

The potential additional total income could be circa £110,000 of which £11,000 would come to NFDC. However, taxpayers affected could avoid the premium by furnishing the property so that the premium did not apply.

The Task and Finish Group recommend increasing the premium from 50% to 100% from 1 April 2020 where a property has been vacant and unfurnished for more than two years. The group also recommend introducing a premium of 150% from 1 April 2020 where a property has been vacant and unfurnished for more than five years. The Task

and Finish Group considered an incremental approach to the premium and if accepted, this will be reviewed in 2020 with a view to increasing the premium to 200% from 1 April 2021. The Group also recommend to review the Empty Homes Premium in 2020 for properties that have been vacant and unfurnished for more than 10 years (we currently have 14 of these).

If the recommendations are approved, all taxpayers who will be liable to the premiums from 1 April 2020 will be notified in writing as soon as practically possible. Information promoting our Private Sector Leasing scheme will again be included in the letter.

- C. Care Leavers.** In 2018 a Task and Finish Group discussed exempting Care Leavers from council tax and recommended not to introduce an exemption for care leavers. This was agreed by the Council. A Hampshire County Council Ofsted report in June 2019 highlighted an inconsistent approach to the exemption. The Task and Finish Group discussed this again so that the Council can demonstrate it has given the subject sufficient consideration.

Care Leavers are adults who have spent time in foster or residential care, or in other arrangements outside their immediate or extended family before the age of 18. From a report from The Children's Society, care leavers, when moving into independent accommodation, begin to manage their finances for the first time. Local Authorities have been encouraged to exempt care leavers from paying council tax up to the age of 21. This includes the Government's "Keep on caring" strategy.

The Council has no accurate information on how many council tax payers this would affect as there is no requirement to disclose this information. Hampshire County Council suggest that there are 23 young people within the district who are a care leaver, although there are no details about whether they are liable for council tax. We are aware of only four care leavers under the age of 21 receiving Housing Benefit, all of whom are renting a room in a property so are not liable for council tax.

Exemptions are permitted under S13A Local Government Finance Act 1992.

Some councils, mainly unitary, have introduced the exemption, but with variances, for example up to the age of 21, up to the age of 25 or up to 21 with discretion up to the age of 25 depending on their circumstances. However, this may lead to appeals and disputes as judgments would have to be made.

The Group was of the view that this exemption would have little or no impact and had the potential to open up further discussions on what other classes of cohorts deserved their own class of exemption from council tax.

The Group noted that if a care leaver's circumstances are such that paying council tax is difficult there is the Council Tax Reduction Scheme to support all vulnerable residents on a low income. The Exceptional Hardship Scheme is also available to provide further additional support if appropriate. These schemes are reviewed to ensure we continue to provide support to those who pay Council Tax and who are most in need.

The Group recommend that a local exemption class for care leavers is not introduced.

4. FINANCIAL IMPLICATIONS

4.1 The financial implications of each of the above are:

Restricted Occupation – The current discount is £354.85 for the year for each of the 76 chalets. If the discount ends from 1 April 2020, and would only be awarded until 30 September 2020, the additional income would be approximately £13,000, of which the council's share is 10%.

Empty Homes Premium – Increasing the premium to 100% and introducing a 150% premium for properties which have been vacant and unfurnished for more than 5 years could increase income by £110,000, of which the council's share is 10%.

5. PORTFOLIO HOLDER'S COMMENTS

5.1 TBC

6. CORPORATE OVERVIEW AND SCRUTINY PANEL'S COMMENT'S

6.1 TBC

7. RECOMMENDATIONS

7.1 That, insofar as it is entitled to do so by law, the discretionary discounts to and premiums on Council Tax as set out in options A to C as set out in paragraph 3 be approved.

7.2 To review, by Task and Finish Group, the Empty Homes Premium in 2020.

Background Information:

Minutes of Task & Finish Group

Further Information:

Members of Task & Finish Group:

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