



# Revenue and Benefit Service

## Council Tax – Local Discounts

28 June 2018

Partnership Joint Committee

## **1. PURPOSE OF THE REPORT**

1.1 To provide a briefing note with regard council tax local discounts

## **2. RECOMMENDATION**

2.1 To agree the way forward and next steps.

## **3. INTRODUCTION**

3.1 The Local Government Finance Act 1992 (LGFA 1992) (as amended) gives powers to enable billing authorities to reduce the amount of council tax liability, including reducing the amount to nil, for any individual taxpayer or group of taxpayers.

3.2 Section 11A of LGFA 2012 amends 11A of the LGFA 1992 and provides for the Council to determine its own discount for unoccupied and unfurnished property.

3.3 Section 12 of LGFA 2012 amends 11B of the LGFA 1992 and provides that the billing authority can charge council tax liability up to 150% for property that has been empty and substantially unfurnished for more than 2 years.

3.4 The government's intention is that local authorities will be given additional discretion to increase the premium to 100% from 1<sup>st</sup> April 2019.

## **4. BACKGROUND**

4.1 In April 2013 each Council introduced its own changes to discounts for Council Tax empty properties. At the same time included the introduction of a new local Council Tax Reduction Scheme that replaced the national council tax benefit schema.

4.2 Each authority has determined its own arrangements for its decision making regarding any changes made to council tax.

4.3 The changes to council tax empty properties for each council are outlined below.

### Hinckley & Bosworth Borough Council

- Removal of Second Home 10% discount
- Empty and unfurnished properties a reduction from 100% relief from 6 months to 1 month
- Properties undergoing major structural repairs discount reduced from 100% to 50% for a period of up to 12 months

### Harborough District Council

- Empty and unfurnished properties a reduction from 100% relief from 6 months to 1 month
- Properties undergoing major structural repairs discount reduced from 100% to 50% for a period of up to 12 months

### North West Leicestershire District Council

- Empty and unfurnished properties a reduction from 100% relief from 6 months to 1 month
- Properties undergoing major structural repairs discount reduced from 100% to 50% for a period of up to 12 months

4.4 In April 2018 Harborough District Council following consultation during 2017 introduced further changes in the treatment of empty properties. The prime objective was to encourage owners to release empty properties back into use.

### Council Tax Premium

Introduction of 50% premium for properties that had been continually empty for more than 730 days i.e. greater than 2 years

Currently there are 124 properties and this has realised an additional gross income of £107,000

### Second Homes

Removal of second home 10% discount

Currently there are 199 properties and this has realised an additional gross income of £18,000

### Properties under major structural repairs

Removal of 50% discount for properties that are undergoing structural repairs from 50% to 0%

Currently there are 26 properties and this has realised an additional gross income of £27,000

4.5 Below is the current situation with regard to council tax discounts for each council.

Council Tax Discounts			
	HBBC	HDC	NWLDC
Second Homes	0%	0%	10%
Long Term Empty 50% Premium	0%	50%	0%
Under Major Repairs (Up to 12 months)	50%	0%	50%
Empty One Month	100%	100%	100%

## 5. COUNCIL TAX ANALYSIS EMPTY PROPERTIES

5.1 The following detailed analysis has been extracted from Capita council tax modelling reports on 8<sup>th</sup> May 2018.

5.2 The average Band D council tax figure that has been used is from local tax base 2018/19 report for each council. See below for amounts used:

- Hinckley & Bosworth Borough Council      £1,594.34
- Harborough District Council                      £1,632.56
- North West Leicestershire District Council    £1,653.91

5.3 The gross income estimated income mentioned is included in the overall council local tax base and included in the net collectable debit before any deductions have been made for losses on collection. The major preceptors will receive an element of this as part of council tax setting

5.4 The information below is for Hinckley & Bosworth Borough Council. As mentioned in 3.2 above they removed the second home discount with effect from 1<sup>st</sup> April 2013 so analysis on this has been provided.

- Long term empty properties estimated potential gross income £103,721 – 50% Premium applied
- Uninhabitable undergoing major structural repairs estimated potential gross income £24,003

<b>Long Term Empty Properties</b>									
	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Numbers as at 8/5/18	65	35	23	19	8	0	5	1	156
Band Charge	£1,062.89	£1,240.04	£1,417.19	£1,594.34	£1,948.64	£2,302.94	£2,657.23	£3,188.68	
50% Premium	£34,543.93	£21,700.70	£16,297.69	£15,146.23	£7,794.56	£0.00	£6,643.08	£1,594.34	
<b>Gross additional revenue:</b>	<b>£34,543.93</b>	<b>£21,700.70</b>	<b>£16,297.69</b>	<b>£15,146.23</b>	<b>£7,794.56</b>	<b>£0.00</b>	<b>£6,643.08</b>	<b>£1,594.34</b>	<b>£103,720.52</b>
100% Premium	£34,543.93	£21,700.70	£16,297.69	£15,146.23	£7,794.56	£0.00	£6,643.08	£1,594.34	
<b>Potential Gross additional Income</b>	<b>£34,543.93</b>	<b>£21,700.70</b>	<b>£16,297.69</b>	<b>£15,146.23</b>	<b>£7,794.56</b>	<b>£0.00</b>	<b>£6,643.08</b>	<b>£1,594.34</b>	<b>£103,720.52</b>
<b>Uninhabitable/Major Works</b>									
	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Numbers as at 8/5/18	3	9	8	7	2	2	1	0	32
Band Charge	£1,062.89	£1,240.04	£1,417.19	£1,594.34	£1,948.64	£2,302.94	£2,657.23	£3,188.68	
50% Payable	£1,594.34	£5,580.18	£5,668.76	£5,580.19	£1,948.64	£2,302.94	£1,328.62	£0.00	
100% Payable	£3,188.67	£11,160.36	£11,337.52	£11,160.38	£3,897.28	£4,605.88	£2,657.23	£0.00	
<b>Gross additional revenue:</b>	<b>£1,594.34</b>	<b>£5,580.18</b>	<b>£5,668.76</b>	<b>£5,580.19</b>	<b>£1,948.64</b>	<b>£2,302.94</b>	<b>£1,328.62</b>	<b>£0.00</b>	<b>£24,003.66</b>

5.5 The information below is for North West Leicestershire District Council.

- Long term empty properties estimated potential gross income £118,806 – 50% premium applied
- Uninhabitable undergoing major structural repairs estimated potential gross income £24,902
- Second Home Discount estimated gross income £20,821

<b>Long Term Empty Properties</b>									
	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Numbers as at 8/5/18	102	32	24	10	5	3	3	2	181
Band Charge	£1,102.61	£1,286.37	£1,470.14	£1,653.91	£2,021.45	£2,388.98	£2,756.52	£3,307.82	
50% Premium	£56,233.11	£20,581.92	£17,641.68	£8,269.55	£5,053.63	£3,583.47	£4,134.78	£3,307.82	
<b>Potential gross additional revenue:</b>	<b>£56,233.11</b>	<b>£20,581.92</b>	<b>£17,641.68</b>	<b>£8,269.55</b>	<b>£5,053.63</b>	<b>£3,583.47</b>	<b>£4,134.78</b>	<b>£3,307.82</b>	<b>£118,805.96</b>
100% Premium	£56,233.11	£20,581.92	£17,641.68	£8,269.55	£5,053.63	£3,583.47	£4,134.78	£3,307.82	
<b>Potential gross additional revenue:</b>	<b>£56,233.11</b>	<b>£20,581.92</b>	<b>£17,641.68</b>	<b>£8,269.55</b>	<b>£5,053.63</b>	<b>£3,583.47</b>	<b>£4,134.78</b>	<b>£3,307.82</b>	<b>£118,805.96</b>
<b>Uninhabitable/Major Works</b>									
	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Numbers as at 8/5/18	3	9	8	7	2	2	1	0	32
Band Charge	£1,102.61	£1,286.37	£1,470.14	£1,653.91	£2,021.45	£2,388.98	£2,756.52	£3,307.82	
50% Payable	£1,653.92	£5,788.67	£5,880.56	£5,788.69	£2,021.45	£2,388.98	£1,378.26	£0.00	
100% Payable	£3,307.83	£11,577.33	£11,761.12	£11,577.37	£4,042.90	£4,777.96	£2,756.52	£0.00	
<b>Potential gross additional revenue:</b>	<b>£1,653.92</b>	<b>£5,788.67</b>	<b>£5,880.56</b>	<b>£5,788.69</b>	<b>£2,021.45</b>	<b>£2,388.98</b>	<b>£1,378.26</b>	<b>£0.00</b>	<b>£24,900.52</b>
<b>Second Home Discount</b>									
	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Numbers as at 8/5/18	45	47	30	16	7	1	4	0	150
Band Charge	£1,102.61	£1,286.37	£1,470.14	£1,653.91	£2,021.45	£2,388.98	£2,756.52	£3,307.82	
Loss of 10% discount	£4,961.75	£6,045.94	£4,410.42	£2,646.26	£1,415.02	£238.90	£1,102.61	£0.00	
<b>Potential gross additional revenue:</b>	<b>£4,961.75</b>	<b>£6,045.94</b>	<b>£4,410.42</b>	<b>£2,646.26</b>	<b>£1,415.02</b>	<b>£238.90</b>	<b>£1,102.61</b>	<b>£0.00</b>	<b>£20,820.88</b>

5.6 The information below is for Harborough District Council to illustrate council tax long term empty premium.

<b>Long Term Empty Properties</b>									
	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Numbers as at 8/5/18	29	28	24	11	18	6	8	0	124
Band Charge	£1,088.37	£1,269.77	£1,451.16	£1,632.56	£1,995.35	£2,358.14	£2,720.93	£3,265.12	
150% Charge applied	£15,781.37	£17,776.78	£17,413.92	£8,979.08	£17,958.15	£7,074.42	£10,883.72	£0.00	
100% Premium	£15,781.37	£71,107.12	£69,655.68	£35,916.32	£71,832.60	£28,297.68	£43,534.88	£0.00	
<b>Potential gross additional revenue:</b>	<b>£15,781.37</b>	<b>£17,776.78</b>	<b>£17,413.92</b>	<b>£8,979.08</b>	<b>£17,958.15</b>	<b>£7,074.42</b>	<b>£10,883.72</b>	<b>£0.00</b>	<b>£95,867.44</b>

## 6. COUNCIL TAX REMOVAL OF ONE MONTH EMPTY DISCOUNT

6.1 The three Councils could also consider that the one month discount is removed for empty properties. This discount commences as soon as the property becomes empty and the condition is that it was previously occupied beforehand..

6.2 The relief is granted to either the owner or tenant of the property and by removing this discount would remove the current issues with vacation dates especially for properties that are tenanted.

6.3 The software application does not have a unique relief code and uses the previous council tax class c exemption code and grants this for 6 months initially. If the property is then occupied within that six month period it will adjust the amount against the original transaction code. In essence you cannot isolate the relief granted and applied for the one month period.

6.4 The analysis provided is a snapshot as at 8<sup>th</sup> May 2018 for properties that are currently in receipt of this discount and the amount has been calculated based on one month's relief.

6.5 The Council tax Band D charge as mentioned above in 4.2 has been used in the calculation. The amount for Harborough District Council is £1,632.56.

6.6 This will also remove the additional burden in our administration when liabilities have to be changed when disputes arise including issue of adjustment notices to each party.

6.7 Hinckley and Bosworth Borough Council calculations – see below:

One Month Discount									
	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Numbers as at 8/5/18	21	28	13	8	4	5	2	0	81
Band Charge	£1,062.89	£1,240.04	£1,417.19	£1,594.34	£1,948.64	£2,302.94	£2,657.23	£3,188.68	
Gross	£22,320.69	£34,721.12	£18,423.47	£12,754.72	£7,794.56	£11,514.70	£5,314.46	£0.00	
Average per dwelling	£88.57	£103.34	£118.10	£132.86	£162.39	£191.91	£221.44	£265.72	
<b>*One month discount</b>	<b>£1,860.06</b>	<b>£2,893.43</b>	<b>£1,535.29</b>	<b>£1,062.89</b>	<b>£649.55</b>	<b>£959.56</b>	<b>£442.87</b>	<b>£0.00</b>	<b>£9,403.64</b>
<i>*The above is based if one month was granted and they received total amount</i>									

6.8 Harborough District Council calculations – see below:

One Month Discount									
	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Numbers as at 8/5/18	6	10	8	1	3	3	1	0	32
Band Charge	£1,088.37	£1,269.77	£1,451.16	£1,632.56	£1,995.35	£2,358.14	£2,720.93	£3,265.12	
Gross	£6,530.22	£12,697.70	£11,609.28	£1,632.56	£5,986.05	£7,074.42	£2,720.93	£0.00	
Average per dwelling	£90.70	£105.81	£120.93	£136.05	£166.28	£196.51	£226.74	£272.09	
<b>*One month discount</b>	<b>£544.19</b>	<b>£1,058.14</b>	<b>£967.44</b>	<b>£136.05</b>	<b>£498.84</b>	<b>£589.54</b>	<b>£226.74</b>	<b>£0.00</b>	<b>£4,020.93</b>
<i>*The above is based if one month was granted and they received total amount</i>									

6.9 North West Leicestershire District Council calculations – see below

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Numbers as at 8/5/18	38	20	9	13	11	2	2	0	95
Band Charge	£1,062.89	£1,240.04	£1,417.19	£1,594.34	£1,948.64	£2,302.94	£2,657.23	£3,188.68	
Gross	£40,389.82	£24,800.80	£12,754.71	£20,726.42	£21,435.04	£4,605.88	£5,314.46	£0.00	
Average per dwelling	£88.57	£103.34	£118.10	£132.86	£162.39	£191.91	£221.44	£265.72	
<b>*One month discount</b>	<b>£3,365.82</b>	<b>£2,066.73</b>	<b>£1,062.89</b>	<b>£1,727.20</b>	<b>£1,786.25</b>	<b>£383.82</b>	<b>£442.87</b>	<b>£0.00</b>	<b>£10,835.59</b>
<i>*The above is based if one month was granted and they received total amount</i>									



## 7. COUNCIL TAX DISCOUNTS POSITION FOR LEICESTERSHIRE AND RUTLAND

7.1 The table below outlines the current position

	<b>Blaby</b>	<b>Charnwood</b>	<b>Harborough</b>	<b>Hinckley &amp; Bosworth</b>	<b>North West Leicester</b>	<b>Melton</b>	<b>Oadby &amp; Wigston</b>	<b>Rutland</b>
Unoccupied and unfurnished 1-5 months	<i>1 month 100% discount</i>	Full charge	<i>1 month 100% discount</i>	<i>1 month 100% discount</i>	<i>1 month 100% discount</i>	<i>1 month 100% discount</i>	<i>28 day discount</i>	Full charge
Unoccupied and unfurnished 6+ months	full charge	full charge	full charge	full charge	full charge	full charge	full charge	full charge
Unoccupied and unfurnished 2+ Years	<i>No premium</i>	premium 150%	Premium introduced from 1.4.18	<i>no premium</i>	<i>No premium</i>	Premium 150%	Premium 150%	premium 150%
Unoccupied, unfurnished and uninhabitable	<i>50% up to 12 months</i>	<i>50% up to 12 months</i>	full charge	<i>50% up to 12 months</i>	<i>50% up to 12 months</i>	<i>50% up to 12 months</i>	<i>50% up to 12 months</i>	full charge
Second homes	10% discount	full charge	full charge	full charge	10% discount	full charge	full charge	full charge

## 8. CONSULTATION

8.1 The Local Government Finance Act 2012 requires councils to consult on any proposed changes and need the process to be adopted. Some guidance for consideration is outlined below:

- consult with precept authorities,
- consult such other persons as it consider are likely to have an interest in the changes being introduced,
- The Government code of practice for consultation suggests consultation should last for “proportionate amount of time” on the basis of legal advice and taking into account the nature and impact of the proposal. Usually the consultation period used has been between 8-12 weeks,
- Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected costs and benefits of the proposals and
- Consultation exercises should be designed to be accessible to, and clearly targeted at, those people the exercise is intended to reach. Suggested engagement plan – see below:

<b>Council Tax – Engagement Plan</b>		
<b>Date</b>	<b>Activity</b>	<b>Responsible</b>
By 15th June	Consult Major Preceptors	S151
<b>Jun-18</b>		
By 22nd June	Prepare and approve Communications Plan	Comms
By 29th June	Prepare and approve letters to be sent to stakeholders / Prepare stakeholders list / contacts	Partnership
By 29th June	Approve on-line response form	All
<b>Jul-18</b>		
w/c 2nd July	upload on-line response form	Comms
w/c 2nd July	Notify customer services and contact centre of the engagement and process	Comms
By 6th July	Prepare and approve media release/elected member statement	Comms
By 18th July	Advise elected member to notified them of engagement	S151
<b>19th July</b>	<b>Engagement starts</b>	
19th July	Send out letters to all affected residents	Partnership
19th July	Make on-line form live	Comms
19th July	Issue press release / social media	Comms
w/c 23rd July	Social media activity linking to on-line form	Comms
w/c 30th July	Social media activity linking to on-line form	Comms
<b>Aug-18</b>		
w/c 2nd August	Social media activity linking to on-line form	Comms
w/c 9th August	Social media activity linking to on-line form	Comms
w/c 16th August	Social media activity linking to on-line form	Comms
w/c 23rd August	Social media activity linking to on-line form – last week to feedback comments	Comms
<b>31<sup>st</sup> August</b>	<b>Engagement closes</b>	
<b>Sep-18</b>		
3rd – 7th September	Analyse responses and prepare findings report	Comms
September	Decision to implement changes to council tax	S151
<b>Oct-18</b>		
Tbc - During December	Write to affected residents to inform of decision which will take affect from 1 <sup>st</sup> April 2019	Partnership
Tbc - During December	Prepare and issue press release re decision	Comms
<b>Apr-19</b>		
1 <sup>st</sup> April	Council Tax changes implemented	