



Report to Council

Date:	21 st February 2024
Title:	Change to Council Tax Discounts and Premiums
Cabinet Member(s):	Cllr John Chilver, Cabinet Member for Accessible Housing and Resources
Contact officer:	Mark Preston
Ward(s) affected:	All
Recommendations:	<p>(1) Council is asked to APPROVE the removal of the following discretionary Council Tax empty homes discounts from 1st April 2024:</p> <ul style="list-style-type: none">(i) Empty and unfurnished (100% discount for first month).(ii) Empty discount for property undergoing major structural repairs (50% discount for up to 12 months). <p>(2) Council is also asked to APPROVE the Council Tax Discounts, Exemptions and Premiums policy (Appendix 1) that reflect the removal of the discounts at recommendation (1) above.</p> <p>(3) Council is asked to APPROVE the introduction of a 100% Council Tax premium on empty homes after being 12 months empty from 1st April 2025.</p>
Reason for recommendation:	The recommendations have been made following a review of Council Tax discounts to bring it in line with neighbouring authorities and the provision made in the Levelling Up and Regeneration Act 2023 to introduce a 100% premium on empty homes after 12 months.

1. Executive summary

- 1.1 Following the consolidation into a single Revenues and Benefits system there has been an opportunity to review the existing discretionary Council Tax discounts.
- 1.2 Two of the discounts that have been reviewed are the 1 month empty and unfurnished 100% Council Tax discount and the 50% discount for up to 12 months for properties undergoing major structural repairs. Prior to unitary, all of the legacy district councils had a 1 month empty and unfurnished discount, and Aylesbury DC and Wycombe DC had an additional discount for properties undergoing major structural repairs.
- 1.3 The removal of the discounts is aimed at encouraging bringing properties into active use at the earliest opportunity. In addition, a review of neighbouring authorities has identified that the Council is an outlier in still providing these discounts and therefore it is proposed to remove these discounts from 1st April 2024.
- 1.4 The Levelling Up and Regeneration Act 2023 makes provision for Billing authorities to introduce additional premiums for empty homes and second homes. It is proposed to change the 100% empty home premium to come into effect after 12 months empty, rather than after 2 years empty currently, from 1st April 2025.

2. Council Tax Discount Changes

- 2.1 Following the consolidation of the Revenues and Benefits systems we are now able to look at different options for the review of existing Council Tax discounts.
- 2.2 If a property is empty and unfurnished there is a 100% Council Tax discount on the property for 1 calendar month that starts from the date the property becomes empty and unfurnished. Once the discount ends 100% Council Tax is payable. This discount costs approximately £336k per year.
- 2.3 If a property is undergoing major structural repairs, a 50% discount for up to 12 months is available. This currently costs £756k per year.
- 2.4 Benchmarking was carried out with our nearest neighbours to see which authorities continued to provide discounts in these areas. It was found that the Council is an outlier in still providing a discount, as most authorities no longer provide these discounts.
- 2.5 The table below shows how the discounts are treated in neighbouring authorities.

Bordering Councils	Empty 1 year 50% discount	Empty and unfurnished 100% discount for first month
Cherwell District Council	No discount	25% discount for 6 months
South Oxfordshire District Council	Yes	Yes
Wokingham Borough Council	No discount	No discount
Royal Windsor and Maidenhead Council	No discount	No discount
Slough Borough Council	No discount	No discount
London Borough of Hillingdon	No discount	No discount
Three Rivers District Council	No discount	No discount
Dacorum Borough Council	100% discount for first month	Yes
Central Bedfordshire Council	No discount	No discount
Milton Keynes City Council	No discount	No discount
West Northamptonshire Council	No discount	No discount

2.6 The changes to the discounts are summarised below:

Discount	Current	From 1st April 2024
Class C Unoccupied / substantially unfurnished.	100% discount for one month	0% discount
Class D Structural repairs (Unoccupied / substantially unfurnished).	50% discount for up to 12 months	0% discount

2.7 The remainder of the discounts and premiums that the Council can make local determinations on are remaining the same for the 2024/25 financial year:

Discount /Premium	Current
Second Homes Not sole or main residence / furnished. 28 day planning restriction. (Class A)	0% discount
Second Homes Not sole or main residence / furnished. No planning restriction. (Class B)	0% discount
Premium Empty 2 years < 5 years *	100% charge
Premium Empty 5 years < 10 years	200% charge
Premium Empty 10 years and more	300% charge

* This will change to 'Premium Empty 1 years < 5 years' from 1st April 2025 if approved.

2.8 The removal of the discounts is reflected in the proposed Medium Term Financial Plan and the 'Council Tax Discounts and Empty Homes Premiums Policy' has been updated to reflect the proposed removal of the discounts and can be found at Appendix 1.

3. Council Tax Empty Home Premium

- 3.1 The Levelling Up and Regeneration Act 2023 provides for billing authorities to charge additional Council Tax premiums in respect of the empty homes premium and also a second homes premium. The objective of the premium is to incentivise owners to bring properties into active use and help with local housing supply or increase contributions to help fund vital local services.
- 3.2 The Act allows for local authorities to charge a 100% premium on empty homes after 1 year instead of the 2 years currently. The level of additional Council Tax revenue that could be generated through this additional premium is an estimated £490k for the Council and £90k for other preceptors. It is not possible to know accurately how many properties are likely to be vacant for the period of 1-2 years as this isn't currently measured. If agreed, this premium can technically be charged from 1st April 2024 according to the Act, however given there has been no consultation or notice to date, a number of residents could be liable for the 100% Council Tax premium at very short notice. It is therefore recommended the premium be introduced from 1st April 2025 and the 2025/26 policy will be updated next year to reflect this if approved.
- 3.3 There are currently 376 homes that have been empty for between 2 and 5 years, 197 between 5 and 10 years and 70 properties that have been empty for more than 10 years.
- 3.4 The circumstances under which the empty homes premiums should not be applied is still awaiting the outcome from the Department for Levelling Up, Housing and Communities consultation. The DLUHC consultation proposes properties could be exempt from premiums if they are: undergoing probate, or actively being marketed for sale or let, or undergoing major repairs to make habitable. The consultation was on whether the exceptions to the empty home premiums should be applied and over what period of time the exception should last. The Councils other current exemptions (after the removal of the one month empty and major building works exemptions) are still in place i.e. occupation prohibited by law or planning restrictions, is in a care home, has passed away, is living elsewhere to receive/provide personal care, is in prison etc.

4. Legal and financial implications

- 4.1 The power to remove empty discounts was given in the Local Government Act 2003, section 75, which amended the Local Government Finance Act 1992, section 11.
- 4.2 Based on the current level of Council Tax discounts, the removal of the 2 discounts is estimated to increase the Council's share of Council Tax receipts by £0.9m. There

will also be an additional financial benefit for the other major preceptors on the collection fund.

- 4.3 The introduction of the empty home premium after one year could bring an estimated additional council tax revenue for the Council of £0.490m from 1st April 2025.

4a Director of Legal & Democratic Services comment

- 4.4 Approved. The decision would impact the interests any Councillor might have if they own property in Buckinghamshire which is empty or in receipt of any of the council tax discounts in Buckinghamshire that are proposed to be removed, so I think they should declare an interest and opt not to vote.

4b Section 151 Officer comment

- 4.5 The removal of the 2 discounts and the change to the 100% empty home premium to become effective after 1 year instead of 2 have been taken into account in the MTFP.

5. Corporate implications

- 5.1 The removal of these two discounts will generate additional Council Tax revenues for Buckinghamshire Council and the other Buckinghamshire preceptors and bring the Council into line with our near neighbours.
- 5.2 An equalities impact assessment has been completed for the changes.

6. Communication, engagement & further consultation

- 6.1 The Council Tax Discounts available on the website will be updated to remove these discount options and a message provided to explain that they are no longer available from 1st April 2024.
- 6.2 Notice of the introduction of a 100% empty home premium after one year instead of two years will be published in a local paper.

7. Next steps and review

- 7.1 The website will be updated to remove the two Council Tax discounts and to communicate that they are no longer available from 1st April 2024.
- 7.2 A notice in a local paper will be placed to give notice of the introduction of the empty home council tax premium after 12 months from 1st April 2025.

8. Background papers

8.1 None.

9. Your questions and views (for key decisions)

9.1 If you have any questions about the matters contained in this report, please contact the author of this report. If you have any views that you would like the cabinet member to consider, please inform the democratic services team 5pm on 9 February 2024. This can be done by email to democracy@buckinghamshire.gov.uk.

