



North Devon Council

Report Date: 8 January 2023

Topic: Council Tax Discounts and Premiums

Report by: Head of Customer Focus

1. INTRODUCTION

1.1. This report seeks to confirm Council Tax Discounts and Premiums relating to certain properties for the financial year commencing 1 April 2024.

1.2. In February 2023 Council agreed the following two changes to these premiums, subject to The Levelling Up and Regeneration Bill, which introduced these changes, receiving Royal Assent.

(a) To bring forward the period from two years to one year when an unoccupied and substantially unfurnished dwelling (empty dwelling) can be charged a premium of 100%. All other empty dwelling premiums remain unchanged, namely:

- A premium of 200% where a dwelling has remained empty for a period of 5 years or more;
- A premium of 300% where a dwelling has remained empty for a period of 10 years or more; and

(b) To enable the charging of a 100% premium for any dwellings which are:

- No one's sole or main residence; and
- Substantially furnished.

1.3. This bill received Royal Assent on 26 October 2023 The Council now needs to re-confirm their decision to introduce these changes.

1.4. Legislation requires that twelve months' notice is given for 100% premium on properties which are unoccupied but substantially furnished. Therefore this premium, if confirmed, will be introduced from 1 April 2025.

1.5. A draft policy outlining the Council's approach to the levying of the empty homes premium and second homes premium is attached as Appendix A.

2. RECOMMENDATIONS

2.1. It is recommended that Strategy and Resources recommend that Full Council approve the implementation of the following;

- That members re-confirm their decision to apply the 100% premium for empty dwellings after a period of one year rather than two years from 1 April 2024.
- That members re-confirm their decision to introduce a premium of 100% for all dwellings which are unoccupied but substantially furnished (includes second homes) from 1 April 2025.
- That members approve the policy detailing the Council's approach to the levying of the empty homes premium and second homes premium.
- That all other existing discretionary discounts remain unchanged.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To approve the level of Council Tax Discounts and Premiums relating to certain properties for the financial year commencing 2024/25
- 3.2. It is envisaged that applying the 100% premium after a period of one year rather than two will help to bring more empty dwellings or unoccupied dwellings back into use.
- 3.3. Introducing the 100% premium on all dwellings which are unoccupied but substantially furnished (including second homes) from 1 April 2025 is designed to encourage taxpayers to use premises as their main residence or allow others to use the premises as their main residence.
- 3.4. In addition to the above, the policy will provide additional funding to the collection fund which will be shared between the Council, the major precepting authorities and the local precepting authorities in line with their share of the Council Tax.

4. REPORT

- 4.1. A large part of the Council Tax legislation is mandatory on all billing authorities within England. Discounts such as single person discounts, disregards and exemptions are set by statute with no discretion allowed.
- 4.2. However, there are an increasing number of areas where each Council may determine the type and levels of charge to be made.
- 4.3.

The current main discretionary areas are as follows:

 - (a) Premises which are no-one's sole or main residence but are furnished (includes second homes);
 - (b) Unoccupied and substantially unfurnished premises;
 - (c) Unoccupied and substantially unfurnished premises which require or are undergoing structural repairs; and
 - (d) Premiums where premises have been unoccupied and substantially unfurnished for a period of 2 years or more.
- 4.4 When determining its policy, each billing authority has to decide the level of charge (or discount) by the 31 March prior to the financial year in which it wants to introduce the changes.
- 4.5 The Council, is therefore required to determine the level of any discounts or premiums which will apply in its area and a decision is required to be made by full Council under Section 11A and 11B of the Local Government Finance Act 1992.
- 4.6 Once determined, the resolution of the Council will need to be published in at least one local newspaper(s) within 21 days of the decision.

The current situation

4.7 Currently the Council has adopted the following levels of discounts and premiums;

	Current policy
Class A (includes second homes) Dwellings which are no one's sole or main residence which are substantially furnished 28-day planning restriction ¹	0% discount / 0% premium
Class B (includes second homes) Dwellings which are no one's sole or main residence which are substantially furnished No planning restriction ²	0% discount / 0% premium
Class C Dwellings which are unoccupied and substantially unfurnished	100% discount for a period of three months. For the purpose of Class C, in considering whether a dwelling has been unoccupied for any period, any one period, not exceeding six weeks, during which it was occupied shall be disregarded
Class D structural repairs Dwellings which are unoccupied and substantially unfurnished (Maximum 12 months)	0% discount
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty dwellings premium) After 2 years up to 5 years of becoming empty.	100% premium
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty dwellings Premium) Dwellings empty between 5 years and up to 10 years	200% premium
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty dwellings Premium)	300% premium

¹ **restricted** by a planning condition preventing occupancy for a continuous period of at least 28 days

² the occupation of which is **not restricted** by a planning condition preventing occupancy for a continuous period of at least 28 days in the relevant year

	Current policy
Dwellings empty for 10 years or more	
Class D structural repairs Dwellings which are unoccupied and substantially unfurnished (Maximum 12 months)	0% discount
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty dwellings premium) After 2 years up to 5 years of becoming empty.	100% premium
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty dwellings Premium) Dwellings empty between 5 years and up to 10 years	200% premium
Premium - Dwellings which are unoccupied and substantially unfurnished (Empty dwellings Premium) Dwellings empty for 10 years or more	300% premium

Changes to empty dwelling premiums

4.8 The Levelling up and Regeneration Act permits billing authorities to impose an empty dwellings premium after one year instead of two from 1 April 2024, even if it became empty before this date. This change was agreed by Council in February 2023 and needs to be re-confirmed now that the Act has been approved by Parliament.

Introduction of premiums for second homes.

4.9 The Levelling up and Regeneration Act permits billing authorities to apply a premium to properties that have no residents and are “substantially furnished”. The maximum Council Tax charge in these cases is a 100% premium, making a total Council Tax charge of 200%. At least 12 months’ notice before the financial year to which it would apply must be given. Although Council agreed this charge in February 2023, the delay in the Levelling Up and Regeneration Bill receiving Royal assent means that the earliest date that this charge can be introduced is now 1 April 2025. In order to introduce this charge members need to re-confirm the decision made in February 2023.

4.10 A draft policy outlining the Council’s approach to the levying of the empty homes premium and second homes premium is attached as Appendix A. The Council will be required by statute to be mindful of any guidance issued by the Secretary of State which has not yet been issued.

5. RESOURCE IMPLICATIONS

- 5.1. The implementation of this policy will assist the authority in bringing more dwellings back into use as main dwellings and in addition generate additional funds for the Collection Fund. However, its implementation may require additional resource in terms of staff time and resources in dealing with taxpayer enquiries.
- 5.2. The proposed changes to the levelling of the empty homes and second homes premiums will generate additional income to be shared between the Council, the major precepting authorities and the local precepting authorities in line with their share of Council Tax. The share for North Devon Council is around 10%. This additional revenue was estimated at £4.2 million (NDC share circa £420,000).

6. EQUALITIES ASSESSMENT

- 6.1. Please detail if there are/are not any equalities implications anticipated as a result of this report. If so, please complete the Equality Impact Assessment (EIA) Summary form available on Insite and email to the Corporate and Community Services Team at equality@northdevon.gov.uk.
- 6.2. In recommending this proposal, no potential impact has been identified on people with protected characteristics as determined by the Equality Act 2010

7. ENVIRONMENTAL ASSESSMENT

- 7.1. Please undertake an Environmental Assessment and complete the checklist (EAC) form available on Insite. If there are no environmental implications arising from your proposals please state that there are none. If after completion of the assessment there are environmental implications please provide a brief summary. If you require any further information please contact the Sustainability and Climate Change Officer. Email completed EACs to donna.sibley@torridge.gov.uk

There are no environmental implications as a result of proposals in this report.

8. CORPORATE PRIORITIES

- 1.1. What impact, positive or negative, does the subject of this report have on:
The commercialisation agenda: the policy will provide additional funding to the collection fund which will be shared between the Council, the major precepting authorities and the local precepting authorities in line with their share of the Council Tax.

1.1.1. Improving customer focus and/or



1.1.2. Regeneration or economic development: it is envisaged that the Policy will allow for more empty dwellings or unoccupied dwellings to be brought back into use.

9. CONSTITUTIONAL CONTEXT

9.1. Save as provided in paragraph 9.2 below, the decision in respect of the recommendations in this report can be made by this Committee pursuant to delegated powers provided in Part 3 Annex 1 of the Constitution.

9.2. Not used OR As noted in the report, the power to decide on one or more of the recommendations in this report is reserved to Council pursuant to Article 4.[] and as such the recommendation must be referred to Council to ratify.

10. STATEMENT OF CONFIDENTIALITY

This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

11. BACKGROUND PAPERS

The following background papers were used in the preparation of this report: (The background papers are available for inspection and kept by the author of the report).

The legislation that covers this report and the recommendations made is as follows:

- S11A, S11B & S11C of the Local Government Finance Act 1992
- Levelling Up and Regeneration Act 2023

12. STATEMENT OF INTERNAL ADVICE

The author (below) confirms that advice has been taken from all appropriate Councillors and Officers:

Julie Dark Revenues and Benefits Manager