



Hinckley & Bosworth Borough Council

FORWARD TIMETABLE OF CONSULTATION AND DECISION MAKING

SCRUTINY COMMISSION
COUNCIL

3 October 2019
5 November 2019

WARDS AFFECTED: All Wards

COUNCIL TAX – LOCAL DISCOUNTS AND PREMIUMS

Report of Head of Finance

1. PURPOSE OF REPORT

- 1.1 To seek approval for changes to the council tax discounts and premiums in operation at the Council,

2. RECOMMENDATION

- 2.1 That Council members approve the increased premium charge for long-term empty properties to 100% for 2020/21), and the maximum allowed under legislation where possible up to 300% for properties empty more than ten years.
- 2.2 That Council members, based on consultation responses, agree not to proceed with
- the major repairs discount of 50% being removed, and
 - the removal of the month empty property discount.

3. BACKGROUND TO THE REPORT

- 3.1 In April 2013 the Council introduced changes to discounts and premiums for Council Tax in respect of empty properties. At the same time there was the introduction of a new local Council Tax Reduction Scheme that replaced the national council tax benefit scheme.

This involved the following actions:

- 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.

3.2 However, HBBC did not introduce a charge for a premium on long-term empty properties, which could have been charged at 50% at the time. Currently there are 156 long-term empty properties in the Borough. To create an incentive to move these properties from empty to occupied, it is proposed to introduce a 100% premium charge on long-term empty properties as from 1 April 2020 for the 2020/21 financial year. The premium could potentially increase overall Council Tax collected by £0.26m, HBBC's share being approximately £20,000.

3.3 Central Government have announced their intention to make further changes to the level of premium that could be levied on such properties to encourage them being brought back into occupation. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 received Royal Assent on 1 November 2018 ("The 2018 Act") and contains changes to allow for councils to charge:

- 100% premiums from April 2020,
- 100% premiums from April 2021, 200% for properties empty for over 5 years,
- 100% premiums from April 2022, 200% for properties empty for over 5 years, and 300% for over 10 years.

3.4 The following guidelines will be considered in the application of this premium. The premium must not be applied:

- where homeowners can demonstrate that their properties are genuinely on the market for sale or rent,
- in cases of hardship.
- the taxpayer has gone into care or hospital, is severely mentally impaired or has gone elsewhere to provide care,
- is living elsewhere in armed forces accommodation for job-related purposes,
- has died and probate has yet to be granted, or
- on annexes being used as part of a main property.

3.5 As well as the Council wishing to reduce the number of long-term empty properties, Leicestershire County Council has asked all Districts to assess what it can do to increase Council Tax income by harmonising the discounts and premiums being applied. The two being considered by this report for the council are removal of the:

- 50% major repairs discount for properties not inhabitable when the work is being completed, and
- 100% one-month empty discount.

3.6 If the discount for major repairs is removed, total Council tax collected will increase by £48,006 based on the 2018/19 tax charge. This income is based on the assumption that the level of major repairs remains unchanged. HBBC's share will be £3,600.

- 3.7 There is also the potential to remove the one-month empty discount. If this were removed the income generated is expected to be £18,807. HBBC's share will be £1,410.

4. EXEMPTIONS IN ACCORDANCE WITH THE ACCESS TO INFORMATION PROCEDURE RULES

- 4.1 Report to be taken in open session

5. FINANCIAL IMPLICATIONS (AW)

- 5.1 The main intention behind the change to Long term empty property premium charges is to encourage homes to be put back into use. The table below assumes no change in the number of empty properties, but this may reduce if the introduction of the charge is successful in reducing the number of empty properties. The other income changes also included as noted in the report. The tables below give the potential increases in total Council Tax collected and the amount that relates to HBBC based on 2018/19 Council Tax levels for 156 long term empty properties.

	Total C Tax collected	HBBC Share	Total C Tax collected (Ave per Property)	HBBC Share (Ave per Property)
Long term Empty homes premium (100%)	£261,441.04	£19,608.08	£1,675.90	£125.69
Removal of Major Repairs Discount	£48,007.32	£3,600.54	£307.74	£23.08
Removal of one month discount	£18,807.28	£1,410.54	£120.56	£9.04
Total	£328,255.64	£24,619.18		

- 5.2 Each empty property that comes back into use above the set baseline contributes £1,671 (2018/19 rate) to the New Homes Bonus income of the council.

6. LEGAL IMPLICATIONS (MR)

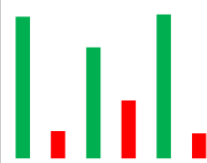
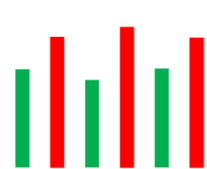
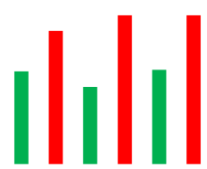
- 6.1 Under section 13A of the Local Government Finance Act 1992 ("LGFA 1992") the council has a general discretionary power to reduce liability for council tax in relation to individual cases or class(es) of cases that it may determine
- 6.2 Section 12 of Local Government Finance Act 2012 inserted a new section 11B in the LGFA 1992 which provided that the billing authority could charge council tax liability up to 150% for property that has been empty and substantially unfurnished for more than 2 years.
- 6.3 The 2018 Act has introduced changes to section 11B as outlined in the report

7. CORPORATE PLAN IMPLICATIONS

- 7.1 To ensure the Council's governance arrangements are robust

8. CONSULTATION

- 8.1 All precepting authorities in the Leicestershire, no were concerns raised. The Residents focus group were surveyed, 2210 were asked to respond, 476 responded. The table below give a summary of the responses, with more detail in Appendix 1.

Questions	Overall		Own Empty		Do not own		
	For	Against	For	Against	For	Against	
Do you agree that owners of long-term empty properties should pay additional premiums on their council tax as proposed, from 01 April 2020?	84.00%	16.00%	65.91%	34.09%	85.42%	14.58%	
Properties which are under major and/or structural repairs currently receive a discount of 50% (up to 12 months) on their Council Tax. Hinckley and Bosworth Borough Council is proposing from 01 April 2020, to remove this discount, do you agree ?	43.00%	57.00%	38.29%	61.36%	43.29%	56.71%	
Hinckley and Bosworth Borough Council currently allow one month council tax discount at 100% for properties which are empty for a one period month. We are proposing from 01 April 2020, to remove this discount, do you agree?	41.00%	59.00%	34.09%	65.91%	41.67%	58.33%	

- 8.2 The Scrutiny Commission met on the 3 October 2019, and noted that they agreed with the need for a premium on empty properties, but members did not support the reduction of the major repairs discount or the removal of the one month empty property discount. They felt that if major work was being undertaken, this was beneficial in order to bring the property back into use and should not be discouraged and suggested it may discourage people from purchasing a property that required work.

9. RISK IMPLICATIONS

- 9.1 It is the council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.
- 9.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
None		

10. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

Various reliefs are available for council tax under national and local regulations.

11. CORPORATE IMPLICATIONS

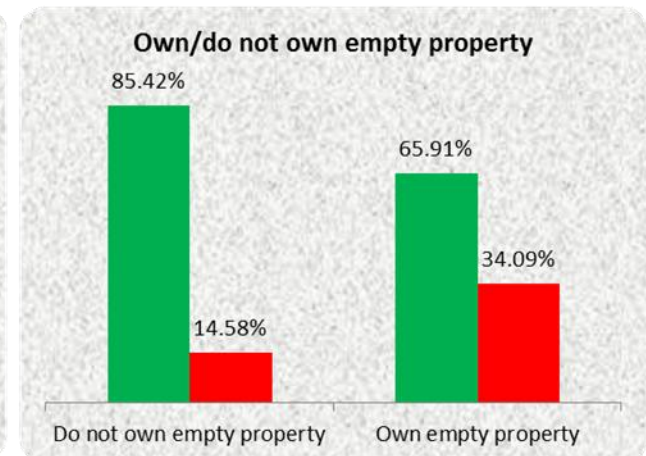
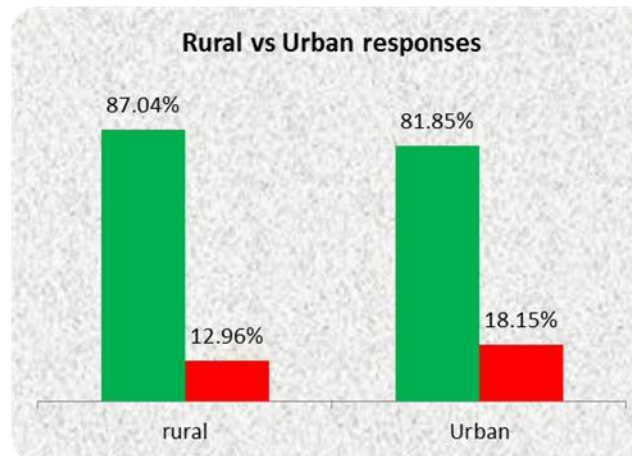
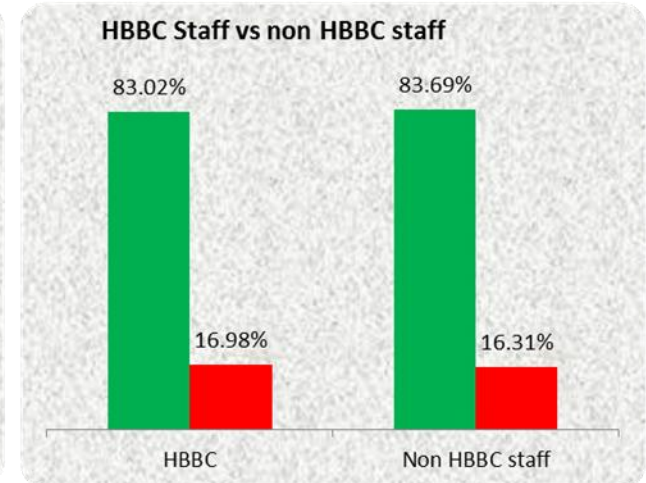
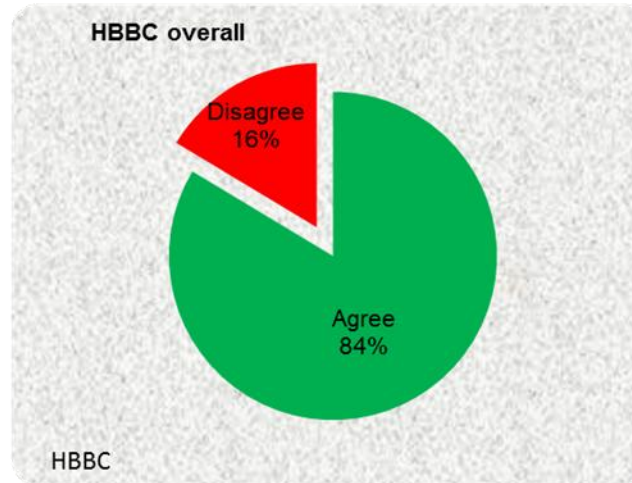
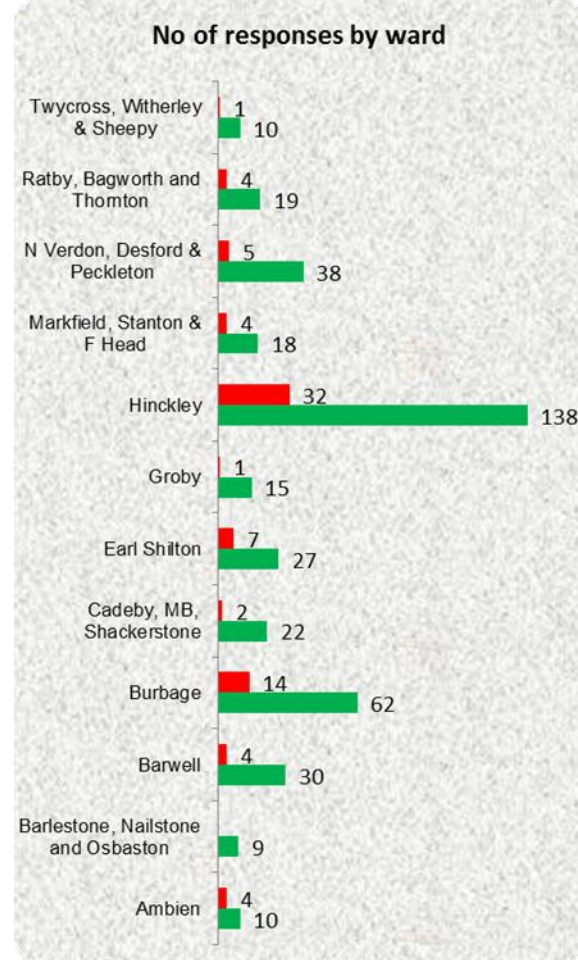
By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background Papers: Revenues and Benefits Monitoring Reports
Author: Ashley Wilson, Head of Finance Ext 5609
Executive Member: Cllr K Lynch

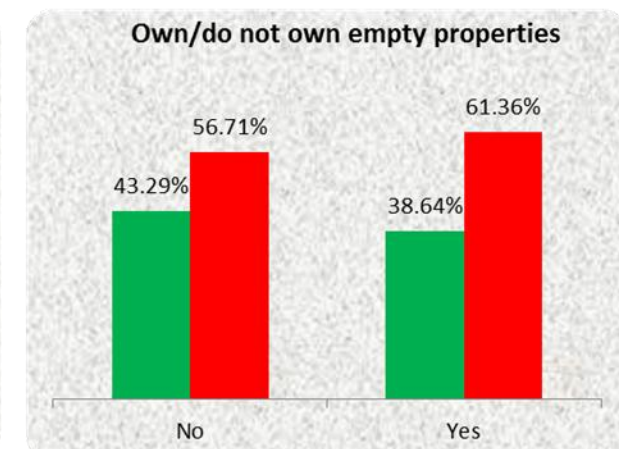
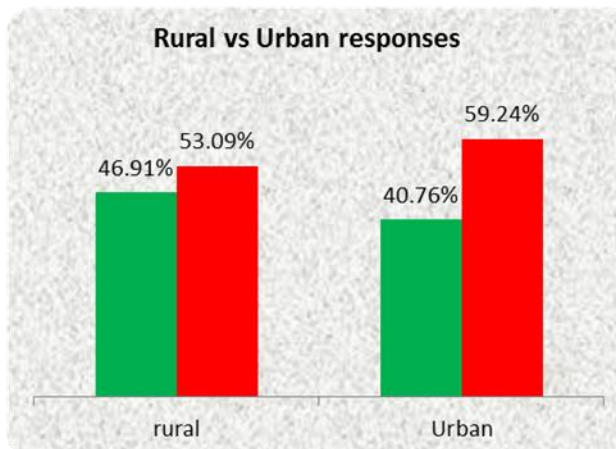
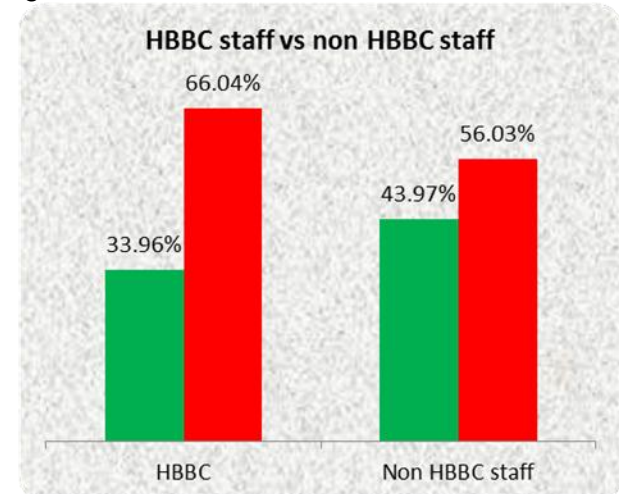
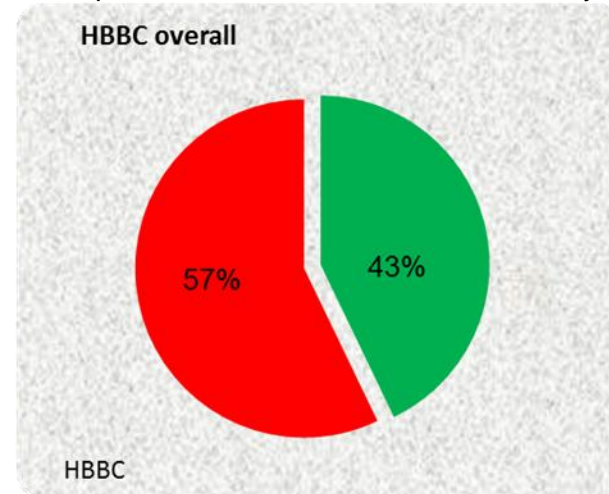
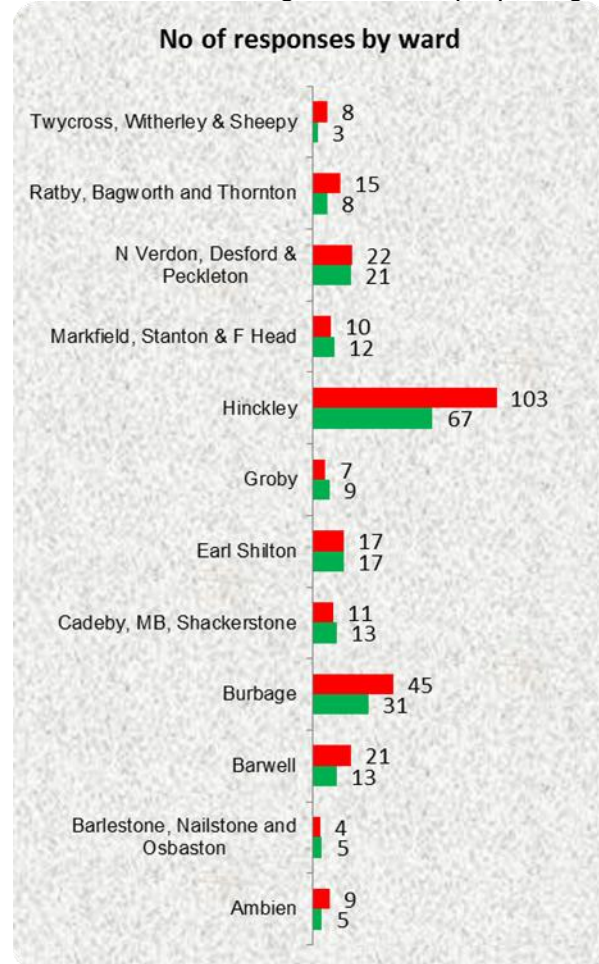
Appendix 1: Survey results

Do you agree that owners of long-term empty properties should pay additional premiums on their council tax as proposed, from 01 April 2020?



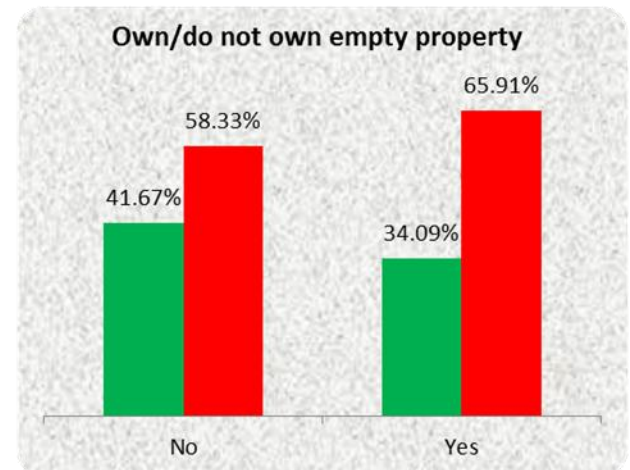
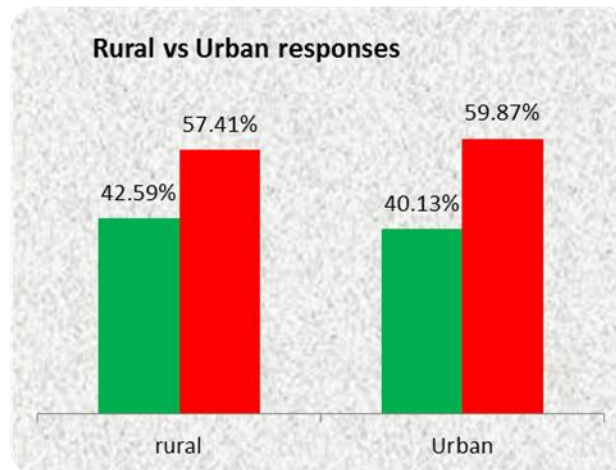
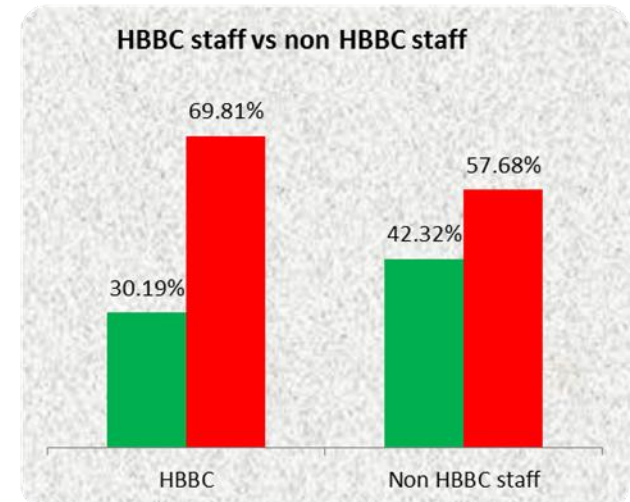
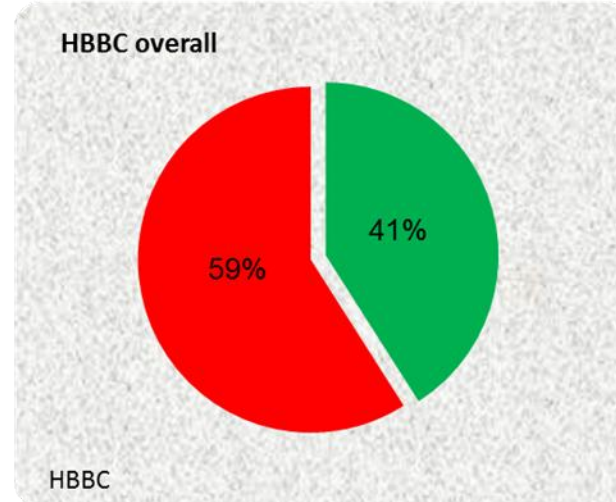
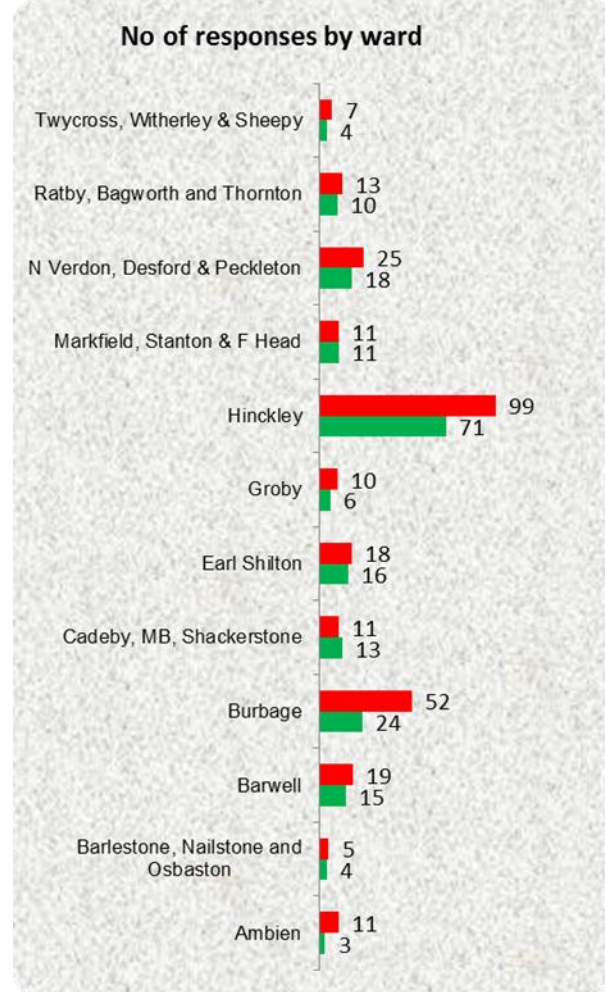
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Properties which are under major and/or structural repairs currently receive a discount of 50% (up to 12 months) on their Council Tax. Hinckley and Bosworth Borough Council is proposing from 01 April 2020, to remove this discount, do you agree ?



Appendix 1: Survey results

Hinckley and Bosworth Borough Council currently allow one month council tax discount at 100% for properties which are empty for a one period month. We are proposing from 01 April 2020, to remove this discount, do you agree?



Appendix 1: Survey results

Mode of invite	How many invited	Returned	Response rate
Email (Mailchimp)	1,662	344	20.70%
Direct mail (Citizens Panel)	124	79	63.71%
HBBC staff	424	53	12.50%
Totals	2,210	476	21.54%
Confidence level (95%) - HBBC overall	Margin of error		
No of residents:	111370		
No of responses	476		
Margin of error	5%		
Confidence level (95%) - Rural			
No of residents:	42541		
No of responses	162		
Margin of error	8%		
Confidence level (95%) - Urban			
No of residents:	68829		
No of responses	314		
Margin of error	6%		