



URN: 22-035

Subject: Council Tax Discounts 2023/24

Report to: Policy & Resources Committee 1 November 2022
Council 15 December 2022

Report by: Stuart Brabben, Revenue and Benefits Services Manager

SUBJECT MATTER

This report seeks approval of the levels of council tax discount that shall apply for 2023/24 as set out in this paper.

RECOMMENDATION

That Committee is asked to endorse:

- 1) The council tax discounts as shown in Section 3.1 which will apply for 2023/24
- 2) The committee the Levelling Up and Regeneration Bill receiving Royal Assent to approve the changes with effect from 1 April 2024 that;
 - i) The Empty Property premium of 100% for properties that have been empty for one year or more commences from 1 April 2024
 - ii) That the Second Homes Premium of 100% for Class B properties (that we currently charge 100% council tax) commences from 1 April 2024.
- 3) The 100% discount for empty properties that are empty for one day and up to one month is removed and so that 0% discount is applied with effect from 1 April 2024

1. Council Tax Discounts

1.1 Under Section 11A of the Local Government Finance Act 1992 as enacted by Section 75 of the Local Government Act 2003, Section 11B of the Local Government Finance Act 1992, as enacted by Section 11 and Section 12 of the Local Government Finance Act 2012 and in accordance with the provisions of the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 and the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 the mechanism for levying council tax discount on unoccupied and empty domestic properties is set out. The regulations allow Councils some discretion in setting the level of council tax charged in respect of these unoccupied properties and second homes.

1.2 For the financial year 2023/24 it is proposed that there is no change to these discounts.

Information on the Long-Term Empty Property Premium

- 1.3 The Council has discretion to be able to add a premium charge to properties that have been empty over more than two years. This premium was introduced in 2013 as part of the Government's range of measures to bring empty homes into use. Empty homes are wasted assets and are often a blight on the local community, harming the local amenity of neighbouring properties. Therefore, putting empty homes more quickly back into productive use will increase housing supply.
- 1.4 Currently this premium can be up to 100% for those properties that have been empty between 2 years and less than five years, 200% for those properties empty for between 5 years and less than 10 years and 300% for properties that have been empty for more than 10 years.
- 1.5 The table below shows the empty property charges for 2023/24

Table1

Financial Year	Premiums for Long-Term Empty Property (Discount Class C)	Premium Value
2023/24	Properties empty for two years and less than 5 years	100%
	Properties empty for 5 years but less than 10 years	200%
	Properties empty for 10 years or more	300%

- 1.6 Appendix 1 provides a summary analysis of the impact of the introduction of the empty property premiums on the number of empty properties within the time periods which demonstrates a reduction in the number of empty properties defined as 'long term'.

2. Recommended Council Tax Discounts to be applied for 2023/24

- 3.1 The table below shows the full recommended Council Tax discounts to be applied in 2023/24.

Table 2

Discount Class	Equivalent in 2022/23	2023/24
Class C: Properties vacant (unoccupied and unfurnished) for one month or less	100% discount	100% discount
Class C: Properties vacant (unoccupied and unfurnished) for one month and one day and less than 2 years	0% discount (full 100% charge)	0% discount (full 100% charge)
Class C: Properties vacant (unoccupied and unfurnished) for 2 years and less than 5 years	200% charge (100% Empty Property Premium)	200% charge (100% Empty Property Premium)

Class C: Properties vacant (unoccupied and unfurnished) for 5 years but less than 10 years	300% charge (200% Empty Property Premium)	300% charge (200% Empty Property Premium)
Class C: Properties vacant (unoccupied and unfurnished) for 10 years or more	400% charge (300% Empty Property Premium)	400% charge (300% Empty Property Premium)
Class B: Furnished properties and second homes that are no one's main residence (and not excluded by geographical area)	0% discount (Full 100% charge)	0% discount (Full 100% charge)
Class D: Property that is vacant (unoccupied and unfurnished) and (a) it requires or is undergoing major repair work to render it habitable, (b) It is undergoing structural alteration or (c) it has undergone major repair works to render it habitable or structural alteration and less than six months have elapsed since the date on which the work was substantially completed, and the dwelling has remained vacant since that date.	0% discount (full 100% charge)	0% discount (full 100% charge)
Class A: Properties that fall into Class A of Section 11A of the Local Government Finance Act 1992 and the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 <ul style="list-style-type: none"> - A property that is not the sole or main residence of an individual, - which is furnished, and - the occupation of which is restricted by a planning condition preventing occupancy for a continuous period of at least 28 days in a relevant year 	10% discount	10% discount
Care Leavers Discount	100% Discount	100% Discount

A care leaver is defined as a person aged 25 or under, who has been looked after by a local authority for at least 13 weeks since the age of 14; and who was looked after by the local authority at school-leaving age or after that date.		
--	--	--

3. Financial Implications

- 3.1 Extra revenue could be generated by the impact of the Long-Term Empty Property Premiums.

4 Future Changes to Long-term Empty Premiums and Second Home Charges from 1 April 2024

- 4.1 The Levelling Up and Regeneration Bill legislation currently going through Parliament is proposing a change to the Empty Property Premiums and is also introducing a new premium for second homes.
- 4.2 With effect from 1 April 2024 through Clause 72 of the Bill, Councils have a discretion to apply an Empty Property Premium of 100% after one year of the property being empty, instead of the current two years. The Premiums for the 200% and 300% will remain as currently of 5 years and 10 years respectively (see Appendix 4 for the increased revenue that could be generated by this change).
- 4.3 Also, with effect from 1 April 2024 through Clause 73 of the Bill Councils have a discretion to apply a premium of up to 100% for properties that are substantially furnished and unoccupied (second homes). It is intended that for councils to exercise their own judgment as to whether to apply a premium and at what level (up to 100%).
- 4.4 The change in 4.3 above is being highlighted in this report, because if the Council wishes to implement this change from 1 April 2024 it must make the determination at least one year before the beginning of the financial year to which it relates. This is contained within the legislation and the government is clear that second homeowners should be given sufficient notice of the introduction of a premium. This period between this report and 1 April 2024 should therefore give second homeowners plenty of time to make plans for how to respond to the forthcoming premium.
- 4.5 Clause 73 of the Bill recognises the impact that high levels of second home ownership can have in some areas. The aim of both clause 72 and 73 is to encourage more empty homes into productive use, while enabling councils to raise and retain additional revenue to support local services and keep council tax down for local residents.
- 4.6 Second Homes can provide flexibility to enable people to work in and contribute to the local community, while being able to return to a family home in another part of the country on a regular basis and can benefit local economies and the tourism sector. However, the Government has stated that it understands the concerns that large numbers of second homes, particularly where they are concentrated in a small area, can have a negative effect on the vitality and viability of local communities. A large number of second homes impacts on the size of the permanent population who help to generate the demand needed for their local services the year round. This situation can create a hollowing-out effect. It can lead to local schools having insufficient pupils to remain open, local buses not having enough passengers to

maintain the service and the village pubs and post offices not having the customers to sustain them through the year. In some circumstances, without action, some communities will become increasingly unviable as local services close due to a lack of a permanent year-round population.

4.7 For the Borough of Great Yarmouth this may not be of such a major issue as some other Council areas in Norfolk, but the number of second homes has been increasing over the last six years (see Appendix 2).

4.8 When the draft legislation becomes law there may be circumstances where it is not appropriate to apply a premium. As the bill has passed various stages there has been a proposal for a power for the Secretary of State to make regulations prescribing categories of dwelling in relation to which the council tax premium on second homes cannot be charged. The government will now be consulting on these categories. This is to maintain a degree of flexibility for the future.

4.9 There are two classes of second homes under Council Tax legislation.

4.9.1 **Class A Properties**

These are properties that are not the sole or main residence of an individual, which are furnished, and the occupation of which is restricted by a planning condition preventing occupancy for a continuous period of at least 28 days in a relevant year.

The new legislation covering second homes is probably not designed for these types of property, as they are for 'holiday chalet' type properties that have restricted times when they can be occupied and therefore cannot be used as a main residence all year round.

4.9.2 **Class B Properties** (where we already charge 100% Council Tax)

These are furnished properties and that are no one's main residence (second homes).

If this class was included, it would also encompass furnished lets that are temporarily unoccupied.

4.10 There is a risk that the second homes premium will push owners to try to have the properties classified as a business holiday let by the Valuation Office and the property would be moved into business rates and possibly attract 100% small business rates relief. However, the government is in the process of tightening up the legislation and the process to mitigate the above.

4.11 The premium will provide councils with the flexibility to access additional revenue. (See Appendix 3 for the increased revenue that could be generated by this change). It will be for councils to decide how best to use this funding. For example, it could be used to invest it in new affordable housing for local families so they can help maintain the lifeblood of their community.

4.12 Therefore, it is recommended that pending the Levelling Up and Regeneration Bill receiving Royal Assent and becoming law, that a determination to is made to approve the applying of a premium to Class B properties (where we currently charge 100% Council Tax) and to commence the changes from 1 April 2024 and the percentage of 100% to be applied.

- 4.13 A further consideration of empty property discount change to take effect from 1 April 2024 could be to remove the 100% discount for properties that are empty between one day and one month. Many local councils no longer give a discount for this period and Great Yarmouth would be merely coming into line with those councils. (See Appendix 5 for the increased revenue that could be generated by this change).

5 Financial Implications

- 5.1 The additional Revenue for the premium changes and discount changes above will be shared between the major preceptors in the same proportion as the share of council tax raised.

6 Recommendations

- 6.1 The committee is asked to endorse the council tax discounts as shown in Table 2 that will apply for 2023/24.
- 6.2 The committee is also asked, pending the Levelling Up and Regeneration Bill receiving Royal Assent, to approve the changes with effect from 1 April 2024 that:
- i) The Empty Property premium of 100% for properties that have been empty for one year or more commences from 1 April 2024.
 - ii) The Second Homes Premium of 100% for Class B properties (that we currently charge 100% Council Tax) commences from 1 April 2024.
- 6.3 The 100% discount for empty properties that are empty for one day and up to one month is removed and therefore a 0% discount is applied with effect from 1 April 2023.

Areas of consideration: e.g.. does this report raise any of the following issues and if so how have these been considered/mitigated against?

Area for consideration	Comment
Monitoring Officer Consultation:	Yes as part of LET
Section 151 Officer Consultation:	Yes
Existing Council Policies:	N/A
Financial Implications (including VAT and tax):	Yes, as outlined
Legal Implications (including human rights):	Yes, as outlined
Risk Implications:	
Equality Issues/EQIA assessment:	
Crime & Disorder:	
Every Child Matters:	

Appendix 1

Empty Property Premium Analysis across the Borough each year from 1/10/2017 to 1/10/2022

Levy Charge Type	As at 1/10/2022	As at 1/4/2022	As at 1/4/2021	As at 1/4/2020	As at 1/4/2019	Commentary
Levy 2 (Empty Property over 2 years)	96	106	121	103	177	Reduced from 177 in April 2019 to 145 in October 2022
Levy 5 (Empty Property 5 or more years but under 10 years)	36	32	43	57	N/A	Reduced from 43 in April 2021 to 36 in October 2022
Levy 10 (Empty Property 10 years and over)	13	14	16	N/A	N/A	Reduced from 16 in April 2021 to 13 October 2022
Total long-term empty properties	145	152	180	160	177	

Appendix 2

Overall number of second homes across the Borough each year from 1/10/2017 to 1/10/2022

	As at 1/10/2022	As at 1/10/2021	As at 1/10/2020	As at 1/10/2019	As at 1/10/2018	As at 1/10/2017
Number of Second Homes	972	849	772	683	639	584

Overall % growth of second homes is 66% since 2017

Change in the number of second homes between 1/10/2017 and 1/10/2022 by parish area

Parish	As at 1/10/2022	As at 1/10/2017	Number of increase/ decrease	% increase/ decrease
Ashby	0	0	0	0%
Caister	69	58	11	19%
West Caister	1	3	-2	-66%
Filby	6	6	0	0
Fleggburgh	15	7	8	114%
Hemsby	45	34	11	32.4%
Martham	43	25	18	72%
Mautby	5	3	2	67%
Ormesby St Margaret	80	59	21	36%
Ormesby St Michael	4	2	2	100%
Repps with Bastwick	8	2	6	300%
Rollesby	4	2	2	100%
Somerton	5	5	0	0%
Stokesby	8	7	1	14.3%
Thurne	5	4	1	25%
Winterton	84	71	13	18%
Belton	16	13	3	23%
Bradwell	43	19	24	126%
Burgh Castle	19	7	12	171.4%
Fritton and St Olaves	23	22	1	4.5%
Hopton	21	17	4	23.5%

Great Yarmouth and Gorleston	468	218	250	115%
Total	972	584	388	

Appendix 3

<u>1) second home analysis</u>			
Number of second homes snapshot at 12/9/2022	band	charge for band	100% premium value
353	A	1320.95	466,296.53
196	B	1541.11	302,058.00
221	C	1761.27	389,240.92
89	D	1981.43	176,347.27
26	E	2421.75	62,965.44
17	F	2862.07	48,655.11
0	G	3302.38	0.00
2	H	3962.86	7,925.72
		Total increase if second home premium of 100% charged at snapshot	£1,453,488.98
		GYBC share	£129,457.9

Appendix 4

Value of 100% long term empty premium if reduced to one year from 1 April 2024	
estimated value if period of 2 years for empty levy is changed to 1 year at snapshot	£277,399
GYBC Share	£24,707.09

Appendix 5

C- Empty for less than one month	
Estimated Value of total discount for 2021/22 at snapshot	217,000
GYBC share	£19,327.5