

CABINET



URN: 23-052

Report Title: Council Tax Discounts 2024/25

Report to: Cabinet

Date of meeting: 4th December 2023

Responsible Cabinet Member: Cllr Carl Smith, Portfolio Holder for Governance, Finance and Major Projects

Responsible Director / Officer: Stuart Brabben – Revenues & Benefits Service Manager

Is this a Key decision? Yes

Date added to Forward Plan of Key Decisions if a Key Decision: 30th May 2023

EXECUTIVE SUMMARY / INTRODUCTION FROM CABINET MEMBER

This report seeks approval of the levels of council tax discount that shall apply for 2024/25 as set out in this paper.

RECOMMENDATIONS:

That Cabinet:

- 1) Endorse the council tax discounts as shown in the table in Section 4.1 which will apply for 2024/25
- 2) Endorse the Second Homes Premium of 100% for Class B properties (that we currently charge 100% council tax) to commence from 1 April 2025

1. Introduction

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.

2. Council Tax Discounts

2.1 For the financial year 2024/25 it is proposed that there is one change to these discounts regarding Empty Property Premiums, as the Levelling Up and Regeneration Bill has now been given Royal Assent. Currently Empty Property Premiums 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. The enactment of the Levelling Up and Regeneration Bill now gives Councils the 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 the change).

3. Information on the Long-Term Empty Property Premium

- 3.1 The Council has had discretion to be able to add a premium charge to properties that have been empty since 2013. It was introduced 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.
- 3.2 The table below shows the empty property premium charges for 2023/24 and the proposed change for 2024/25

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%
2024/25	Properties empty for one year 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%

- 3.3 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 an overall reduction in the number of empty properties defined as ‘long term’.

4. Recommended Council Tax Discounts to be applied for 2024/25

4.1 The table below shows the full recommended Council Tax discounts to be applied in 2024/25

Table 2

Discount Class	Equivalent in 2023/24	2024/25
Class C: Properties vacant (unoccupied and unfurnished) for one day and less than one year	0% discount (full 100% charge). <i>NB for 2023/24 this was properties vacant (unoccupied and unfurnished) for one day and less than two years.</i>	0% discount (full 100% charge)
Class C: Properties vacant (unoccupied and unfurnished) for one year and less than 5 years	200% charge (100% Empty Property Premium). <i>NB for 2023/24 this was properties vacant (unoccupied and unfurnished) for two years and less than five years.</i>	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	0% discount (full 100% charge)	0% discount (full 100% charge)

date on which the work was substantially completed, and the dwelling has remained vacant since that date.		
<p>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</p> <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
<p>Care Leavers 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.</p>	100% Discount	100% Discount

5. Future Changes to Second Home Charges from 1 April 2025

- 5.1 The enactment of the Levelling Up and Regeneration Bill now also allows councils to introduce a new premium for second homes. This will give Councils 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%).
- 5.2 The change in 5.1 above can only come into effect from 1 April 2025 as the Council 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. The period between any decision made now and coming into effect from 1 April 2025 should therefore give second homeowners plenty of time to make plans for how to respond to the forthcoming premium.

- 5.3 The Levelling Up and Regeneration Bill recognises the impact that high levels of second home ownership can have in some areas. The aim of this change is to encourage more second homes into productive use, while enabling councils to raise and retain additional revenue to support local services and keep council tax down for residents.
- 5.4 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.
- 5.5 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).
- 5.6 There are two classes of second homes under Council Tax legislation, Class A and Class B.
- 5.7 Class A Properties 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 '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. Therefore, it is not recommended to impose a second home premium on these types of property.
- 5.8 Class B properties 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.
- 5.9 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 has recently tightened up the legislation and the process to mitigate this.
- 5.10 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.
- 5.11 Therefore, it is recommended a determination 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 2025 and the percentage of 100% to be applied.

6. Financial Implications

- 6.1 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.

Table 3 – Estimated income in relation to the Great Yarmouth Borough Council share if premiums applied – Please refer to Appendix 3 and 4

Estimated income for empty levy if changed to one year from 1 st April 2024	£28,334
Estimated income for the second home premium if applied from 1 st April 2025	£152.698

7. Recommendations

7.1 That Cabinet is asked to:

- 1) Endorse the council tax discounts as shown in Table 2 that will apply for 2024/25.
- 2) Endorse the introduction of a second home premium of 100% on Class B properties from 1 April 2025.

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

Consultations	Comment
Monitoring Officer Consultation:	As part of ELT
Section 151 Officer Consultation:	Yes
Existing Council Policies:	
Equality Issues/EQIA assessment:	

Appendix 1

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

Levy Charge Type	As at 1/10/23	As at 1/10/22	As at 1/4/22	As at 1/4/21	As at 1/4/20	As at 1/4/19	Commentary
Levy 2 (Empty Property over 2 years but under 5 years)	110	96	106	121	103	177	Reduced from 177 in April 2019 to 110 in October 2023
Levy 5 (Empty Property 5 or more years but under 10 years)	30	36	32	43	57	N/A	Reduced from 57 in April 2020 to 30 in October 2023
Levy 10 (Empty Property 10 years and over)	15	13	14	16	N/A	N/A	Reduced from 16 in April 2021 to 15 in October 2023
Total long-term empty properties	155	145	152	180	160	177	Reduced from 177 in October 2019 to 155 in October 2023

Appendix 2

Overall number of second homes across the Borough each year from 1/10/2018 to 1/10/2023

	As at 1/10/2023	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
No. of second homes	1049	972	849	772	683	639	584

The percentage growth of second homes between 1 October 2017 and 1 October 2023 is **80%**

Change in the number of second homes between 1/10/2017 and 1/10/2023 by parish area.

Parish	As at 1/10/2023	As at 1/10/2017	Number of increase/ decrease	% increase/ decrease
Ashby	0	0	0	0%
Caister	75	58	17	29%
West Caister	1	3	-2	-67%
Filby	5	6	-1	-17%
Fleggburgh	18	7	11	157%
Hemsby	43	34	9	26%
Martham	44	25	19	76%
Mautby	5	3	2	67%
Ormesby St Margaret	88	59	29	49%
Ormesby St Michael	3	2	1	50%
Repps with Bastwick	11	2	9	450%
Rollesby	6	2	4	200%
Somerton	5	5	0	0%
Stokesby	9	7	2	29%
Thurne	5	4	1	25%
Winterton	84	71	13	18%
Belton	18	13	5	38%
Bradwell	55	19	36	189%
Burgh Castle	20	7	13	186%
Fritton and St Olaves	25	22	3	14%
Hopton	27	17	10	59%
Great Yarmouth and Gorleston	502	218	284	130%
Total	1049	584	465	80%

Appendix 3

Potential Second Home Revenue if the Premium is endorsed

Number of second homes as at 1/10/2023	Valuation Band	2023/24 Council Tax Band Charge (£)	100% Premium Value (£)
424	A	1384.71	587,117
230	B	1615.49	371,562
231	C	1846.28	426,490
108	D	2077.06	224,322
31	E	2538.63	78,697
19	F	3000.20	57,003
4	G	3461.77	13,847
2	H	4154.12	8,308
		Total increase in Revenue (£) if the second home premium of 100% was charged at this snapshot	1,767,346

Great Yarmouth Borough Councils share would be £152,698.

Appendix 4

Value of extra revenue if 100% long-term empty premium is reduced to one year from 1 April 2024	
Estimated value if period of two years for empty levy is changed to one year.	£327,945
Great Yarmouth Borough Council Share	£28,334