

FAREHAM

BOROUGH COUNCIL

Report to Policy and Resources Scrutiny Panel

Date **23 October 2019**

Report of: **Deputy Chief Executive Officer**

Subject: **COUNCIL TAX DISCOUNTS AND EXEMPTIONS**

SUMMARY

This report sets out the current mandatory and discretionary Council Tax Discounts, exemptions, reliefs and premiums that apply to Council Tax Payers in Fareham. It recommends the adoption of a new Council Tax Reduction for young adults leaving the care system and new premiums for long term empty properties.

RECOMMENDATION

The Policy and Resources Scrutiny Panel is invited to comment on the Executive Report which is recommending that the Council:

- a) Approve the latest discretionary reductions and premiums set out in Appendix A for:
 - 100% discount for one month for properties unoccupied and unfurnished (Class C)
 - 50% discount for up to 12 months for properties requiring major works to render them habitable (Class D)
 - 100% to 300% Long Term Empty property premiums for properties which have been unoccupied and unfurnished for more than 24 months
- b) Agree the approach for the proposed policy for up to 100% of the Council Tax for properties occupied by Care Leavers under 25 years of age, to be considered as irrecoverable.

INTRODUCTION

1. Council Tax is collected as a local contribution to the many services provided in the borough by Fareham Borough Council, Hampshire County Council, Hampshire Police & Crime Commissioner and Hampshire Fire and Rescue Service. Fareham Borough Council is the designated Billing Authority and therefore responsible for the collection of the tax and distributing it to the other bodies.
2. Some properties or households are eligible for discounts, reliefs or exemption from Council Tax reducing their Council Tax bill. Most of these are mandatory and contained in Legislation, other adjustments are discretionary and can be set locally by the Council. A full summary of these is attached as Appendix A.
3. This report seeks approval for some proposed changes to the discretionary reductions and premiums that can be applied to council tax bills, in relation to empty properties and care leavers.

EMPTY PROPERTIES

4. In 2012 and 2018 the Government made changes to the provisions for Council Tax Discounts, Exemptions and Premiums as part of an overall strategy to bring empty properties into productive use. The government abolished some mandatory exemptions and gave Billing Authorities the power to provide local discounts (lower discount or no discount at all). In addition to this, Councils could charge a premium on properties that had been empty over 2 years.
5. Fareham has a shortage of affordable residential accommodation and there are currently over 1,132 people on the housing waiting list. Fareham has therefore taking this opportunity to encourage homeowners to bring back empty properties into use, as follows.

Unoccupied and Unfurnished Property (Class C)

6. In 2012 the changes abolished the exemption for unoccupied and unfurnished properties for the first 6-months from when the property became empty. Fareham had maintained this 6-month exemption as a 100% discount since 2013 but has recently reduced this discount from 6-months to 1-month from 1 April 2019.

Properties undergoing major repairs or structural alterations to render them habitable (Class D)

7. The 2012 changes also abolished the exemption for unoccupied and unfurnished properties undergoing major repairs or structural alterations to render them habitable.
8. Fareham has maintained the 100% exemption for a period of up to 12 months, as a discount since 2013, but has now also reduced this discount to 50% for up to 12 months from 1 April 2019.

Premiums for Unoccupied and Unfurnished Properties empty in excess of 2 years

9. The Government changes in 2012 also gave Billing Authorities the ability to levy a 50% premium on properties which had been unoccupied and unfurnished for a period of more than two years. Fareham agreed to levy a premium and have charged a 50% premium on this type of property since 1 April 2013.
10. In 2018, the Government made additional changes, giving Billing Authorities the power to raise increased premiums on properties which have been unoccupied and unfurnished for more than two years, as follows:
 - From 1 April 2019 to 31st March 2020 where the property has been empty over two years a 100% premium.
 - From 1 April 2020 to 31st March 2021 where the property has been empty between two to five years a 100% premium and where the property has been empty over five years a 200% premium.
 - From 1 April 2021 where the property has been empty between two to five years a 100% premium, where the property has been empty between five and ten years a 200% premium and for property that has been empty over ten years a 300% premium.
11. Fareham has increased the premium to 100% from 1 April 2019. However, it is now proposed that additional premiums proposed by the government are introduced from 1 April 2020 and 1 April 2021 for properties which have been unoccupied and unfurnished for 2 to 5 years, 5 to 10 years and over 10 years, to continue to support the Council in encouraging empty properties back into use and releasing much need housing.
12. There are currently 46 properties which would fall into this category. 7 of the long-term empty properties have been unoccupied and unfurnished for over 10 years. The tables below show the premiums that would be collected under the proposed policy compared to the proposed policy. The net effect would be additional income to FBC of £5,202.44.

| Table 1 – Increased Charge under Current Policy | | | |
|--|-------------------------|---|------------------|
| Band | No of Properties | 100% Premium Additional income | FBC Share |
| A | 8 | £8,886.72 | £888.67 |
| B | 6 | £7,775.88 | £777.59 |
| C | 12 | £17,773.56 | £1,777.36 |
| D | 7 | £11,663.82 | £1,166.38 |
| E | 5 | £10,182.70 | £1,018.27 |
| F | 6 | £14,440.92 | £1,444.09 |
| G | 2 | £5,554.20 | £555.42 |
| H | 0 | £0.00 | £0.00 |
| Total | 46 | £76,277.80 | £7,627.78 |

| Table 2 – Increased Charge under Proposed Policy | | | | | | | |
|--|--------------------|---------------------|---------------------|--------------------------------|--------------------------------|--------------------------------|-------------------|
| Band | Empty 2 to 5 Years | Empty 5 to 10 Years | Empty over 10 years | 100% Premium Additional Income | 200% Premium Additional Income | 300% Premium Additional Income | FBC Share |
| A | 3 | 4 | 1 | £3,332.52 | £8,886.72 | £3,332.52 | £1,555.18 |
| B | 4 | 1 | 1 | £5,183.92 | £2,591.96 | £3,887.94 | £1,166.38 |
| C | 5 | 5 | 2 | £7,405.65 | £14,811.30 | £8,886.78 | £3,110.37 |
| D | 5 | 2 | 0 | £8,331.30 | £6,665.04 | £0.00 | £1,499.63 |
| E | 1 | 1 | 3 | £2,036.54 | £4,073.08 | £18,328.86 | £2,443.85 |
| F | 3 | 3 | 0 | £7,220.46 | £12,219.24 | £0.00 | £1,943.97 |
| G | 0 | 2 | 0 | £0.00 | £11,108.40 | £0.00 | £1,110.84 |
| H | 0 | 0 | 0 | £0.00 | £0.00 | £0.00 | £0.00 |
| TOTAL | 21 | 18 | 7 | £33,510.39 | £60,355.74 | £34,436.10 | £12,830.22 |

CARE LEAVERS

13. Care leavers are among the most vulnerable groups in our society. Hampshire County Council have recently been undertaking a number of initiatives to help care leavers which have included recommending to district councils that they offer reductions in Council Tax to this category of residential occupier. It is proposed that Fareham Borough Council does offer a reduction in Council Tax by considering the Council Tax due as irrecoverable either in full or in part, as a way of providing practical help and financial assistance to care leavers whilst they are developing independent lives and their individual life skills.
14. The attached policy included as section 10 in Appendix A, is seeking to offer up to 100% reduction to Care Leavers aged between 18 and 25 and where any English based local authority has been acting as the corporate parent. The reduction (by considering the Council Tax as irrecoverable) can be applied if they pay Council Tax or live with someone who pays Council Tax in Fareham since 1 April 2019.
15. To qualify for their Council Tax to be considered irrecoverable the Care Leaver must:
 - Be aged 25 years and under
 - Have their main residence in the borough of Fareham
 - Be liable for Council Tax (Solely or jointly) or
 - Move into a household and cause an increase in Council Tax liability (e.g. the loss of single resident discount)
 - Be able to provide evidence of their care leaver status
16. The reduction in Council Tax will be granted after any entitlement to other appropriate Legislative discounts or exemptions have been awarded (this may include Council Tax Support, single resident Discount or relevant disregards).
17. It is difficult to estimate how many care leavers would choose to locate to Fareham and how many of these would be liable to Council Tax on their own or jointly with another person or cause an increase the Council Tax payable by moving into a property.
18. Research suggest that we may only have 4 care leavers aged between 18 and 25 years and only three of those are liable for Council Tax. Of the three liable to Council Tax, two pay an amount and one receives 100% Council Tax Support. The fourth Care Leaver resided in a property with other adults and had no impact on the

Council Tax liability. If we were to consider 100% of the Council Tax liability as irrecoverable in these cases, the total cost in 2019/2020 would be **£1,055.30**.

RISK ASSESSMENT

19. An Equality Impact Assessment is not necessary for this report.
20. There are no significant risk considerations in relation to this report

CONCLUSION

21. To agree the Council Tax Discounts, Reliefs, Exemptions and Premiums attached in Appendix A

Appendices: Appendix A - Council Tax Discounts, Reliefs, Exemptions and Premiums

Reference Papers:

The Local Government Finance Act 2012 Section 11

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018

Enquiries:

For further information on this report please contact Adrian Collier, Local Tax and Corporate Debt Manager (Ext: 4632)