

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 04 November 2019

Portfolio:	Policy and Resources
Subject:	Council Tax Discounts and Exemptions
Report of:	Deputy Chief Executive Officer
Corporate Priorities:	A dynamic, prudent and progressive council

Purpose:

This report sets out the current mandatory and discretionary Council Tax Discounts, Exemptions, Reliefs and Premiums that apply to Council Tax Payers in Fareham at Appendix A. It also recommends the adoption of a new Council Tax Reduction for young adults leaving the care system and changes to the discounts and premiums on empty properties and properties undergoing/requiring major works

Executive summary:

This report gives the Executive an opportunity to view the current mandatory and discretionary Council discounts, reliefs, exemptions and premiums that apply to Council Tax payers in Fareham.

The report also gives the Executive the opportunity to make some changes to the following discretionary discounts and premiums:

Care Leavers:

To offer a reduction in Council Tax to Care Leavers 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.

This policy will provide a 100% reduction to Care Leavers aged between 18 and 25 where any English based local authority has been acting as the corporate parent. The reduction will be awarded by considering the Council Tax as irrecoverable and will be applied if the Care Leavers pays Council Tax or lives with someone who pays Council Tax in Fareham since 1 April 2019.

Unoccupied and Unfurnished Dwellings (Class C)

To remove the discount currently allowed on empty and unoccupied properties which have been vacant for less than 1 month, so that no discount is given.

Unoccupied and Unfurnished properties undergoing alterations (Class D)

To remove the discount currently allowed on empty and unoccupied properties undergoing or requiring major works to make them habitable, so that no discount is given.

Council Tax Premiums on Long term Empty Properties:

There are 46 properties in Fareham which have been unoccupied and unfurnished for longer than 2 years. 7 of these properties have been unoccupied and unfurnished for longer than 10 years.

We don't always know why a property has been left unoccupied and there may be many reasons. However, there is a shortage of residential accommodation in Fareham which is affordable for prospective tenants and currently over 1,100 people on the Housing Waiting List.

The Government has given Billing Authorities the power to increase premiums on long term empty properties which will encourage these very long-term empty properties to be brought back into use, as follows:

1. From 1 April 2019 to 31st March 2020 where the property has been empty over two years, a 100% premium.
2. 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.
3. 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.

The Executive has agreed to increase this 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 to be brought back into use and releasing much need housing.

Owners of these empty properties will be notified in advance of the proposed changes.

Recommendation/Recommended Option:

It is recommended that the Executive:

- (a) agrees 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; and
- (b) approves the latest discretionary reductions and premiums set out in Appendix A for:
 - (i) 0% discount for properties which are unoccupied and unfurnished for less than 2 years (Class C)
 - (ii) 0% discount for properties requiring major works to render them habitable (Class D)
 - (iii) 100% to 300% Long Term Empty property premiums for properties which have been unoccupied and unfurnished for more than 24 months

Reason:

Fareham has a shortage of affordable residential accommodation and there are currently over 1,132 people on the housing waiting list. The proposed changes to the discounts on empty and unoccupied properties and the increase in the premiums payable on Long Term Empty properties (those empty for more than 24 months) should encourage owners of empty dwellings to bring those properties back into use, supporting the Government's strategy on empty homes.

The new care leavers policy will provide practical help and financial assistance to care leavers whilst they are developing independent lives and their individual life skills in Fareham.

Cost of proposals:

Estimates suggest an initial cost of the Care Leavers policy will be £1,055.30 in 2019/2020.

Appendices: A: Council Tax Discounts, Reliefs, Exemptions and Premiums Policy

Background papers: None

Reference papers:

Report to the Executive 7 January 2019 - Update on Financial forecasts and funding gap recommendations

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BOROUGH COUNCIL

Executive Briefing Paper

Date:	04 November 2019
Subject:	Council Tax Discounts and Exemptions
Briefing by:	Deputy Chief Executive Officer
Portfolio:	Policy and Resources

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 precepting 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 reductions and contained in Legislation, other adjustments are discretionary and can be set locally by the Council. A full summary of all Council Tax reductions is attached as Appendix A.
3. Although a full summary of reductions is provided at Appendix A, 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 continual shortage of affordable residential accommodation and there are currently over 1,132 people on the housing waiting list. Fareham has taken the opportunity to encourage homeowners to bring back empty properties into use, as follows:

Unoccupied and Unfurnished Property (Class C)

In 2012 the changes abolished the exemption for unoccupied and unfurnished properties for the first 6-months from when the property became empty. Fareham maintained the 6-month exemption as a 100% discount from 2013 but in January 2019, the Executive agreed to reduce this discount from 6-months to 1-month from 1 April 2019.

The proposal is to further reduce this discount from 1 April 2020 to nil, meaning that there would be no discount on unoccupied and unfurnished properties which have been vacant for a period of less than 2 years.

There are 145 properties receiving the 1-month discount (or a proportion of the 1 month) at 30 September and the annual discount is estimated to cost £195,000 per year. If this discount was removed, Fareham's share of the saving is estimated at £19,500.

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

The 2012 changes also abolished the exemption for unoccupied and unfurnished properties undergoing major repairs or structural alterations to render them habitable.

Fareham maintained the 100% exemption for a period of up to 12 months, as a discount from 2013, but in January 2019 the Executive agreed to reduce this discount to 50% for up to 12 months, from 1 April 2019.

The proposal is to further reduce this discount from 1 April 2020 to nil, meaning that there would be no discount on unoccupied and unfurnished properties undergoing major repairs or structural alterations to render them habitable.

There are 62 properties receiving this up to 12-month discount (or a proportion of the 12 months) at 30 September and the annual discount is estimated to cost £48,000 per year. If this discount was removed, Fareham's share of the saving is estimated at £4,800.

For properties in a derelict state, the Valuation and Listing Officer, the Agency responsible for Banding properties for Council Tax purposes, may decide to remove the property from the Banding List.

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

The Government's 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.

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:

- (i) From 1 April 2019 to 31st March 2020 where the property has been empty over two years, a 100% premium.

(ii) 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.

(iii) 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.

6. The Executive agreed to increase this 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 to be brought back into use and releasing much need housing.

7. In September 2018 there were 54 properties which had been unoccupied and unfurnished more than 2 years. This number reduced to 46 properties by September 2019. 7 of these long-term empty properties have been unoccupied and unfurnished for over 10 years.

8. The tables below show the premiums that would be collected under the proposed policy compared to the current policy. The net effect would be additional income to Fareham of £5,202.44.

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

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

9. Care leavers are amongst the most vulnerable groups in our society. Hampshire County Council have been undertaking a number of initiatives to help care leavers which have included a recommendation that district councils 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.
10. 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, retrospectively from 1 April 2019 forward.
11. 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
12. 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).
13. 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.
14. Research suggest that we may only have only 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

15. An Equality Impact Assessment is not necessary and there are no significant risk considerations in relation to this report

Enquiries: For further information on this report please contact Adrian Collier (Ext 4632)