

Committee(s): Policy Resources & Economic Development	Date: 30 September 2021
Subject: Review of Local Council Tax Discounts	Wards Affected: All
Report of: Jacqueline Van Mellaerts, Corporate Director (Finance & Resources)	Public
Report Author/s: Name: Rob Manser, Shared Services Revenues & Benefits Manager Telephone: 01277 312500 E-mail: Robert.manser@basildon.gov.uk	For Decision

Summary

In March 2021, following a motion at full Council by the labour group which was accepted in February 2021, PRED resolved to review Council Tax Discretionary Discounts and report options to a future PRED Committee.

This report reviews the options available and recommends to consult with residents to make amendments to the scheme of Council Tax Discounts and Premiums with effect from 1 April 2022, using discretionary powers granted by the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

This report outlines the proposed changes and the potential impact on the tax base.

Recommendation(s)

Members are asked to:

- R1. Award delegated authority to the Section 151 Officer in consultation with the Chair of Policy, Resources & Economic Development Committee to consult with residents on:**
- A) Removing the Council Tax discretionary discount for Empty and Unfurnished properties from 1 April 2022.**
 - B) Removing the Council Tax discretionary discount for Second Homes from 1 April 2022.**
 - C) Not changing The Council Tax discretionary discount for Empty & Uninhabitable properties from 1 April 2022.**
- R2. Report the results of the consultation to the next appropriate Policy, Resources and Economic Development Committee for a final decision on any proposed changes to Council Tax Discretionary Discounts.**

Main Report

Introduction and Background

1. The scheme for establishing liability for council tax and its collection is set out in the Local Government Finance Act 1992 (as amended). The Act makes provision for a number of fixed discounts and exemptions (e.g. for homes occupied by single persons) and gives discretion to billing authorities to grant discounts in other cases within prescribed limits.
2. There are currently three Council Tax discounts available to residents from Brentwood Borough Council that are at the discretion of the Council and are at a direct cost to the collection fund, where Council Tax Income is collected and distributed to the Major Precepting authorities: Essex County Council, Fire & Police and Brentwood Council.
3. The three discounts are:
 - a) Council Tax discount Class C1W - where a property is empty and unfurnished a 100% discount can be awarded for the first three months. This affects 219 properties and has a direct total cost to the collection fund of £101,000, a cost to the Council of £10,700.
 - b) Discount Class B1 - where a property is not a person's main home, but their second home, a 10% discount can be awarded ongoing. This affects 130 properties and has a direct total cost to the collection fund of £25,600, a cost to the Council of £2,700.
 - c) Discount Class D2 – where a property is empty and uninhabitable due to undergoing structural alteration or undergoing major repairs, a 25% discount for up to 1 year. Only the % is discretionary and not the period of time.
4. Each discount has been considered and reviewed against the value of the discount currently being provided, the impact to the residents as well as the comparisons against other Essex Authorities.

Issue, Options and Analysis of Options

5. The Local Government Finance Act 2012 introduced discretion for billing authorities to vary some existing Council Tax discounts and exemptions from 1st April 2013.

6. The below table shows how these discounts are currently administered across other Essex local authorities.

	Empty & Unfurnished Ctax Discount	Empty & Uninhabitable Ctax Discount	Second Home Ctax Discount
Basildon	50% for 3 months	50% for 1 year	None
Braintree	None	None	None
Brentwood	100% for 3 months	25% for 1 year	10% ongoing
Castle Point	100% for 4 weeks	None	None
Chelmsford	100% for 3 months	None	10% ongoing
Colchester	100% for 4 weeks	None	None
Epping	None	50% for 1 year	5% ongoing
Harlow	100% for 3 months	50% for 1 year	none
Rochford	None	None	None
Tendring	None	100% for 1 year	None
Uttlesford	50% for 6 months	50% for 1 year	None

7. As these Council Tax discounts alone are at the discretion of the Council, there is an opportunity to change and to consider the impact to Council funds and to its residents.
8. Potential changes will financially impact not only the major preceptors, Essex County Council, Fire and Police but also parish councils.
9. Data included within this report, is from a fixed period in time, it should be noted that discounts are awarded and removed to Council Tax properties on a routine basis, depending on information known to the Billing authority and maybe subject to change.

Empty and Unfurnished Discounts

10. For empty and unfurnished properties owners currently receive 100% discount from their Council Tax bill for the first three months. The value of this discount

Ctax Band	Total no of properties	Total value of discount	Cost to Essex / Fire / Police Precepts	Cost to Brentwood
A	12	£3,633.93	£3,246.66	£387.27
B	35	£12,365.41	£11,047.66	£1,317.75
C	67	£27,052.59	£24,169.58	£2,883.01
D	42	£19,078.08	£17,044.97	£2,033.12
E	32	£17,765.84	£15,872.56	£1,893.28
F	21	£13,778.63	£12,310.25	£1,468.37
G	10	£7,570.68	£6,763.88	£806.80
H	0	£0.00	£0.00	£0.00
	219	£101,245.15	£90,455.56	£10,789.60

11. The removal of the Empty and Unfurnished discount could impact the following:
- a) Landlords when the property is empty between tenancies;
 - b) Residents moving home between properties where there is an overlap; and
 - c) Tenants offered new tenancies often have to take up the tenancy immediately but may not be able to move in straight away so could be liable for Council Tax on both properties.

Second Home Discounts

12. For second homes owners currently receive a 10% discount from their Council Tax bill and this is ongoing.

Ctax Band	Total no of properties	Total value of discount	Cost to Essex / Fire / Police Precepts	Cost to Brentwood
A	11	£1,332.44	£1,190.44	£142.00
B	13	£1,837.15	£1,641.37	£195.78
C	30	£4,845.24	£4,328.88	£516.36
D	26	£4,724.10	£4,220.66	£503.44
E	25	£5,551.83	£4,960.18	£591.65
F	12	£3,149.40	£2,813.77	£335.63
G	9	£2,725.44	£2,435.00	£290.45
H	4	£1,453.57	£1,298.66	£154.90
	130	£25,619.16	£22,888.95	£2,730.21

13. The removal of the Second homes discount could impact the following:
- a) Landlords with furnished lets when the property is empty between tenancies;
 - b) Residents where this is a second home for them and they are classed as permanently resident at their main home which is elsewhere; and
 - c) Properties that remain furnished following the death of the liable person where probate has been granted and the statutory six months' probate exemption period has expired.

Empty & Uninhabitable Discounts

14. For Empty & Uninhabitable discounts homes owners currently receive a 25% discount from their Council Tax bill for the first 1 year.

Ctax Band	Total no of properties	Total value of discount	Cost to Essex / Fire / Police Precepts	Cost to Brentwood
A	0	£0.00	£0.00	£0.00
B	1	£353.30	£315.65	£37.65
C	4	£1,615.08	£1,442.96	£172.12
D	8	£3,633.92	£3,246.66	£387.26
E	5	£2,775.91	£2,480.09	£295.83
F	8	£5,249.00	£4,689.62	£559.38
G	9	£6,813.61	£6,087.49	£726.12
H	0	£0.00	£0.00	£0.00
	35	£20,440.82	£18,262.46	£2,178.36

15. The removal of the Empty & Uninhabitable discount could impact owners/builders who are making improvements and bringing properties up to specification to make them habitable.

Conclusion

16. Following an analysis of the options above, it has been considered at this stage that two of these discretionary discounts are removed from 1 April 2022, which are:
- a) Second Homes discount
 - b) Empty & Unfurnished discount
17. This will be subject to consultation and a final report of the Council Tax Discount review reported to the next appropriate Policy, Resources and Economic Development Committee.

Reasons for Recommendation

18. Properties that are vacant for long periods of time, can lead to problems with squatters, anti-social behaviour and have a direct impact on the amount of housing available in the Borough. The removal of these discounts would incentivise the owners to bring properties back into use and occupation with less delay.
19. Currently two local Council Tax discounts we are reviewing to remove are costing Brentwood Council £13,519 per annum, and the precepting authorities collectively £113,344 per annum. This would generate additional income to the collective Councils to reinvest within their services.

20. Legislation will still allow the Council to award discretionary support to people in exceptional circumstances and each request will be given due care and consideration and assessed on its own merits.

Consultation

21. It is recommended as best practice to carry out a consultation exercise to establish the views of borough taxpayers. Consultation results will be reported to the next available PRED for a final decision of the review.

References to Corporate Strategy

22. Providing a reasonable and balanced set of Council Tax discounts will help grow the economy, improve housing and will support the delivery of an efficient and effective council.

Implications

Financial Implications

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23. Financial implications have been included within the report. The Council is the billing authority and collects Council Tax on behalf of all the preceptors and parishes within the Brentwood borough. All income collected is accounted for within the Collection Fund account and distributed to preceptors the following year, through a deficit/surplus mechanism. The tax base for the borough which take account of valid discounts and exemptions on properties is calculated in October for the following budgeted year. Therefore, the Council will start to see the effect of these changes from the year 2023/24 should they be approved following consultation at a future Policy, Resources and Economic Development Committee.

Legal Implications

Name & Title: Amanda Julian, Corporate Director (Law & Governance) and Monitoring Officer

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24. The Local Government Finance Act 2012 introduced discretion for billing authorities to vary some existing Council Tax discounts and exemptions from 1st April 2013. The Council cannot totally fetter its' discretion to award discounts completely by retaining the ability to look at exceptional cases and having a criteria to determine these cases, will mitigate the risk of challenges.

Economic Implications

Name/Title: Phil Drane, Corporate Director (Planning and Economy)

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25. Properties that are vacant for long periods of time, can lead to problems with squatters, anti-social behaviour and have a direct impact on the amount of housing available in the Borough. The potential removal of these discounts would incentivise the owners to bring properties back into use and occupation with less delay as well as increase the Tax Base within the borough for Major Preceptors to benefit and reinvest the income within their services. Subject to the outcome of the consultation, any decision to remove these discounts would have indirect economic benefits in addition to other considerations.

Other Implications (where significant) – i.e. Health and Safety, Asset Management, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

26. None

Background Papers

27. None

Appendices to this report

28. None