

APPENDIX D

Approval for Technical Changes to Council Tax

Background

The Local Government Resource Review encompassed three potential areas of reform to local government finance:

- The local retention of business rates
- The replacement of council tax benefit by a localised council tax support scheme
- Technical reforms of council tax

In the spending review, the Government considered greater flexibilities to Local Authorities to manage pressures on Council Tax including the ability to reduce the impact on people affected by the changes to Council Tax Benefit.

The technical reforms included providing Local Authorities with:

- A discretion to Local Authorities to give discounts of between 0 and 100 per cent for exemption classes A and C
- a discretion over second homes discount, currently 10-50 per cent be extended to 0-50 per cent
- Empowering billing authorities to charge an 'empty homes premium' in respect of dwellings which have been empty for two years or more as an incentive for owners to bring them back into use.

To ensure that the impact on current Council Tax Benefit claimants, and future Council Tax Support claimants, is mitigated by the introduction of the Council Tax Support scheme, the Council needs to make use of the powers made available to make technical reforms of current Council tax legislation.

Class A Exemption

Class A : An exemption of 100% is currently available for up to 12 months in respect of a vacant property which requires, is undergoing, or has recently undergone major repair work to render it habitable, or structural alteration.

Recommendation

From 1 April 2013, the Council adopts a discount of 50% for up to 12 months for all vacant properties that meet the existing Class A criteria

Class C Exemption

Class C: An exemption of 100% is currently available for up to 6 months after a dwelling becomes vacant and substantially unfurnished

Recommendation

From 1 April 2013. The Council adopts a discount of 100% for one month (30 days) for new vacant properties that meet the existing Class C criteria

Second Homes

A 10% discount is currently available on council taxpayers identified as having a second home in the Melton Borough area.

Recommendation

From 1 April 2013 all properties identified as second homes, a 0% discount is awarded for council taxpayers with second homes.

Empty Homes Premium

This is a new proposal created by the Local Government Finance Act 2012 and is part of a range of measures to bring empty homes back into use. Empty homes are considered as wasted assets and bringing them back into occupation would increase housing supply.

From 1 April 2013 all properties that have been empty and unfurnished for at least two years will attract an empty homes premium of 50% except in the following circumstances:

- ***A dwelling which is the sole or main residence of a member of the armed forces, who is absent from the property as a result of such service***
- ***An annex deemed unoccupied because it is being treated by the occupier of the main dwelling, as part of that main dwelling***
- ***The property is exempt from Council Tax***

The above exceptions are included within regulations arising from the Local Government Finance Act 2012.

Guidelines

The Government has not decided not to prescribe for the circumstance where a dwelling which is genuinely on the market for sale or letting should be exempt from the EHP. However the Government will issue guidance to Local Authorities to help Local Authorities reflect the state of the local housing market in their decision making process for administering the premium.