

## Report to Cabinet

31<sup>st</sup> January 2020

By the Cabinet Member for Finance and Assets

**DECISION REQUIRED**



**Horsham  
District  
Council**

Not Exempt

### Council Tax Reduction (CTR) Scheme

#### Executive Summary

This report provides Cabinet with an overview of Horsham's current CTR scheme, along with a recommendation that no changes are made to the scheme for 2020/21.

The report also makes the recommendation to implement an increase in the Council Tax long-term empty premiums from 1<sup>st</sup> April 2020 to further incentivise landlords/owners to bring properties back into occupation. With a further increase from 1<sup>st</sup> April 2021.

Cabinet is being asked to agree for sign-off of these proposals at full Council.

#### Recommendations

The Cabinet is recommended to:

- i) Agree the inclusion of a 'no-change' CTR scheme to be approved at full Council.
- ii) Adopt the Empty Homes Premium increase to 200% for homes empty for more than five years from April 2020, and to 300% for homes empty for more than ten years from 2021/22.

#### Reasons for Recommendations

- I. CTR schemes are annual schemes and therefore require an annual review and approval, even when no changes to the scheme are being proposed.
- II. To enable the Council to sustain a robust Empty Homes Strategy by bringing empty homes back into use.

**Background Papers:** There are no accompanying background papers

**Wards affected:** All wards

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## **Background Information**

### **1 Introduction and Background**

- 1.1 Horsham District Council is operating a Council Tax Reduction (CTR) Scheme, which provides financial support for people on low incomes to help them afford their Council Tax payments.
- 1.2 The scheme should be reviewed and authorised annually by both Cabinet and Council, even when no changes are proposed.
- 1.3 The introduction of the empty homes premium in 2013 has been a useful incentive in persuading owners of empty properties to bring them back into use. Horsham District Council has used this power since April 2013 and imposed the maximum premium of 50% over and above the charge which would apply if the domestic property was unoccupied.
- 1.4 On the 1<sup>st</sup> November 2018 new legislation was introduced to enable councils to charge higher council tax premiums on long term empty dwellings to provide additional powers to reduce the number of long-term empty properties
- 1.5 Horsham District Council currently applies the following premium to long-term properties:
  - 150% for properties remaining empty for 2 years or longer.

### **2 Relevant Council policy**

- 2.1 The design and funding of the CTR scheme forms part of delivering a balanced budget in the medium term, as detailed in the Corporate Plan.
- 2.2 Should the Council implement these increased empty home premiums it will assist the Council with the delivery of the Empty Homes Strategy which contributes towards the District Priority - Support our Communities.

### **3 Details**

- 3.1 Horsham's CTR scheme currently provides financial support for those on low incomes and provides a means-tested discount to reduce their Council Tax payments.
- 3.2 The scheme ensures that the following protected groups are subject only to the means-test calculation when their CTR discount is awarded:
  - 3.2.1 Pensioner households;
  - 3.2.2 Lone parents with a child under 5;
  - 3.2.3 Households where the means-test attracts an additional premium in their applicable amount due to disability or caring responsibilities;

3.2.4 Households where the customer is in receipt of War Widows Pension

3.3 Any customer who does not fall into one of the protected groups will not be entitled to a discount if their capital exceeds £10,000 and will also have their discount:

3.3.1 reduced by 10%

3.3.2 restricted to a Band D equivalent liability amount

3.4 The recommendation of this report is that the above scheme remains unchanged.

3.5 The current long-term empties policy allows for an additional 50% premium to be applied to the liable party's Council Tax account if their property remains empty for 2 years or more. The recommendation under the new regulations is to increase this premium as follows:

3.3.3 Increase in the long-term empty premium to 200% from 1<sup>st</sup> April 2020 for properties vacant for 5 years and over.

3.3.4 Increase in the long-term empty premium to 300% from 1<sup>st</sup> April 2021 for properties vacant for 10 years and over.

## **4 Next Steps**

4.1 This proposal report is submitted to Council for approval.

## **5 Views of the Policy Development Advisory Group and Outcome of Consultations**

5.1 The CTR proposal will be presented to the Finance & Assets PDAG on Monday 13<sup>th</sup> January 2020

5.2 The proposed policy changes were considered by the Community and Wellbeing Policy Development and Advisory Group at its meeting on 18<sup>th</sup> February 2019 and the Group was fully supportive of the proposed changes.

## **6 Other Courses of Action Considered but Rejected**

6.1 With the on-going roll out of Universal Credit, there were concerns that the recovery of Council Tax as a result of the automated monthly update of customers' income would be interrupted and slow the recovery process.

6.2 The impact of regularly changing the amount of a customer's CTR discount will lead to delays in recovery caused by having to re-bill customers, re-setting instalment arrangements, customer confusion and increased customer complaints.

6.3 The proposed solution to this problem is to change the CTR scheme to incorporate banded income brackets, which will provide some tolerance against fluctuations in income and prevent the impact on Council Tax recovery.

- 6.4 However, the analysis of Universal Credit has determined that this is not the case and the recovery of Council Tax is not being impacted in this way. An on-going annual review will to be carried out as Universal Credit continues to replace legacy benefits, this will ensure that the option for a banded scheme can be considered each year.
- 6.5 In terms of the long-term empty premium, The Council could choose not to implement the new empty homes premiums. This would be a missed opportunity to further incentivise domestic property owners to bring empty properties back into use.
- 6.6 It is also possible under the new legislation to increase the premium for properties which have been vacant for 2-5 years. However, the existing 50% premium for these properties is considered sufficient as, in our experience, a number of the homes that are still empty after 2 years are not being deliberately left empty. Some properties, particularly retirement properties, are difficult to sell whilst other properties that require major renovation take more than 2 years to complete.

## **7 Resource Consequences**

- 7.1 As the Revenues & Benefits service is being provided by LGSS on behalf of Horsham District Council under a Partnership and Delegation Agreement there will be no additional resource consequences for Horsham District Council if it decides to continue to adopt its current scheme.
- 7.2 Due to the minimum number of long-term empty properties impacted by this recommended change, the impact on resourcing is expected to be minimal.

## **8 Legal Consequences**

- 8.1 The legal authority for CTR schemes comes from:
- 8.1.1 Local Government Finance Act 2012
  - 8.1.2 The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012
- 8.2 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 gives the Council the discretion to increase the levels of the empty homes premiums as set out in this report.

## **9 Risk Assessment**

- 9.1 As there is no proposed changes to the current CTR scheme a further risk assessment is not required.
- 9.2 Due to the minimal number of empty properties, which would be affected by this proposal, the perceived risk is minimal.

## **10 Other Considerations**

- 10.1 With no changes proposed to the current CTR scheme no further considerations are required.
- 10.2 The largest proportion of empty properties that may be affected are owned by individuals although there is no data on their equality profile. However, based on the experience of Officers, vulnerable people are not the majority of owners. No specific impacts on people sharing protected characteristics are likely as there is no pattern to people who own properties that will be liable for this charge.
- 10.3 There are potential social and community benefits arising from the proposal in this report to increase council tax empty homes premium. Homes that remain empty for long periods are a waste resource, particularly in the context of growing demand for housing, can impact on neighbouring residents and can attract crime or anti-social behaviour. Homes that are brought back into use are also more likely to be maintained appropriately.