

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE 19TH NOVEMBER 2003

COUNCIL TAX ON SECOND HOMES

REPORT OF THE HEAD OF FINANCE (this matter is the responsibility of the Leader of the Council)

EXECUTIVE SUMMARY

The Local Government Act 2003 introduced new freedoms to Local Authorities with regard to the amount of discount offered on council tax on second homes, and long-term empty properties.

The Executive is requested to approve a policy to reduce the current discount on second homes to the minimum allowed of 10%, and to earmark the resultant extra income raised to the Local Strategic Partnership.

1. Purpose of Report

- 1.1 To advise the Executive of a change to the regulations for Council Tax charges on second and long-term empty homes, and to gain approval for a change of policy at Taunton Deane Borough Council.

2. Background

- 2.1 The Government issued a consultation paper last year outlining their ideas on the treatment of Council Tax discounts on second, and long-term empty homes. Currently second homes only pay a 50% charge. Long Term Empty properties are exempt for the first 6 months and then pay a 50% charge. The consultation paper looked at introducing some flexibility in the system to allow local authorities the option of reducing or removing this discount.
- 2.2 The Resources Panel considered the questions raised in this consultation paper at their meeting in February 2002 – the resultant debate helped formulate this Councils formal response.
- 2.3 The Government have now set out in the Local Government Act 2003 the necessary primary legislation for this to take effect from 1st April 2003.
- 2.4 The Resources Panel considered the proposed policy change outlined in this report at their meeting on 13th November 2003 – a verbal update will be given to the Executive on their views.

3. The Proposal – Second Homes

- 3.1 ‘Second Homes’, for Council Tax purposes, are defined as being any dwelling which is furnished and is no ones sole or main residence.

3.2 The Local Government Act 2003 concluded that additional income raised by reducing the discount offered on second homes should be shared by the billing authority (TDBC) and the two main precepting authorities (Somerset County Council and Avon and Somerset Police Authority) in proportion to the amount levied via the Council Tax bills.

3.3 The additional income from second homes is currently estimated as follows:-

Property Band	No of 2 nd Homes	Total Extra Income £'000	ALLOCATION OF EXTRA INCOME		
			TDBC £'000	SCC £'000	ASPA £'000
A	64	19	2	15	2
B	85	29	3	23	3
C	78	30	3	24	3
D	49	21	2	17	2
E	39	20	2	16	2
F	34	21	2	17	2
G	17	12	1	10	1
H	3	2	-	2	-
% Allocation		154	15	124	15

3.4 These figures are based on the second homes in Taunton Deane being awarded the minimum 10% discount proposed in the new legislation.

3.5 As shown in the table above, Taunton Deane's share of the additional revenue raised is fairly small, despite this Council, as the billing authority, having to undertake all of the extra work to bill and collect this revenue.

3.6 Somerset County Council have suggested that all Somerset Authorities should earmark the additional revenue raised by this change of policy for investment in schemes within the billing authorities area. This could be effected by giving first priority to any plans put forward by the local Strategic Partnership and/or the local Crime and Disorder Partnership. It would be possible for any of the three major precepting authorities involved to suggest and promote individual schemes, but this would be done via the Local Strategic Partnership.

3.7 A report will be submitted to the Executive requesting that this Council support and adopt this policy.

4. The Proposal – Long-Term Empty Homes

4.1 'Long-Term Empty Homes', for Council Tax purposes include properties which have been empty and unoccupied for 6 months or more, or, where they are requiring major repairs, 12 months or more.

4.2 We currently have 373 long-term empty properties within Taunton Deane.

4.3 The Local Government Act 2003 concluded that Local Authorities would have the freedom to decide whether discounts should be applied to long-term empty

properties. Currently long-term empty homes receive a 50% discount once the period of exemption expires. The Act allows authorities to reduce or remove the discount.

- 4.4 However, reducing or removing the discount for long-term empty homes would not generate any additional income, as the additional amount charged would be offset by a reduction in Revenue Support Grant (RSG). Taunton Deane, as the billing authority, would however have to bear the increased costs of billing and collecting this additional charge.
- 4.5 Pending research on the impact of a policy change on long-term empty properties, it is proposed that no reduction be made in the level of discount currently applied to long-term empty properties.

5. Recommendation

- 5.1 The Executive is requested to approve:-
 - a) The policy of charging 90% of the full council tax on second homes instead of the present 50%; and
 - b) That the additional income raised be delegated to the Taunton Deane Local Strategic Partnership for decisions on how it would be spent.

Background Papers

Resources Panel – February 2002 – Consultation Paper on Council Tax on 2nd Homes.
Resources Panel – November 2003 – Council Tax on 2nd Homes

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