

Appendix 2

Council Tax

Policy for Second Homes, Long Term Empty Properties and determining discounts for certain dwellings

Revenues & Benefits

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1.0 Introduction

1.1 The Local Government Finance Bill 2012 amends the Local Government Finance Act 1992 allowing local discretion over the implementation of certain discounts and charges applied within the Council Tax regime. The changes main fall within the following areas;

- The application of discounts to second homes. Currently Local authorities are given the discretion as to the level of charge they make for second homes. A discount may be given of between 50% and 10% for any premises (excluding a houseboat or caravan) which is furnished but is no one's sole or main residence. From April 2013, authorities will have the discretion to give a discount of between 50% and 0% as they see fit;
- Charges relating to long term empty properties. Currently long term empty properties (i.e. those premises which are substantially unfurnished and which are not considered to be a person's sole or main residence), can be subject to a charge. Local Authorities have the discretion to give a discount of between 50% and 0%. From April 2013, local authorities will be given further powers to allow for additional charges to be made (empty home premiums) of up to 50% on top of any existing charge, where the premises have been empty for a period of 2 years or more.
- Currently there are twenty-three classes of dwelling which can give rise to an exemption (no charge) from Council Tax Discounts. Two of the major exemptions Class A and Class C are to be abolished from 1st April 2013 and can be replaced by a locally defined discount.

1.2 The following policy details the approach to be taken by Portsmouth City Council with effect from 1st April 2013.

2.0 Legislation

Second Homes and Discounts replacing the existing Class A and Class C Exemptions

2.1 Amendments have been made to the legislation from 1st April 2013 in respect of second homes and the replacement of the existing Class A and Class C exemptions (granted under the Council Tax (Exempt Dwellings) Order 1992). The amendments have been made by the Local Government Finance Bill 2012 which inserts new legislation within the existing Local Government Finance Act 1992 as follows;

(4A) For any financial year for which a class of dwellings is prescribed for the purposes of this subsection, a billing authority in England may by determination provide;

(a) in relation to all dwellings of that class in its area, or

(b) in relation to such description of dwellings of that class as it may specify in the determination, that the discount under section 11(2)(a) shall not apply or shall be such percentage (which may be 100) as it may so specify.

(4B) Where a class of dwellings is prescribed for the purposes of subsection (4A) by reference to the period of time for which a condition is met, a billing authority may not, under paragraph (b) of that subsection, specify a description of dwellings of that class by reference (wholly or partly) to a shorter such period.”

Long term Empty Properties

- 2.2 For long-term empty premises, the legislation (Local Government Finance Act 1992) has been amended to allow for a ‘premium’ to be added to any existing charge up to a maximum of 50% based on classes of premises defined by the local authority. Section 11b of the Local Government Finance Act 1992 has been inserted as follows;

11B Higher amount for long-term empty dwellings: England

(1) For any financial year, a billing authority in England may by determination provide in relation to its area, or such part of its area as it may specify in the determination, that if on any day a dwelling is a long-term empty dwelling—

(a) the discount under section 11(2)(a) shall not apply, and (b) the amount of council tax payable in respect of that dwelling and that day shall be increased by such percentage of not more than 50 as it may so specify.

(2) The Secretary of State may by regulations prescribe one or more classes of dwelling in relation to which a billing authority may not make a determination under this section.

(3) A class of dwellings may be prescribed under subsection (2) by reference to such factors as the Secretary of State thinks fit and may, in particular, be prescribed by reference to—

(a) the physical characteristics of, or other matters relating to, dwellings;

(b) the circumstances of, or other matters relating to, any person who is liable to the amount of council tax concerned.

(4) Where a determination under this section has effect in relation to a class of dwellings;

(a) the billing authority may not make a determination under section 11A(3), (4) or (4A) in relation to that class, and

(b) any determination that has been made under section 11A(3), (4) or (4A) ceases to have effect in relation to that class.

(5) A billing authority may make a determination varying or revoking a determination under this section for a financial year, but only before the beginning of the year.

(6) A billing authority which makes a determination under this section must publish a notice of it in at least one newspaper circulating in its area and do so before the end of the period of 21 days beginning with the date of the determination.

(7) Failure to comply with subsection (6) does not affect the validity of a determination.

(8) For the purposes of this section, a dwelling is a “long-term empty dwelling” on any day if for a continuous period of at least 2 years ending with that day—

(a) it has been unoccupied, and

(b) it has been substantially unfurnished.

(9) In determining for the purposes of this section whether a dwelling has been unoccupied for any period, no account is to be taken of any one or more periods of not more than 6 weeks, or such longer period as the Secretary of State may by regulations specify, during which it was occupied.”

3.0 Second Homes – Policy effective from 1st April 2013

- 3.1 The City Council will take full advantage of the powers within the legislation to make a charge for second homes and the policy, which has to-date been adopted by the Council is to charge 90% (a discount of 10%). This will continue to be the level charged from 1st April 2013.
- 3.2 In the following cases a charge of 50% will apply (rather than the 90%) as required by legislation;
- Dwellings which are furnished but unoccupied because the owner is liable to a Council Tax elsewhere in job-related accommodation;
 - Empty but furnished dwellings of service personnel resident in accommodation provided by the Ministry of Defence;
 - If the dwelling is a caravan or houseboat;
 - Clergy who are required to live in accommodation provided by the to perform the duties of their office
- 3.3 The legislation outlining the above is the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 as amended. The regulations require the authority to determine the classes under which a discount will be granted. For the purposes of this policy the classes and discounts to be granted by the City Council from 1st April 2013 are as follows;

Class	Description	Discount
A	A dwelling; a) which is not the sole or main residence of an individual; b) which is furnished; and c) the occupation of which is restricted by a planning condition preventing occupancy for a continuous period of at least 28 days in the relevant year	10%
B	A dwelling; a) which is not the sole or main residence of an individual; b) which is furnished; and c) the occupation of which is not restricted by a planning condition preventing occupancy for a continuous period of at least 28 days in the relevant year;	10%

4.0 Empty dwellings – Policy effective from 1st April 2013

- 4.1 For Council Tax purposes, the revised legislation determines that the charge for empty dwellings will follow three phases namely;

First phase: a period during which a dwelling will attract the discount of between 0% and 100% determined by the local authority (as a result of the measures outlined Local Government Finance Bill 2012). If the dwelling remains empty and substantially unfurnished, this period will last for any period up to 6¹ months as determined by the authority (12 months if the dwelling is in addition to being unoccupied and substantially unfurnished and undergoing major repairs²);

Second phase: a period during which the discount attracted will be between 0% and 50%. The rules for this phase are based on the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003. During this phase the authority can determine (in accordance with Class C of the regulations) the level of discount between 0% and 50%. The second phase will last indefinitely unless the local authority has made a determination implementing the empty homes premium.

Third phase: an indefinite period starting when the dwelling has been empty for two years. In this phase, the liability will be up to 150% of the council tax, which would be payable if the dwelling were occupied, and the single person discount did not apply. The level of this additional premium can be between 0% and 50%³ depending on the decision of the local authority.

4.2 The City Council has resolved that the following will apply from 1st April 2013:

Where a dwelling is unoccupied and substantially unfurnished

- a. If a dwelling becomes unoccupied and substantially unfurnished the City Council will grant a discount of 100% for a period of up to and including one month since the last occupation day, so long as it remains so throughout the whole of the period. 0% discount will be given after the end of the one month period.
- b. For purposes of determining the last occupation day, any period of less than 5 months of occupation of the said dwelling shall be disregarded.

Where a dwelling is unoccupied and substantially unfurnished, requiring or undergoing structural alterations or major repair works to make it habitable

- a. If a dwelling is unoccupied and substantially unfurnished, requiring or undergoing structural alterations or major repair works to make it habitable, a discount of 40% will be granted for any period up to one year so long as it remains so;
- b. If a dwelling in a. above remains unoccupied and substantially unfurnished for a period of greater than one year, 0% discount will be given after the end of that year.

Where a dwelling remains unoccupied and substantially unfurnished for a period of two years or more

- a. Where a dwelling remains unoccupied and substantially unfurnished for a period of two years or more, the City Council has resolved to charge an empty homes premium of 50% in addition to the full Council Tax charge, as allowed within Section 11b of the Local Government Finance Act 1992, inserted by the Local Government Finance Bill 2012.

¹ This replaces Class C of the Council Tax (Exempt Dwellings) Order 1992

² This replaces Class A of the Council Tax (Exempt Dwellings) Order 1992

³ Section 11b of the Local Government Finance Act 1992, inserted by the Local Government Finance Bill 2012

5.0 Publication of the changes

- 5.1 The City Council, in accordance with the legislation, will publish the changes to the Council Tax regime within 21 days of making such a resolution.

This policy supersedes the decisions taken at Council on 19th January 2004, with respect to second homes, long term empty properties and discounts for certain dwellings.