

WEST NORTHAMPTONSHIRE SHADOW AUTHORITY

SHADOW EXECUTIVE MEETING

5 January 2021

Report Title	Harmonisation of Council Tax Discounts and Premiums for West Northamptonshire Council
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1. Purpose

- 1.1 The purpose of this report is to outline the current Council Tax discounts and premiums that are in place across the districts and borough and to seek agreement for these discounts to be harmonised for West Northamptonshire from 1 April 2021.

2. Recommendations

- 2.1 It is recommended that the Shadow Executive approve the following Council Tax discounts and premiums to be effective from 1 April 2021:
- Second homes discount to be set at zero
 - Discount for unoccupied and substantially unfurnished properties which are uninhabitable due to requiring major repairs to be set at zero.
 - Unoccupied and substantially unfurnished properties discount to be set at zero
 - Long term empty premium to be set as follows: where a property has been empty for more than two years but under 5 years a Council Tax premium of 100% to be charged: where a property has been empty over 5 years a premium of 200% to be charged.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The Local Government Finance Act 2021 abolished certain Council Tax discounts and gave Local Authorities greater flexibilities for certain discounts from April 2013. The Act also introduced powers to allow Councils to charge

up to 100% of the Council Tax in respect of second homes, and to charge a premium in respect of dwellings which have been unoccupied and unfurnished for at least two years.

- 3.1.2 Currently in West Northamptonshire, each of the Districts and Borough have slightly different discounts and premiums. The current position for each authority is shown below:

	Daventry District Council	Northampton Borough Council	South Northants Council
Second homes discount	Zero	Zero	Zero
Empty and unfurnished discount	Zero	Zero	50% for 3 months and then zero
Long term empty premium	50% after two years	100% after 2 years 200% after 5 years	100% after two years
Empty and uninhabitable and requiring major repair	Zero	Zero	Zero

3.2 Issues and Choices

Harmonisation of Council Tax discounts and premiums

- 3.2.1 Members of the Task and Finish group received a paper on the current Council Tax discounts and premiums across the West Northants area. Policies for empty homes may reflect and support corporate aims to bring empty properties back into use. There is also financial incentive through the New Homes Bonus scheme that rewards local authorities for growth in the Council Tax base. Therefore, there is strong incentive in keeping the number of long-term empty properties to a minimum. As the current schemes vary across West Northants the group recommended that the policies should be harmonised from 1 April 2021.

Details of the proposals to harmonise discounts and premiums.

Second Homes

The proposal is to harmonise this discount at zero for West Northants Council from 1st April 2021. Currently the policies for all three Councils are aligned and reflect a zero discount and therefore there is no impact from this proposal.

Unoccupied and substantially unfurnished

The proposal is to harmonise this discount at zero for West Northants Council from 1 April 2021. Currently Daventry District Council and Northampton Borough Council have their unoccupied and unfurnished discount set at zero. South Northamptonshire Council has a discount of 50% for three months and then zero. There are currently 198 taxpayers in South Northants who have a 50% discount and who would therefore be impacted by this proposal.

Long term empty premium

The proposal is to harmonise the long-term empty premium as follows

- at 100% for properties that have been empty for 2 years
- at 200% for properties that have been empty for 5 years or more.

Currently Daventry have a premium of 50% for long term empty properties. Based on current modelling 44 taxpayers will be impacted by the introduction of 100% premium after 2 years and a further 19 taxpayers will be impacted by a 200% premium after 5 years.

South Northants have a long-term empty premium of 100% after 2 years. The introduction of a 200% premium after 5 years will impact on 27 taxpayers.

Northampton Borough already have a long-term empty premium of 100% after 2 years and 200% after 5 years and so there will be no impact from this proposal.

The financial impact of this proposal is shown later in this report.

Premium for unoccupied and uninhabitable property requiring major repair

The proposal is to harmonise this discount at zero. This is in line with the current policies at all three Councils and therefore there will be no impact from this proposal.

4. Implications (including financial implications)

4.1 Policy

4.1.1 West Northamptonshire Council will need to determine whether Council Tax discounts are awarded in respect of empty properties, second homes and whether a premium is charged on long term empty properties. This report details the current position throughout West Northants. It is recommended that these discounts and premiums are harmonised from 1 April 2021 so ensuring equality across the new West Northamptonshire Council area. Please note that members will receive a separate report on the Local Council Tax Reduction Scheme.

4.2 Resources and Risk

4.2.1 It should be noted that it is difficult to accurately predict the overall impact from the recommendations contained in this report. This is due to a number of factors including the possible changes in taxpayers behaviour and personal circumstances and the impact of Covid-19 and how it affects individual taxpayers. The position will be kept under review as this progresses.

4.3 Financial Implications

4.3.1 As previously highlighted, it is difficult to predict the overall financial impact from the recommendations outlined in this report as taxpayers may have changes in circumstances once the changes are introduced. The changes will all result in increased income to the Council. The table below provides an estimate (based on current data) of the possible financial impact from the suggested changes:

Estimated impacts from harmonising discounts/premiums	Unoccupied and unfurnished Zero	Second homes Zero	Long term empty 100% after 2 years	Long term empty 200% after 5 years	Uninhabitable
Daventry District Council	No change	No change	36,543	47,382	No change
Northampton Borough Council	No change	No change	No change	No change	No change
South Northants Council	45,908	No change	No change	51,197	No change
Total cost (+) saving (-)	-45,908			-98,579	No change

In total it is estimated that the changes based on the current information could lead to increased income of £144,487.

4.3 Legal

4.3.1 The Local Government Finance Act 2012 revoked certain Council Tax exemptions and replaced them with locally agreed discretionary discounts from April 2013. The Act also introduced powers allowing Councils to charge up to 100% of Council Tax in respect of second homes and a premium in respect of dwellings that have been empty and unfurnished for at least two years.

4.3.2 The Shadow Authority will need to determine whether Council Tax discretionary discounts are awarded in respect of empty properties, whether any discount is awarded for second homes, and whether a premium is charged on long term empty properties. There is no requirement to consult on this.

4.4 Equality and Health

4.4.1 An equality Impact assessment has been carried and has not highlighted any negative or positive impacts on individuals with protected characteristics.