

COUNCIL TAX DISCOUNTS DETERMINATION 2023-24

Summary: This report sets out the proposed level of council tax discounts which shall apply to classes of dwelling for the financial year 2023-24.

The determinations are made by the Council under sections 11A and 11B, and of the Local Government Finance Act 1992, subsequent enabling powers and Regulations made under the Act.

Options considered: The recommendations take advantage of the options from the reforms included in the Local Government Finance Act 2012 as amended to incentive homes back into use and generate council tax income.

Conclusions: The legislation provides local authorities with the power to make changes to the level of council tax discount in relation to classes of property. The Council has to approve its determinations for each financial year. The calculation of the tax base for 2023/24 will be made on the assumption that the determinations recommended below will apply.

Recommendations: Recommend to Full Council that under Section 11A of the Local Government Finance Act 1992 and in accordance with the provisions of the Local Government Finance Act 2012 and other enabling powers that:

- 1) The discounts for the year 2023-24 and beyond are set at the levels indicated in the table at paragraph 2.1
- 2) The existing 100% council tax hardship discount and associated policy (see Appendix B) remains in place for 2023-24
- 3) That an exception to the levy charges may be made by the Revenues Manager in the circumstances laid out in section 2.2 of this report
- 4) The premiums for the year 2023-24 and beyond are set at the levels indicated in the table at paragraph 2.3
- 5) A new second homes premium of 100% as detailed in paragraph 2.4 is applied from April 2024, subject to the necessary legislation.
- 6) To continue to award a local discount of 100% for eligible cases of care leavers under Section 13A of the Local Government Finance Act 1992 (as amended)
- 7) Those dwellings that are specifically identified under regulation 6 of the Council Tax

(Prescribed Classes of Dwellings) (England) Regulations 2003 will retain the 50% discount as set out in paragraph 1.2 of this report.

- 8) Those dwellings described or geographically defined at Appendix A which in the reasonable opinion of the Revenues Manager are judged not to be structurally capable of occupation all year round and were built before the restrictions of seasonal usage were introduced by the Town and Country Planning Act 1947, will be entitled to a 35% discount

Reasons for Recommendations:

To set appropriate council tax discounts and premiums which will apply in 2023-24 and to raise council tax revenue.

In accordance with the relevant legislation these determinations shall be published in at least one newspaper circulating in North Norfolk before the end of the period of 21 days beginning with the date of the determinations.

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)

N/A

Cabinet Member(s) Cllr Eric Seward	Ward(s) affected All
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1. Introduction

1.1 Local Authorities are required to approve their Council Tax discount determinations each year. The legislation provides local authorities with powers to make changes to the level of council tax discount in relation to certain types of properties.

1.2 All billing authorities are able to reduce or end the nationally set 50% council tax discount for second homes. The exception to this rule is that billing authorities cannot change the discount for second homes of people who are liable for council tax on dwellings provided by an employer, i.e. tied accommodation, as established under regulation 6 of the Council Tax (prescribed classes of dwellings) (England) Regulations 2003.

- 1.3 It is for the billing authority to determine whether changes on discounts apply to all or parts of its area. An area can be as small as one property (provided it can be defined geographically) and different discounts can apply in different parts of the area.
- 1.4 Properties that are classed as Long-Term Empty (those that have not been occupied for a period of 24 months) can attract a premium on their Council Tax, which is currently 100% of the charge.
- 1.5 The Council also has powers under Section 13A of the Local Government Finance Act 1992 (as amended) to introduce discounts to particular taxpayers.
- 1.6 Since April 2013 North Norfolk District Council (as a billing authority) has had additional powers to vary the levels of council tax discount offered in the District. Reductions in the discounts offered or increases in the premiums charged will generate additional revenue for both the District Council and major preceptors.

2. Current Discounts and Premiums Proposed for 2023-24

- 2.1 The table below details the existing discounts which the Council has in place. This report proposes these discount levels remain the same for 2023-24 for classes A, B and C. It is proposed to amend the discount for the Class D dwellings to 50% from 1 April 2023 to support dwellings undergoing major works to bring them back into use.

Class	Description	2022/23 Discount	Proposed Discount from 1st April 2023
Class A	Dwellings which are not the sole or main residence, are furnished, but their continuous occupation is restricted by planning regulations to less than 28 days a year.	10% Discount	10% Discount
Class B	All other dwellings which are not the sole or main residence, are furnished, and their continuous occupation is not restricted by planning regulations to less than 28 days a year.	No Discount	No Discount
Class C	All dwellings which are unoccupied and substantially unfurnished.	No Discount	No Discount
Class D	Dwellings that are unoccupied and unfurnished and: <ul style="list-style-type: none"> • require or are undergoing major repair to make them habitable • are undergoing structural alteration • have undergone major repair work to render them habitable, if less than six months have elapsed since the 	No Discount	50% Discount

	date on which the alteration was substantially completed and the dwelling has continuously remained unoccupied and unfurnished since that date		
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The number of properties affected by the Class D discount is currently very low, the last few years are shown in the table below, however numbers were higher pre 2017 before the discount was removed (circa 100 to 150). The cost of applying this discount is not considered material for the Council at the current property numbers and level of properties can be reviewed annually when reviewing the discounts levels set to ensure the discount remains affordable.

Band	2022	2021	2020	2019	2018
A	4	-	1	3	7
B	3	3	2	3	7
C	4	-	2	4	7
D	1	2	1	1	8
E	2	4	2	-	4
F	-	1	2	1	-
G	-	1	1	1	1
H	-	-	-	-	-
Total	14	11	11	13	34

This report proposes a 50% discount level is applied for 2023-24.

- 2.2 In 2022-23 the Council introduced a new discount under Section 13A of the Local Government Finance Act 1992 (as amended) to give 100% relief to those experiencing hardship. It is proposed that this hardship discount and associated policy and application process remains in place for 2023-24. To date in 2022-23 there has been one claim provided through this discount.
- 2.3 The table below details the existing premiums which the Council has in place currently and this report proposes these discount levels remain the same for 2023-24. The premium is the amount above the existing 100% council tax charge, so for example a long term empty property which has been empty for longer than 24 months will pay council tax at a 200% level (double the normal level).

Description	
Long term empty properties that have been empty for a consecutive period of longer than 24 months	100% premium
Long term empty properties that have been empty for a consecutive period of longer than 60 months	200% premium
Long term empty properties that have been empty for a consecutive period of longer than 120 months	300% premium

Proposed new Premium

- 2.4 The Queen's Speech in May 2022 included some specific bills that could have a direct effect on local government finance. One of these bills proposes

that billing authorities would have the power to charge a 100% premium on second homes.

This proposal requires legislation to be laid and Royal Assent before it becomes available for billing authorities to use. In addition, a determination has to be made at least one year before the beginning of a financial year to which it relates. If Royal Assent is received for this by 31 March 2023, the Council could potentially apply this premium from April 2024.

This report proposes that, subject to the necessary legislation, the Council charges a 100% premium on second homes (council tax properties that are unoccupied and unfurnished) with effect from April 2024. The Bill requires billing authorities “to have a minimum period of 12 months between making its first determination and the financial year in which it takes effect, hence the reason for its inclusion. There are currently circa 4,600 second homes in the North Norfolk area.

- 2.5 The levy premiums detailed above cannot apply to homes that are empty due to the occupant living in armed forces accommodation for job-related purposes, or to annexes being used as part of a main property.

Currently there are fewer than 140 properties that fall within the bracket of long term empty properties longer than 24 months within North Norfolk, so this is viewed as a policy tool to encourage efficient use of available housing within the district.

Care Leavers Discounts

- 2.6 The Council currently awards a local discount of 100% % for eligible cases of care leavers under section 13A of the Local Government Finance Act 1992 (as amended). The costs of this are fully compensated by Norfolk County Council.

Classes of Property

- 2.7 The Regulations differentiate between classes of property as follows:
- “Class A” - properties are those which are not an individual’s sole or main residence, are furnished and have seasonal planning prohibition (i.e. preventing occupation for a continuous period of at least 28 days)
 - “Class B” - properties are those which are not an individual’s sole or main residence, are furnished and have no restrictions with regard to occupation.

In effect Class A properties are second homes where occupancy is restricted for a period of at least 28 days a year where Class B properties have no restrictions on occupancy.

Formal Determinations

- 2.8 The Council has to approve its determinations for each financial year. It should be noted that the schedule of Class “B” property exceptions shown in Appendix A and referred to in recommendation (8) above, is believed to include all dwellings potentially entitled to retain a discount for the year commencing 1 April 2023 for the reason stated. Under the wording of the

2003 regulations, changes cannot be made to the schedule once the determinations have been made. Should further properties be notified to the Council for possible inclusion in the list for exemptions, they may only be added when the determinations for 2024-25 are made for operation from 1 April 2024.

3. Corporate Plan Objectives

- 3.1 Local Homes for Local Need = Providing council tax discounts and premiums supports bringing homes back into use.
- 3.2 Financial Sustainability and Growth = Council tax premiums charged generate income to the Council and major preceptors to support financial sustainability.

4. Medium Term Financial Strategy

- 4.1 The discounts and premiums approved by Members will be used for calculating the tax base used in the budget setting

5. Financial and Resource Implications

- 5.1 The calculation of the tax base for 2023-24 will be made alongside the budget, based on the level of discounts and premiums approved by Members. The taxbase dictates the expected income to the Council from Council Tax in the following year. Any increase in discounts or decrease in premiums will reduce the taxbase, and therefore also income.

6. Legal Implications

- 6.1 This report does not raise any new legal implications

7. Risks

- 7.1 This report does not raise any new risks.

8. Impact on Climate Change

- 8.1 This report does not raise any issues relating to Climate change.

9. Equality and Diversity

- 9.1 This report does not raise any new issues relating to equality and diversity.

10. Section 17 Crime and Disorder considerations

- 10.1 This report does not raise any issues relating to Crime and Disorder considerations

11. Conclusion (including recommendations)

The legislation provides local authorities with the power to make changes to the level of council tax discount in relation to classes of property. The Council has to approve its determinations for each financial year. The calculation of the tax base for 2023/24 will be made on the discounts and premiums in this report.