

London Borough of Enfield

Council Tax Technical Changes.

Appendix F to Council Report – 29th January 2014

Council Tax Technical Changes

Summary

The Local Government Finance Act 2012 introduced discretion for billing authorities to vary some existing council tax discounts and exemptions from the 1st April 2013. The secondary legislation, The Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 detailing the changes was passed on the 26th November 2012. The areas affected were:-

Second Homes

Billing authorities are able to change the level of council tax discount for second homes

Empty dwellings under-going major repair

From 1st April 2013 billing authorities can vary the level of reduction and the time period which may apply.

Empty and unfurnished dwellings

Billing authorities can vary the level and shorten the period of the exemption.

Empty Homes Premium

The Act introduces a new discretionary power to levy an empty homes premium of up to 50% on a dwelling that is unoccupied and substantially unfurnished for a continuous period of at least two years.

The Government has exempted:-

- A dwelling which is the sole or main residence of a member of the armed forces who is absent due to service
- An annex treated as part of the main dwelling

The technical changes also introduced the legal right for council taxpayers to pay by 12 monthly instalments. The default scheme remains 10 instalments. Billing authorities are also no longer obliged to provide statutory billing information with demand notices in hard copy if the information is published on line.

Technical Changes Impact

The Government introduced the technical reforms of council tax as part of the Local Government Resource Review which also included the replacement of council tax benefit and has indicated that the income generated from the technical reforms can be used to mitigate the loss of grant associated with the replacement of council tax benefit. The Council included its intention to use the extra income to increase the exemptions within this year's statutory consultation for the local council tax support

scheme. The second driver for change was to give authorities stronger levers to ensure housing stock is effectively utilized. The proposed changes will discourage 2nd home ownership and encourage owners to bring empty dwellings into use quickly.

The increase in tax will fall on council taxpayers owning 2nd homes and empty dwellings. Given the chronic shortage of available housing in the borough and the need to reduce the impact of the local council tax support scheme on carers and the disabled the overall impact of the changes are positive as they will benefit disabled and carers receiving council tax benefit and assist those disadvantaged by the fact that demand for housing is greater than supply and the cost of housing homeless families in temporary accommodation is currently borne by the council tax payer at large.

Recommendation

In accordance with The Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 members are recommended to:-

- Reduce the council tax discount for vacant dwellings undergoing major repair from 10% for up to one month to nil with effect from 1st April 2014
- Reduce the council tax discount for empty and unfurnished dwellings from 10% for up to one month to nil with effect from the 1st April 2014.