

### **Brief summary of the main proposals from the “Technical reforms of council tax” consultation paper**

CLG published the consultation paper on 31 October 2011 with a closing date for responses of 29 December 2011. It is recommended that relevant officers prepare a detailed response based on the following principles:

- Welcoming the proposed additional discretions on discounts and exemptions and the ability to levy premiums on long term empty properties as these will provide financial incentives to minimise the number of empty homes in the city.
- Recommend that any additional income should not be ring-fenced for any particular purpose but should be used by the council to deliver the best possible outcomes for local people.
- Welcome the proposal to change council tax payments from 10 instalments April to January to 12 monthly instalments and request that the negative impact on the cashflow of the council should be offset by the government reprofiling all grant payments due to the council.
- Welcome the proposal to remove the requirement to send the council tax leaflet out with the bill on both financial and sustainability grounds.

Cabinet are asked to endorse these principles which will underpin the detailed response to CLG.

A summary of the consultation proposals and the possible maximum financial impact on the council is shown below:

- Discretion to remove the minimum 10% discount on second homes and furnished lets. The council gives the statutory minimum discount currently so the removal of the 10% would generate, based on the latest number of second homes and furnished lets in the city, about £260k additional council tax of which the council's share\* would be about £220k.
- Discretion to replace the exemption on class A properties (unoccupied and unfurnished property that needs or is undergoing major repairs or structural alteration, lasts up to 12 months or for 6 months after the works are completed whichever is earlier) with a discount of between 0% and 100%. Different discounts could be applied to properties in different circumstances and for different periods of time. If the council decided no discount would be applied to all class A properties then the additional council tax generated would be about £340k of which the council's share\* would be about £290k.

- Discretion to replace the exemption on class C properties (unoccupied and basically unfurnished property, lasts for a maximum period of 6 months regardless of any change in ownership or tenancy) with a discount of between 0% and 100%. Different discounts could be applied to properties in different circumstances and for different periods of time. If the council decided no discount would be applied to all class C properties then the additional council tax generated would be about £2.5m of which the council's share\* would be about £2.1m.
- Removal of the exemption on class L properties which are repossessions by mortgage lenders. This would generate about £40k additional council tax income of which the council's share\* would be about £35k.
- Options to charge a premium on some or all long term empty properties. The council currently gives no discount on long term empty properties and there are just over 1,000 on the council tax register. The additional income generated would depend on the size of the premium, the properties to which it would be applied and the length of time before it would be applied.
- To change the payment of council tax from 10 months April to January to 12 monthly instalments. This would have a negative impact on the cash-flow of the council.
- To remove the requirement to send out a council tax leaflet with the bill. The leaflet would be made available on-line and by hard copy on-demand. There would be savings in printing and distribution costs.
- To change arrangements for property revaluation following the installation of solar panels and not to separately tax self-contained annexes ("granny flats"). This would reduce council tax income.

\*Note: The council receives approximately 85% of the council tax raised within the city with most of the remainder going to Sussex Police and East Sussex Fire Authority.