

# Council Tax Support Scheme 2024/25 and 2025/26 & Empty Homes Premium Policy

## REPORT TO EXECUTIVE



<b>DATE</b>	<b>15 February 2024</b>
<b>PORTFOLIO</b>	<b>Resources and Performance Management</b>
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### PURPOSE

1. To present the findings of the Council Tax Support Scheme consultation with regards to plans to temporarily increase the maximum level of subsidy for working age claimants, for the 2024/25 and 2025/26 scheme and to amend the Council's Empty Homes Premium Policy.

### RECOMMENDATION

2. That the Executive recommend to Full Council to approve:
  - a. changes to the Council Tax Support Scheme for 2024/25 to increase the maximum level of subsidy for working age claimants from 85% to 95% for a one-year period.
  - b. changes to the Council Tax Support Scheme for 2025/26 to increase the maximum level of subsidy for working age claimants from 85% to 90% for a one-year period.
  - c. the Council's Empty Homes Premium Policy 2024/25.
  - d. authorisation to the Director of Resources, in consultation with the Executive Member for Resources and Performance Management, to amend the Empty Homes Premium Policy to ensure that it complies with forthcoming legislation.

### REASONS FOR RECOMMENDATION

3. To provide temporary support, by increasing the level of subsidy for eligible working age claimants within the Council Tax Support Scheme, up to a maximum of 95% for 2024/25 and 90% for 2025/26, to help alleviate some of the financial hardship caused by the cost-of-living crisis.

4. To amend the Council's Empty Homes Premium Policy, to include powers contained within the Levelling Up and Regeneration Act 2023, which will assist in bringing empty homes back into use.

## SUMMARY OF KEY POINTS

### 5. Council Tax Support Scheme

The Council Tax Support Scheme replaced Council Tax Benefit in April 2013. The Local Government Finance Act 2012 created the provision for local authorities to create their own local scheme to replace the national Council Tax Benefit scheme. Pensioners were protected from any reduction in Council Tax Support.

6. The government's policy objective in localising support for Council Tax were to:
  - Give local authorities a greater stake in the economic future of their local area,
  - Give local authorities the opportunity to reform the system of support for working age claimants,
  - Reinforce local control over Council Tax, and
  - Give local authorities a financial stake in the provision of support for Council Tax.
7. There are currently 9,869 households claiming Council Tax Support in Burnley; 2,936 (30%) are pensioners and 6,933 (70%) are working age. Pensioners are protected under government legislation and continue to receive Council Tax Support at the same level as they did under the Council Tax Benefit rules, up to a maximum of 100%.
8. Up until 2023/24, working age claimants on full Council Tax Benefit received up to a maximum of 85% subsidy on their bill and were asked to pay a minimum of between £161 for a single person and £215 per year for a standard bill for a Band A property (15%). Information held confirmed that 71% of taxpayers in this category were paying their Council Tax on time with the remainder collected through the Council's normal recovery processes over a longer period.
9. In 2023/24, Full Council approved that temporary assistance, up to a maximum of 100% subsidy on their bill, would be provided to working age claimants on full Council Tax benefit for the 2023/24 financial year only.
10. An 8-week public consultation process was carried out in October/December 2023 on the temporary changes to the scheme. This included consulting with the Council's major preceptors.

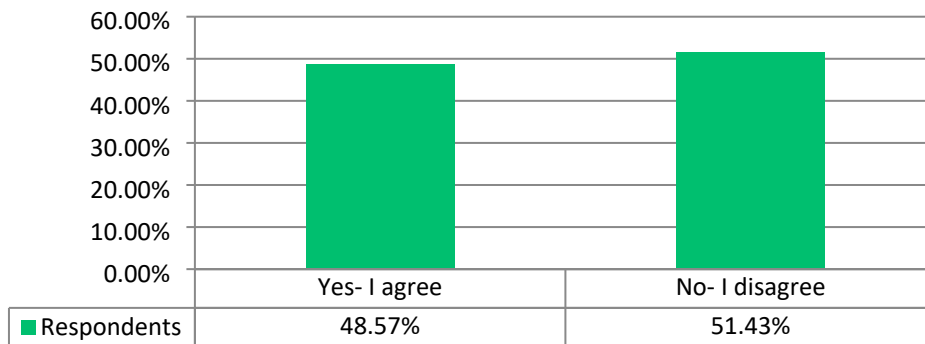
### Council Tax Support Scheme Consultation

11. A public consultation began on Thursday 19<sup>th</sup> October 2023 and lasted for an 8-week period up until Wednesday 13<sup>th</sup> December 2023.
12. The wording of the consultation questions and results are detailed in appendix 1. The main question was:

**“Do you agree or disagree with the proposal to provide a temporary increase in the level of subsidy provided to working age claimants, from a maximum of 85% to a maximum of 95%, for the 2024/25 financial year, decrease the maximum level**

**of subsidy to 90% in the financial year 2025/26. Return the maximum level of subsidy to what it was prior to the cost of living crisis from 2026/27 (85%).“**

13. There were in total 35 respondents to the survey. The results of the survey to the main question were as follows:



14. A summary analysis of the respondents is below:

- 35 responses were received. Of this, 6 declared they were current claimants, while 28 said they were not (1 chose not to declare their status).
- Overall, 48.6% of the respondents agreed to the proposal. 51.4% were against.

15. The full results of the survey are included in appendix 1.

16. Based on the feasibility of the proposals and the results of the consultation, it is recommended that temporary changes to the Council Tax Support Scheme as outlined in the report are approved.

### **Empty Homes Premium**

17. Under government proposals that came into force for 2012/13, designed to get long term empty properties back into use, the Council chose to apply a 50% empty homes premium to properties empty and unfurnished for over two years. This meant that the owner would need to pay 150% of the annual Council Tax charge. Using updated Government regulations, in February 2019, the Council adopted an increase to the premium for properties that have been empty for over 2 years, from 50% to 100% from 2019/20, meaning owners would need to pay 200% Council Tax charge.

18. Government gave further discretion to Councils from 2020/21 (200% premium for properties empty for more than 5 years, meaning a 300% Council Tax charge) and 2021/22 (300% premium for properties empty for more than 10 years, meaning a 400% Council Tax charge), both of which the Council implemented and is contained within the current Policy.

19. The Levelling Up and Regeneration Act 2023 permits the Council to impose an empty homes premium after one year instead of 2 years from the 1<sup>st</sup> April 2024. It is recommended that this revision is adopted as part of the Council Tax charges.

20. There are some exemptions to the premium that can be applied upon application, which include:

- Properties undergoing probate – up to a maximum of 12 months,
- Properties that are actively being marketed for sale or rent – up to a maximum of 6 months, and

- Empty properties undergoing major repairs – time limited to 6 months.
21. It is important to note that these exemptions may require to be amended when further regulations are issued early in 2024.
  22. The use of the premium is a tool that is intended to bring empty homes back into use rather than to generate revenue.
  23. The Empty Homes Premium Policy 2024-25 is included at Appendix 2.

#### **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

24. The cost of increasing the Council Tax Support subsidy for working age claimants from a maximum of 85% to a maximum 95% in 2024/25 and 90% in 2025/26 is estimated to cost £80k and £40k respectively. If the scheme is approved to be taken forward, it is proposed that the one-off cost in each financial year is funded from the Cost of Living Reserve.

#### **POLICY IMPLICATIONS**

25. These changes would result in temporary policy amendments for the Council Tax Support scheme. It would also amend the Council's Empty Homes Premium Policy in accordance with the provisions allowed under the Levelling Up and Regeneration Act 2023.

#### **DETAILS OF CONSULTATION**

23. Formal consultation as detailed in the report.

#### **BACKGROUND PAPERS**

24. None

#### **FURTHER INFORMATION**

**PLEASE CONTACT:**

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