

# Technical Reforms of Council Tax

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Questions for consultation and Wirral's responses

### *Proposals on 2<sup>nd</sup> Homes*

#### Question 1

Do you agree with the Government's proposal to extend the range of discount available to billing authorities in respect of second homes to 0 to 50 per cent?

#### Answer

Yes Wirral supports the proposal to extend the range of discount available but feels the Council is best placed to prescribe the level of discounts, based upon local circumstances and that they should not be prescribed centrally.

#### Question 2

How might authorities choosing not to offer any discount on second homes identify them in order to report second homes as necessary for formula grant purposes?

#### Answer

With the removal of the incentive to claim a discount it will be impossible to identify the number of new 2<sup>nd</sup> homes unless a scheme of compulsory registration is introduced, possibly maintained locally by Council planning departments. Wirral currently has 767 properties classed as 2<sup>nd</sup> Homes

### *Proposals on Class A exemption*

#### Question 3

Do you agree with the Government's proposal to abolish Class A exemption and replace it with a discount which billing authorities may set in the range 0 to 100 per cent?

Answer

Yes Wirral supports the proposal to abolish Class A and feels the Council is best placed to prescribe the level of discounts based upon local circumstances and that they should not be prescribed centrally. Wirral currently has 161 classed as Class A

Question 4

If Class A exemption is replaced by a discount, for what period should the new discount apply before such properties are treated as long term empties? Should the one-year time limit continue to apply, or should billing authorities have any discretion about it?

Answer

A more realistic timescale would be 6 months. As with all decisions of this nature Wirral believes the decisions should be taken locally and not centrally prescribed.

Question 5

If Class A exemption is replaced by a discount should billing authorities be empowered to give different levels of discount for different cases?

Answer

Yes Wirral supports the proposal to allow the Council to prescribe the level of discount based upon local circumstances.

### *Proposals on Class C exemption*

Question 6

Do you agree with the Government's proposal to abolish Class C exemption and replace it with a discount which billing authorities may set in the range 0 to 100 per cent?

Answer

Yes Wirral supports the proposal to abolish Class C and feels the Council is best placed to prescribe the level of discounts based upon local circumstances and that they should not be prescribed centrally. Wirral currently has 2,609 classed as Class C.

Question 7

If Class C exemption is replaced by a discount, for what period should the new discount apply before such properties are treated as long term empties? Should the six month time limit continue to apply, or should billing authorities have any discretion about it?

Answer

Experience indicates the 6 month figure is correct in the majority of cases however Wirral would like to exercise its discretion on application of the timescale and for the timescale not to be prescribed centrally.

Question 8

If Class C exemption is replaced by a discount should billing authorities be empowered to give different levels of discount for different cases?

Answer

Yes Wirral supports the proposal to allow the Council to prescribe the level of discount based upon local circumstances and that they should not be prescribed centrally.

*Class L exemption*

Question 9

Should Government seek to make mortgagees in possession of empty dwellings liable to council tax?

## Answer

Yes as owners in possession it is wrong that they are exempt from paying Council Tax on properties. Wirral currently has 81 classed as Exemption L, empty and mortgagees in possession

## Question 10

Would enabling local authorities to levy an empty homes premium on council tax have a significant impact on the number of homes being left empty?

## Answer

In the short term yes. However recent experience over the last 8 months, Wirral's Long Term Empty discount was reduced from 50% to 0% from 1 April 2011, indicates that owners do suddenly claim that properties are occupied to avoid paying the higher levy.

The number of Long Term Empties will drop initially but it will likely be a false figure and hide the real problem of Long Term empty properties rather than solving it. This will leave the council in an invidious and costly position of having to check if properties are really empty when the owner claims they are occupied.

## Question 11

In terms of a percentage of normal council tax, what should the maximum permitted premium be?

## Answer

The percentage figure could be as high as 200% of the properties Band. The proposal should be to allow the Council to prescribe the level of premium based upon local circumstances and not for it to be centrally prescribed. A national maximum could be set by central government over which it could be considered by the Minister to ensure that local conditions reflect the need for the Council to use such a high (or low) figure.

## Question 12

How long should a dwelling have remained empty before the empty homes premium might be applied in respect of it?

Answer

In view of the current anomalies in the housing market nationally local discretion should be allowed to prescribe the applicable timescales rather than central prescription.

Question 13

Should constraints be placed on the purposes to which the additional tax revenue generated from an empty homes premium may be devoted?

Answer

No. Councils should be able to retain the additional funds collected and spend them as they see fit, ring-fencing should not be applied. The additional amounts should not be reflected in future Council Tax Base returns as happens currently with removal or amendment of Long Term Empty Discounts.

Question 14

What circumstances if any should be defined as being inappropriate for levying the empty homes premium, and why?

Answer

The discretion to levy the empty homes premium should be a local decision based upon local circumstances without prescription from Central Government.

Question 15

What practical issues would have to be addressed if the premium were to be implemented (for example in the consistent identification of empty homes) and how should they be resolved?

Answer

See the answer to Question 10

### *Definition of a "relevant person"*

#### Question 16

Do you agree that Section 66(2C)(a) should be amended along the lines suggested?

#### Answer

Yes as this corrects a loophole and drafting mistake, discovered in the Curzon case 2002. In the original legislation of Business Rates a Relevant Leaseholder in certain circumstances was described as a "relevant person" but a Freeholder was not.

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### *Payment by instalments*

#### Question 17

Do you agree that the default pattern of council tax bill instalments should be payment by 12 monthly instalments (with other arrangements to be reached by agreement between taxpayer and billing authority)?

#### Answer

There will be an inevitable knock on effect to the detriment of collection and lost interest levels which council's can ill afford at this time of tough budget constraints.

Given the vast bulk of people nationally for 18 years have paid by 10 instalments AND DID SO WITH Poll Tax and General Rates this is not a necessary change given the financial impact on Councils unless government find a way to recompense authorities for the losses they will then incur.

It is accepted that the public perception however is that the majority of "other ex utility bills" can be paid over 12 months and that council tax should be the same, it is difficult to argue against this as the majority of people are paid or receive their income monthly.

The discretion to offer 12 instalments should be a local decision based upon local circumstances without prescription from Central Government. However once allowed it is envisaged this would become the norm.

*Information to be supplied with demand notices*

Question 18

Do you agree that billing authorities should be able to discharge their duty to provide the information that must currently be supplied with demand notices by publishing it online (with the exception of information relating to penalty charges, and subject to the right of any resident to require hard copy)?

Answer

Yes Wirral spent £25,000 on 190,000 booklets in 2011 that contained the supplied information. Making that information available electronically on line and only available in paper format upon request is the right way forward and will result in substantial cost savings for the Council.

*“Rent a Roof” solar PV installations on domestic properties*

Question 19

Do you agree that domestic scale solar photovoltaic installed on dwellings should be treated as part of those properties?

Answer

Yes

Question 20

Do you agree that domestic scale solar photovoltaic should be defined as installations having a maximum generating capacity of 10 kW?

Answer

Wirral has no specific view concerning the maximum generating capacity of domestic solar photovoltaic installations.

### *Annexes to dwellings*

#### Question 21

In what circumstances if any do the rules requiring the separate banding of self contained units of accommodation within a hereditament give rise to injustice?

#### Answer

Wirral do not consider there are any other circumstances that give rise to injustice in this area.\*

#### Question 22

Should the Government seek to make changes to these rules, and if so, what changes?

#### Answer

None

\* Refers to "Granny Annexes" that are attached to a property and occupied by a dependant relative. Wirral have 13 out of 145,929 properties

*Whilst in occupation the Granny Annexe is classed as Exempt Class W.*

*When the annexe is unoccupied it will attract an empty charge unless alterations take place to make it part of the original property its' attached to or occupied by another dependant relative.*

*Wirral normally requires kitchen removal before a request is passed to the V.O for removal of the annexe assessment as this is viewed, within the regulations, as a material change. Then, for example, the original assessment Band F and the Granny Annexe assessment, Band A are reassessed to one, Band G.*

*In some cases an empty annexe will be classed as Exempt Class T whereby it would be in breach of planning controls if let separately from the main building.*

