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COUNCIL TAX INFORMATION LETTER 5 /2002

This is Council Tax Information Letter 5/2002. The topics covered in this letter are:

- **Council tax discounts and exemptions**
- **Sharing of Council tax information on empty homes.**

Council tax discounts and exemptions

Last November, the Government consulted on possible changes to council tax discounts in England, in particular:

- Whether local authorities should be able to decide if they should charge the full amount of council tax on second homes and long term empty property, if they thought it would be beneficial for their area;
- Whether local authorities should be able to keep the extra money and to spend it locally;
- Whether local authorities should be able to create their own discounts and exemptions to allow them to respond to local situations.

In the light of that consultation, the Rt Hon Nick Raynsford, Minister for Local Government, the Regions and Fire announced today three important changes in relation to council tax discounts. These changes are set out below and in the Department's News Release on the announcement available on the ODPM website: <http://www.odpm.gov.uk/news/0211/0123.htm>

These changes will require primary legislation and the necessary clauses will be added to the Local Government Bill when it is introduced in Parliament. Subject to Parliamentary approval, we aim to implement these provisions in time for the 2004/05 billing round.

(a) Council Tax discount on second homes.

Billing authorities will be able to reduce council tax discounts on second homes from 50% to a minimum 10% in all or part of their district. Any additional council tax raised will be retained locally by the billing authority and any major precepting authorities such as counties and police authorities. The Government does not propose to reduce revenue support grant to reflect councils' ability to raise more council tax because of the reduction in second homes discount. The changes could raise an estimated extra £65 million in England and authorities will be able to decide how to spend this money to improve local public services, such as affordable housing, transport or policing.

The discount will not be removed completely because owners need an incentive to inform the billing authority that properties are second homes. Without such information, local authorities would not be able to identify the extra revenue, which could be raised from changing the discount.

The special position of those who are required to live in tied accommodation provided by their employer or because of a legal requirement, such as a condition of a licence will be recognised. A discount of 50 % will continue to apply in these cases.

(b) Council tax discount on long term empty property.

Billing authorities will be able to reduce or remove completely the current 50% discount on long term empty dwellings in all or part of their district. There will be no local retention but the extra resources will be kept by local government at a national level and redistributed. This should ensure that decisions on changing the discount are taken on housing grounds and recognises that there may be places where applying full council tax on long term empty property may not be helpful to the local housing market.

(C) Other discounts and exemptions

Billing authorities will be able to create their own discounts and exemptions, including powers to grant relief on a case by case basis. This will give new flexibility to help address local problems such as flooding and other natural disasters. This power could also be used to reapply second homes or long term empty property discounts in specific circumstances where they have been reduced or removed more generally in the district.

Billing authorities which exercise these powers will meet the costs of any new discounts or exemptions.

If you have any enquiries about this matter please contact Rai Tind on 020 7944 4187; or Brian Entwistle on 020 7944 4186; or fax to 020 7944 4179. Email: council.tax@odpm.gsi.gov.uk

Sharing of Council tax information on empty homes.

The Government recognises that council tax information can be useful to local authority empty homes services in their work to get such property back into use. However, it is not certain that the current legislation will allow either personal or non-personal information collected for council tax purposes to be divulged to, or used by, other parts of an authority. Advice from the Information Commissioner is that the current legislation does not permit such uses of council tax personal information.

The Government has therefore decided to include in the forthcoming Local Government Bill provisions to make it clear that local authorities can use personal and non-personal council tax information to support the development and implementation of strategies dealing with empty homes. The Government will ensure that personal information will be limited to an individual's name or an address or number for communicating with them – this will include telephone and fax numbers as well as email addresses. There are no proposals to use the Local Government Bill to permit other sharing of information.

Subject to parliamentary approval, we envisage that this provision would come into effect two months after Royal Assent of the Bill.

If you have any enquiries about this matter please contact Brian Entwistle on 020 7944 4186; or Rai Tind on 020 7944 4187; or fax to 020 7944 4179. Email: council.tax@odpm.gsi.gov.uk



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