

CABINET – SPECIAL MEETING

7 January 2004

SECOND HOMES – DETERMINATION OF DISCOUNT

REPORT OF THE DIRECTOR OF FINANCE

Contact Officer: Gill Cranswick 01962 848190

RECENT REFERENCES:

CAB761 Council Tax Discounts – 3 December 2003

CAB772 Council Tax Base 2004/2005 – 17 December 2003

CL17 Council Tax Base 2004/2005 - 7 January, 2004

EXECUTIVE SUMMARY:

At its meeting held on 17 December 2003, Cabinet approved a Council Tax Base of 44,795.81 (properties at Band D equivalent). It also wished to reduce the discount for second homes, subject to satisfactory discussions with the major precepting authorities on the use to which the additional income would be put. Discussions with the County Council have secured agreement in principle, that the additional income raised will be used within the Winchester District to support the provision of affordable homes. A scheme will now have to be considered in detail and the agreement of the other precepting authorities (Police and Fire) will have to be sought.

Following a late notification of a change in the regulations, the determination of the discount for second homes must be approved by Cabinet, not Council as had previously been advised. Cabinet is asked to approve a reduction in the discount for second homes from 50% to 10%. If agreed, the Tax Base approved previously of 44,795.81 would be increased by 141.93 to 44,937.74.

The additional tax base will provide direct benefit to the Parishes and Winchester Town (principally the latter) enabling them either to increase their precept and levy the same council tax amount or to maintain the same level of precept but decrease the council tax amount.

The additional income generated for District purposes will be ring-fenced for specific support for affordable housing and will not benefit the Council directly in terms of setting its Council Tax.

RECOMMENDATIONS:

1. That a determination be made under Section 11A(3) of the Local Government Finance Act 1992 to reduce the Council Tax discount awarded to second homes (as defined in Classes A & B of regulations 4, 5 & 6 SI 2003 No. 3011) to 10%.

That Cabinet recommend to Council -

2. That in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount calculated by Winchester City Council for the year 2004/2005 be 44,937.74 properties at Band D equivalent, as stated in Appendix A to Report CL17.
3. That the amount calculated as the Council Tax Base for each Parish within the area of Winchester City Council and for Winchester Town shall be as stated in Appendix B to Report CL17.

OTHER CONSIDERATIONS:

CORPORATE STRATEGY (RELEVANCE TO):

The calculation of the tax base is fundamental to the calculation of the Council Tax and to the Council's ability to finance its planned programmes thus supporting the Council's Corporate Strategy. The additional income from second homes will support the Council's key priority to provide affordable homes.

RESOURCE IMPLICATIONS:

The reduction in the discount for second homes will provide additional income in the order of £130,000 (for the City Council and major precepting authorities) for support for affordable homes.

BACKGROUND DOCUMENTS:

Detailed working papers held in the Finance Department.

APPENDICES:

None

CAB781