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PRIME MINISTER

## THE STANDARD COMMUNITY CHARGE

Following discussions in Cabinet you agreed that it would be helpful to let all members of Cabinet have a full note on the standard community charge.

The standard community charge applies where domestic property is not used as a sole or main residence. Charging authorities may levy the standard charge by applying one of a choice of five multipliers (0, 1/2, 1, 1 1/2 and 2) of their personal community charge. This multiplier will apply to everyone who is subject to the standard charge in the area unless the property which gives rise to the charge belongs either to one of the classes prescribed by the Secretary of State or a class specified by the authority.

We have prescribed eight classes of property for which the standard charge multiplier may not exceed 0 and two classes for which the multiplier may not exceed 1. Authorities have the power to create their own classes of property subject to a different multiplier from the one generally applied. These classes must be specified by reference to one or more factors laid down in the Local Government Finance Act 1988. The factors allow authorities to extend the time periods or further reduce the multipliers applying to the classes we have prescribed; and to specify new classes, for instance to provide protection for people who are obliged to live elsewhere as a condition of their employment.

Most authorities have chosen to set their general standard charge at the maximum level. The degree to which they have chosen to use their discretion and specify their own classes of property for a lower charge varies markedly.

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A multiplier of two does not pose a problem for many owners, though they may feel aggrieved that their payments in respect of the property are higher than under rates. Some groups of people feel particularly unjustly treated, however. The main examples are given in the attached note at A. In each of the first three cases - carers, movers, and people who inherit property - we have already prescribed that there should be a zero rate of standard charge for a certain period. Charging authorities have discretion to extend those periods. In the other three cases - tied accommodation, students, and prisoners - authorities have discretion to specify a lower multiplier. This discretion must be exercised for any financial year by 1 April of that year.

It is therefore important for us to emphasise that the Government has made special provision for full or partial relief on the standard charge in a significant number of cases and that on top of that local authorities have been given the discretion to specify further types of class for which they may set a different multiplier from the one adopted generally for their area. It is of concern to hear that some authorities are telling their chargepayers that they have no control over the way in which the standard charge operates, which clearly is not the case. Indeed, should an authority wish, it would be entirely open for it to set a standard charge multiplier of 0 for the whole of its area and raise no standard charge whatsoever, provided it does so before 1 April in the financial year concerned.

Accordingly I have taken steps to publicise the action we have taken and the discretion available to authorities. I attach at B a copy of a press notice covering the written answer David Hunt gave on Wednesday about this. It sets out all the circumstances for which we have prescribed a standard charge multiplier below the maximum of twice the personal community charge. In most of these cases (table 1) we have set a multiplier of 0 which means that no standard charge would be payable; in the other two cases (table 2) we have set a maximum multiplier of 1. We have stressed the point that if local

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authorities do not make responsible use of their discretion, the Government will have to consider whether further prescription should be made for 1991/92.

We will be monitoring charging authorities closely in the months to come. Once a more complete picture has emerged on the practice that authorities have adopted, we shall clearly need to consider what steps should be taken.

I am copying this minute to Cabinet colleagues.

A handwritten signature in dark ink, consisting of a large, stylized 'C' followed by a 'P'.

CP

27 March 1990

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ANNEX B

## EXAMPLES OF POSSIBLE HARDSHIP CASES

### CARERS

People who have to move into the home of a sick relative in order to care for them already have protection under the standard charge provisions. The Secretary of State has prescribed a zero rate of charge for such properties for 12 months after they become unoccupied even if that was before 1 April 1990. Local authorities have complete discretion to extend the period for this kind of property, and so the only way to ensure more generous treatment is by central prescription, which could either extend the period, or provide that such property could always obtain relief from the standard charge no matter how long it had been unoccupied.

### MOVERS

People who are forced to move areas because of their jobs but who have difficulty selling their home have a statutory minimum of three months during which the property (provided it is substantially unfurnished) benefits from complete relief from the standard charge. Local authorities have power to specify a longer period for such property if they wish. This reflects the current position with rates. Because the three month period starts from the date on which the property actually became unoccupied, owners of properties which have already been unoccupied for longer than three months may have to pay immediately from April. Again, since authorities already have complete discretion in these cases the only way to ensure more generous treatment is central prescription of a longer period.

### INHERITED PROPERTY

Property which has become unoccupied because of the death of the owner receives total relief from the standard charge for three months after the grant of probate or letters of administration (whether the property is furnished or unfurnished). Again local authorities have complete discretion to extend this period if they wish, so more generous treatment could come only from central prescription.

### TIED ACCOMMODATION

There is no special protection for people who have to live away from home as a condition of their employment (such as teachers, publicans, the clergy and others living in tied accommodation), though charging authorities were advised by the Department to consider exercising their discretion to specify a lower multiplier for such property in November last year. Relief in future years could be provided through a centrally prescribed class of property.

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#### STUDENTS

Students have to pay only 20% of the personal community charge; but where they have a home which is unoccupied during their course they are subject to a standard charge. The standard charge affects such students particularly badly, since they are deemed to be resident at their term time address for the whole of their course, including the vacation; so they can be subject to the standard charge even for periods when they are living in the property. There is a centrally prescribed class for students in Scotland. Authorities in England have been advised to consider prescribing their own classes; but consistency can be ensured only through central prescription.

#### PRISONERS

Prisoners are exempt from the personal charge altogether; but are not exempt from any standard charge payable on their home if it is unoccupied while they are in detention. There is thus a class of people who are exempt because they cannot vote and have no means to pay the personal charge; but who can be asked to pay up to twice that amount in standard charge. Prisoners' property is a centrally prescribed class in Scotland, but is a matter for local discretion in England and Wales.

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# ENVIRONMENT

## NEWS RELEASE

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21 March 1990

### DAVID HUNT EXPRESSES CONCERN OVER STANDARD COMMUNITY CHARGE LEVELS

There is increasing evidence to show that local authorities are not making enough use of the discretion that they have been given to set lower levels of Standard Community Charge in cases of need, David Hunt, Local Government Minister said today.

Mr Hunt said that local authorities were already required not to levy a standard charge for at least 12 months for properties which are empty because someone has moved out in order to take care of someone living elsewhere or because someone has moved elsewhere in order to be cared for.

He had also provided that properties vacant because of the death of the owner shall not give rise to a standard charge until at least three months after probate or letters of administration have been obtained. He had also given local authorities discretion to extend these periods for as long as they wish.

Mr Hunt is concerned that some local authorities have not yet made sufficient use of these power. He will be monitoring this carefully over the next few months to see if changes are needed for 1991/92.

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In answer to a written Parliamentary Questions from James Couchman MP (Gillingham), Mr Hunt said:

"The standard community charge applies where domestic property is not used as a sole or main residence. Charging authorities may levy the standard charge by applying one of a choice of five multipliers (either 0,  $\frac{1}{2}$ , 1,  $1\frac{1}{2}$  or 2) to their personal community charge. However, different multipliers may be applied for certain prescribed or specified classes of property.

"We have prescribed that no standard charge will be payable for the classes of property listed in table one below. We have also prescribed that for the classes of property listed in table two below the standard community charge multiplier may not exceed one. These provisions will ensure that in an important number of cases either total or partial relief is guaranteed. In particular, no charge is payable for up to three months on property which is unoccupied and unfurnished (for example because it is for sale); until three months after probate where a property is vacant because of the death of the owner; and for up to 12 months where a property is empty because the occupier has moved elsewhere either to care for another person or to be cared for by another person.

"Charging authorities may also set different standard community charge multipliers for classes of property specified by reference to one or more of the factors listed in table three below. This for instance allows authorities the discretion to extend the periods of total relief applying to any class of property prescribed by the Secretary of State, and the discretion to take account of special circumstances, for example where properties give rise to the standard charge because the owner is required to live elsewhere in tied accommodation as a condition of his or her employment. My Department has given advice to local authorities on the scope and exercise of the discretion.

"I understand that many authorities have already made good use of these provisions. However, I am concerned that other authorities have not chosen to make reasonable use of the discretion available to them. We will be monitoring local authority practice closely in the first months of the next financial year and, if necessary, we will have to consider further prescription by the Secretary of State for 1991/92.



TABLE 1 : TYPES OF PROPERTY FOR WHICH THE GOVERNMENT HAS  
SPECIFIED A MAXIMUM STANDARD CHARGE OF 0

"Unoccupied and unfurnished property requiring structural repair work to render it habitable, including unoccupied property with respect to which less than six months have elapsed since the day on which the work was completed.

"Newly built unoccupied and unfurnished property or property which is being structurally altered, including property in respect of which less than six months have elapsed since the day on which the works were complete.

"Unoccupied and unfurnished property in respect of which less than three months have elapsed since the date it was last occupied.

"Property which has been empty for less than 12 months because the owner is living in a hospital or residential care home.

"Property which has become vacant on death and in respect of which either probate or letters of administration has been obtained or less than three months have elapsed since grant of probate or letters of administration.

"Property whose occupation is prohibited by law.

"Empty vicarages pending the arrival of the new incumbent.

"Properties which have been empty for less than 12 months because the owner has gone to be cared for in someone's home or the carer has left their own home empty to care for someone else.

TABLE 2 : TYPES OF PROPERTY FOR WHICH THE GOVERNMENT HAS  
PRESCRIBED A MAXIMUM MULTIPLIER OF 1

"Caravans (that is, mobile homes on protected sites).

"Property which may not be occupied throughout the year because of local planning conditions imposed on it.



TABLE 3 : FACTORS WHICH CHARGING AUTHORITIES MAY TAKE INTO  
ACCOUNT IN SPECIFYING STANDARD COMMUNITY CHARGE CLASSES

"The use to which properties are put or intended to be put.

"Whether properties are occupied.

"The period for which properties have been unoccupied.

"The circumstances, other than financial circumstances, of persons subject to standard charges.


"The capacity in which persons are subject to standard charges.

"Whether properties fall within a class prescribed by the Secretary of State.

"The periods for which unoccupied properties have previously been occupied.

"The periods for which properties would have been unoccupied if all or some periods of occupation were treated as periods during which the properties were unoccupied.

"In the case of properties comprised in a deceased's estate, the period which has elapsed since a grant of probate or of letters of administration was made.



## NOTES TO EDITORS

The Secretary of State for the Environment has the power to require by regulations that a multiplier for a prescribed class of property may not exceed either 0,  $\frac{1}{2}$ , 1,  $1\frac{1}{2}$ , or 2. The prescribed classes which are currently in force are laid out in regulation 62 of The Community Charges (Administration and Enforcement) Regulations 1989 as amended by The Community Charges (Miscellaneous Provisions) (No. 2) Regulations 1989.

In addition local authorities may specify different multipliers for different classes of property. This must be done by reference to one or more of a number of factors set out in subsection 11 of the Local Government Finance Act 1988 (inserted by Schedule 5 to the Local Government and Housing Act 1989, amended by The Standard Community Charge (Multipliers) Order 1990). The Department has given advice to authorities on the scope and use of their discretion. In particular this allows for special provision to be made to extend the periods of total relief which are prescribed by the Secretary of State or to take account of a person's circumstances, other than financial circumstances, such as whether he or she is obliged to live elsewhere as a condition of employment. This might include teachers and people who live in tied property.

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LOCAL GOVT :



Late, PT 17