

Report of:	Meeting	Date	Item No.
Cllr Alan Vincent, Resources Portfolio Holder and Philippa Davies, Corporate Director of Resources	Council	28 November 2013	11

COUNCIL TAX DISCOUNTS/EXEMPTIONS

1. Purpose of Report

- 1.1 To consider proposed changes to the level of discounts and exemptions currently awarded in advance of the tax setting process for 2014/15.

2. Outcomes

- 2.1 Increased flexibility to manage pressures on council tax.
- 2.2 Compliance with the Government's council tax discount and exemption reforms effective from 1 April 2013.

3. Recommendation

- 3.1 That the proposed changes to the levels of discounts and exemptions, as outlined in Appendix 1, be introduced from 1 April 2014.

4. Background

- 4.1 Following the technical reforms to the council tax system which were effective from 1 April 2013 the Council determined at its meeting 29 November 2012 to:

- Continue to offer the 10% discount for second homes (furnished properties not occupied as a main home);
- Replace the Class C exemption (properties empty for 6 months which are substantially unfurnished) with a discount of 100% for 1 month followed by 50% for the next 5 month period;
- Offer a discount of 25% for long term properties empty for more than 6 months;
- Replace the Class A exemption (empty properties in need of or awaiting major repair or structural alteration) with a discount of 50% for up to 12 months; and

- Not levy a premium of up to 50% for dwellings that have been empty and unfurnished for two years (subject to certain conditions).

4.2 As a result of these measures the number of empty homes has reduced by 10%, falling from 619 at 1 October 2012 to 557 at 7 October 2013 – releasing an additional 62 properties which are now available for occupation.

5. Key Issues and Proposals

5.1 What has become clear since the new discounts were introduced, however, is that many empty properties which are being marketed for sale remain furnished and this in effect means that there is no difference between those categorised as second homes (receiving a 10% discount) and those categorised as long term empties (receiving a 25% discount). Recognising the beneficial impact of the reduced discount on the number of empty properties in Wyre and also the reduced requirement for inspection as a result of the discount being removed, it is suggested that the proposed changes to the discounts and exemptions, as attached at Appendix 1, are agreed.

5.2 Comparison with other councils in Lancashire has revealed that other than Wyre, only three Councils continue to offer any discount for long term empty properties, with seven charging a 50% premium for those properties empty for more than two years and only four continue to offer a discount of 10% for second homes.

5.3 The proposals regarding discounts and exemptions would help to mitigate the financial impact of the reduction in central government funding and help to keep the overall level of council tax down benefitting each of the major preceptors.

FINANCIAL AND LEGAL IMPLICATIONS			
Finance	It is estimated that the proposals regarding discounts and exemptions would generate additional income for the Collection Fund totalling £237,452 which would be apportioned across each of the precepting bodies as follows:		
		%	£
	Wyre	12.0	28,494
	Parish/Town Councils	0.8	1,900
	Combined Fire Authority	4.3	10,210
	Police and Crime Commissioner for Lancashire	10.2	24,220
	LCC	72.7	172,628
			237,452

Legal	Section 12 of the Local Government Finance Act 2012 (which amends s.11A of the LGFA 1992) allows a billing authority to make a determination that any discount under section 11(2)(a) shall not apply or shall be such percentage (which may be 100%) as it may specify. In practise, this allows billing authorities to set a discount on unoccupied and unfurnished dwellings. Section 12 of the Local Government Finance Act 2012 also inserts a new section 11B into the LGFA 1992 allowing billing authorities, in relation to a dwelling that has been unoccupied and substantially unfurnished for more than two years, to charge up to 150% of the council tax that would be payable if the dwelling were occupied by two adults and no discounts were applicable. A billing authority which makes such a determination is required to publish a notice of it in at least one newspaper circulating in its area and do so before the end of the period of 21 days beginning with the date of the determination. Although, failure to comply with this condition shall not affect the validity of the determination.
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OTHER RISKS/IMPLICATIONS: CHECKLIST

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

Implications	✓ / x
Community Safety	x
Equality and Diversity	x
Sustainability	x
Health and Safety	x

Risks/Implications	✓ / x
Asset Management	x
Climate Change	x
Data Protection	x

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List of Background Papers:		
Name of Document	Date	Where available for inspection

LIST OF APPENDICES

Appendix 1 – Proposed Changes to Discounts and Exemptions

Proposed Changes to Discounts and Exemptions

Type of Property	Description	Current	Options	Recommendation	Additional Income	Precepts		
Second Homes	Council Tax discount for furnished properties not occupied as a main home	10% discount / 90% Payable	Councils can reduce the discount to 0%	Reduce discount to 0% (Reduced Inspection Visits)	£50,596	Wyre	£6,071.52	12.0%
						Parish	£404.77	0.8%
						Fire	£2,175.63	4.3%
						Police	£5,160.79	10.2%
						LCC	£36,783.29	72.7%
						Total	£50,596.00	100.0%
Class C Exemptions-substantially unfurnished e.g. properties	Council Tax discount for properties continually empty for 6 months	Discount of 100% for 1 month followed by 50% for the next 5 month period	Councils can give a discount between 0% and 100%.	Continue Discount of 100% for 1 month followed by 50% for the next 5 month period	£0			
Vacant and substantially unfurnished	Discount on long term empty properties over 6 months	25% discount / 75% Payable	Existing Regulations allow Councils to reduce discount to 0%	Reduce discount to 0% (Reduced Inspection Visits)	£186,856	Wyre	£22,422.72	12.0%
						Parish	£1,494.85	0.8%
						Fire	£8,034.81	4.3%
						Police	£19,059.31	10.2%
						LCC	£135,844.31	72.7%
						Total	£186,856.00	100.0%
Class A Exemptions	Council Tax discount on empty properties in need of or awaiting major repair or structural alteration	50% Exemption for up to 12 months	Councils can give a discount of between 0% and 100% for up to 12 months	Continue discount of 50% for up to 12 months	£0			
Premium on Long Term Empties	Charging an additional 'empty homes premium' of 50% on properties left empty for more than 2 years *subject to certain exceptions	0% Premium	Councils can levy an additional 'empty homes premium of 50%' on properties left empty for longer than 2 years.	Not to Levy the additional premium	£0			
Total Additional Income					£237,452	Wyre	£28,494.24	12.0%
						Parish	£1,899.62	0.8%
						Fire	£10,210.44	4.3%
						Police	£24,220.10	10.2%
						LCC	£172,627.60	72.7%
						Total	£237,452.00	100.0%