

Report of:	Meeting	Date	Item No.
Cllr Alan Vincent, Resources Portfolio Holder and Philippa Davies, Corporate Director of Resources	Council	21 January 2016	13

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 2016/17.

2. Outcomes

- 2.1 Increased flexibility for local authorities 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 2016.

4. Background

- 4.1 Following the technical reforms to the council tax system which were effective from 1 April 2013 the Council has considered the matter on three separate occasions, namely 29 November 2012, 28 November 2013 and 3 December 2015. At the most recent meeting Members agreed to:

- Reduce the Class C exemption (properties empty for 6 months which are substantially unfurnished) from a discount of 100% for one month followed by 50% for the next 5 month period to allow only a discount of 100% for one month; and
- Reduce the Class A exemption (empty properties in need of or awaiting major repair or structural alteration) from a discount of

50% for up to 12 months to 50% for up to 6 months.

5. Key issues and proposals

- 5.1** Following clarification from DCLG it would appear that the maximum period for which the Class A exemption can be awarded (empty properties in need of or awaiting major repair or structural alteration) is not a matter for local discretion and must be awarded for up to one year. It is therefore proposed that the Class A exemption is amended to 25% for up to 12 months.
- 5.2** The proposals regarding discounts and exemptions 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	<p>The original and revised proposal regarding the Class A exemption is estimated to generate additional income for the Collection Fund totalling £32,430 which would be apportioned across each of the precepting bodies as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">%</th> <th style="text-align: center;">£</th> </tr> </thead> <tbody> <tr> <td>Wyre</td> <td style="text-align: center;">11.6</td> <td style="text-align: right;">3,762</td> </tr> <tr> <td>Parish/Town Councils</td> <td style="text-align: center;">0.9</td> <td style="text-align: right;">292</td> </tr> <tr> <td>Combined Fire Authority</td> <td style="text-align: center;">4.2</td> <td style="text-align: right;">1,362</td> </tr> <tr> <td>Police and Crime Commissioner for Lancashire</td> <td style="text-align: center;">10.3</td> <td style="text-align: right;">3,340</td> </tr> <tr> <td>LCC</td> <td style="text-align: center;">73.0</td> <td style="text-align: right;">23,674</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">32,430</td> </tr> </tbody> </table>		%	£	Wyre	11.6	3,762	Parish/Town Councils	0.9	292	Combined Fire Authority	4.2	1,362	Police and Crime Commissioner for Lancashire	10.3	3,340	LCC	73.0	23,674			32,430
	%	£																				
Wyre	11.6	3,762																				
Parish/Town Councils	0.9	292																				
Combined Fire Authority	4.2	1,362																				
Police and Crime Commissioner for Lancashire	10.3	3,340																				
LCC	73.0	23,674																				
		32,430																				
Legal	<p>Section 11 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</p>																					

	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.
--	--

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

report author	telephone no.	email	date
Philippa Davies	887370	philippa.davies@wyre.gov.uk	18/12/15

List of background papers:		
name of document	date	where available for inspection

List of appendices

Appendix 1 – Proposed Changes to Discounts and Exemptions

arm/ex/cou/cr/16/2101pd2

Proposed Changes to Discounts and Exemptions effective from April 2016

Type of Property	Description	Current	Options	Recommendation	Additional Income	Precepts		
Class C Exemptions- substantially unfurnished 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%.	Reduce discount to 100% for 1 month	£371,224	Wyre	£43,061.98	11.6%
						Parish	£3,341.02	0.9%
						Fire	£15,591.41	4.2%
						Police	£38,236.07	10.3%
						LCC	£270,993.52	73.0%
						Total	£371,224.00	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	Reduce discount to 25% for up to 12 months	£32,430	Wyre	£3,761.88	11.6%
						Parish	£291.87	0.9%
						Fire	£1,362.06	4.2%
						Police	£3,340.29	10.3%
						LCC	£23,673.90	73.0%
						Total	£32,430.00	100.0%
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					£403,654	Wyre	£46,823.86	11.6%
						Parish	£3,632.89	0.9%
						Fire	£16,953.47	4.2%
						Police	£41,576.36	10.3%
						LCC	£294,667.42	73.0%
						Total	£403,654.00	100.0%