
Council Tax discount for vacant property

Committee considering report:	Council on 5 November 2015
Portfolio Member:	Councillor Roger Croft
Date Portfolio Member agreed report:	E-mailed to Councillor Croft on 1 September 2015
Forward Plan Ref:	C3045

1. Purpose of the Report

- 1.1 For Council to clarify the policy as handed down from its meeting on 13th December 2012.

2. Recommendation

- 2.1 Council are asked to revise the decision from 13th December 2012 so that, with regard to empty and unoccupied property formerly within exemption class "C", it reads as follows - Limiting the duration of exemption class "C" (empty and unoccupied property) to a maximum of 28 days per unoccupied period and allowing 100% relief during that period. The 28 day period free of council tax charges will be allowed when a property is first vacated, after which full council tax will become payable. If the property should become occupied during a period of 6 months commencing from a date of vacation, and is subsequently vacated during that same 6 month period, a further 28 day "free" period will not apply.

3. Implications

- 3.1 **Financial:** It has been calculated that council tax income to date of £256k will be lost if Council are unable to confirm as recommended. This loss will increase over time.
- 3.2 **Policy:** The report seeks clarification and restatement of policy for council tax discounts on vacant property. This is because an interpretation, other than the one intended by officers in their report to Council on 13th December 2012, has been identified
- 3.3 **Personnel:** None
- 3.4 **Legal:** The policy for council tax discounts is capable of legal challenge during the council tax collection process.
- 3.5 **Risk Management:** None
- 3.6 **Property:** None
- 3.7 **Other:** None

4. Other options considered

- 4.1 None as this is simply a report requiring clarification

5. Executive Summary

- 5.1 In December 2012 Council considered a report entitled “Technical Reforms to Council Tax”. This report made various recommendations to change council tax discounts for empty properties following the relaxation of various statutory rules and introduction of local discretion on the extent to which relief is allowed.
- 5.2 The relaxation of statutory rules coincided with a reduction in government grant when council tax benefit was replaced by local council tax reduction schemes. The report’s recommendations focused on restriction of relief for vacant property in order to generate additional council tax income. This was a means to bridge the gap between the cost of council tax reduction and the reducing level of Government grant.
- 5.3 All recommendations were adopted by Council as policy to be applied from 1st April 2013.
- 5.4 Recommendation (5) to the report was “Limiting the duration of exemption class “C” (empty and unoccupied property) to a maximum of 4 weeks in any 6 month period and allowing 100% relief during that period”.
- 5.5 The reference to six month period related to the churn on shorter term tenancies – the intention being that, if a property were to be occupied and vacated for a second time before the expiry of a 6 month period, a further period of discount would not be allowed. However, recent events have indicated that this recommendation may be interpreted as giving longer term empty property a recurring entitlement to a 28 day period free of council tax every 6 months.
- 5.6 This was never the intention of the recommendation. To put matters into context Council had earlier reduced from 50% to 0% the discount on property vacant for periods in excess of 6 months (Council meeting 11th December 2007, Item 11 on agenda). In addition, the purpose of the December 2012 report was to seek the means to generate council tax income rather than to introduce new discounts. Members would have been aware of these factors and it is assumed that they took their decision based on the intention behind Officer’s recommendation.

6. Equalities Impact Assessment Outcomes

- 6.1 This item is not relevant to equality.

7. Conclusion

- 7.1 Council are asked to revise the text of the recommendation so that it is clear that an additional 28 day free period does not arise at the end of each 6 month period during which a property remains vacant.
- 7.2 The revised text recommended to Council is: -. Limiting the duration of exemption class c (empty and unoccupied property) to a maximum of 28 days per unoccupied period and allowing 100% relief during that period. The 28 day period free of council tax charges will be allowed when a property is first vacated, after which full council tax will become payable. If the property should become occupied during a period of 6 months commencing from a date of vacation, and is subsequently vacated during that same 6 month period, a further 28 day “free” period will not apply.

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8. Appendices

8.1 Appendix A – Equalities Impact Assessment