
Council Tax Discount on Vacant Property

Committee considering report:	Council
Date of Committee:	Council on 1 December 2015
Portfolio Member:	Councillor Roger Croft
Date Portfolio Member agreed report:	01 November 2015
Report Author:	Bill Blackett
Forward Plan Ref:	C3064

1. Purpose of the Report

- 1.1 To consider changes to Council Tax discounts in the light of the Council's funding pressures.

2. Recommendation(s)

- 2.1 The 28 day discount period for vacant property will not apply from 1st April 2016
- 2.2 Property within a 28 day discount period at 31st March 2016 will continue to receive discount for the remainder of 28 day period
- 2.3 Applications for 28 day discount in respect of periods prior to 1st April 2016 and received after that date will not be backdated.

3. Implications

- 3.1 **Financial:** Based upon discounts granted between 1st April 2014 and 9th November 2015 it is anticipated that the recommendation, if approved, will generate additional income of £250k.
- 3.2 **Policy:** The recommendation, if approved, will change Council policy in respect of council tax discount for vacant property.
- 3.3 **Personnel:** None.
- 3.4 **Legal:** None.
- 3.5 **Risk Management:** There is a risk of challenge but this would be subject to consideration by a Member's Review Panel and, after that, there would be a right of appeal to the Valuation Tribunal Service.
- 3.6 **Property:** There could be an impact if any Council owned domestic property is to become vacant in the future.
- 3.7 **Other:** None identified.

4. Other options considered

- 4.1 None.

5. Executive Summary

- 5.1 Ongoing pressure on Council funding rising from reduction in central government grants brings a need to reduce the Council's budget. These reductions need to be achieved by a combination of reduction in spending on Council Services and increased income from other sources such as fees and charges.
- 5.2 Opportunities to increase income are scarce; however, following the Spending Review in 2010 the government introduced legislation allowing councils greater discretion on the level of council tax on vacant properties with effect from 1st April 2013.
- 5.3 At its meeting in December 2012 West Berkshire Council took advantage of this greater discretion and made significant changes to the discounts for vacant property. These changes reduced the discount on vacant property to a maximum of 28 days in any 6 month period. Owners of property vacant for longer periods are liable to pay full council tax. In those cases where a property remains vacant for periods in excess of two years a 50% premium charge is imposed.
- 5.4 The charges on vacant property apply unless one of the following specific statutory exemptions apply:
- (1) Empty and owned by charities (time limit of 6 months and does include housing associations).
 - (2) Left empty by persons in detention
 - (3) Left empty by patients in hospitals or care homes
 - (4) Left empty by deceased person (for up to 6 months after probate)
 - (5) Unfit for habitation (where occupation prohibited by law)
 - (6) Unoccupied pending use by a Minister of Religion
 - (7) Left empty by people receiving care
 - (8) Left empty by people providing care
 - (9) Left empty by students where the students remain liable
 - (10) Unoccupied where the mortgagee is in possession
 - (11) Responsibility of a Bankrupt's Trustees
 - (12) Unoccupied caravan pitch or house boat mooring
 - (13) Unoccupied Annexe not capable of separate occupation (e.g. 'Granny Flat')
- 5.5 In addition, the Council has recognized that circumstances outside the control of the property owner may force a property to be empty, e.g. the widespread flooding in 2007 and 2013. For these events discretionary powers have been delegated to the Head of Finance so that discount may be allowed based upon the facts of each individual case.

- 5.6 During the period 1st April 2014 to 9th November 2015 the 28 day discount was allowed on 5,159 occasions. The average value of discount during this period was £69.72 and the total cost was £435,166.25. The average number of days properties remained subject to this discount was 18 days.
- 5.7 The total cost of 28 day discounts in 2014/15 was £259,228.44.
- 5.8 Council tax payments are normally considered to be a tax on the occupation or ownership of a property rather than a payment made for use of services. The proceeds from this tax are used to fund services to the community as a whole. Local taxation officers normally resist attempts to dispute liability based on arguments relating to service usage; however it does seem appropriate to make the point that even vacant property derives considerable benefit from a range of council services.

6. Conclusion

- 6.1 Having regard to the Council's need to generate additional income it does seem that removal of the 28 day free period would generate in the region of £250k each year. Whilst there would be a cost to individual property owners it would be relatively low. It is therefore recommended that the 28 day discount should cease to apply with effect from 1st April 2016. This should also include the clarification that the 28 day discount periods commencing before 1st April 2016 will be allowed to run their course even though this may take them beyond 1st April. New applications received after 1st April 2016 will not be allowed, even if the commencement date would have been backdated to a date prior to 1st April 2016. This is the recommendation to Council.

7. Appendices

- 7.1 Appendix A - Supporting Information
Appendix B – Equalities Impact Assessment