
Council Tax Discount on Vacant Property – Supporting Information

1. Introduction/Background

- 1.1 This report makes recommendations about the way in which vacant property is treated for council tax purposes.

2. Supporting Information

- 2.1 Under the Local Government Finance Act 2012, Local Authorities have been given powers to vary the way in which some classes of property are treated for council tax purposes. The relevant legislation is the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 (SI 2012/2964) made under the Local Government Finance Act 2012.
- 2.2 Further legislation in the form of the Council Tax (Exempt dwellings) (Amendment) Order 2012 (SI 2012/2965) abolished the exemption classes A and C which related to vacant and altered properties.
- 2.3 At its meeting on 13th December 2012 West Berkshire Council Considered a report proposing changes to the discounts on vacant properties. The purpose of the report was to seek additional council tax income in order to fund the council tax support scheme which was to replace council tax benefit from 1st April 2013 and which was moving from a national fully funded scheme to a local partially funded scheme. A second purpose was to support the Council's Empty Homes Strategy in order to bring vacant property back into use.
- 2.4 Following consideration of this report Council approved a scheme whereby vacant property would fall into one of three classes for charging purposes:

An initial period of 28 days from the date of vacation	100% discount
29 days to 2 years	0% discount
Over 2 years	0% discount + 50% surcharge

- 2.5 The legislation identified in 2.2 (above) removed two exemption classes but a number were unaffected and are not subject to the Council's policy decision. These exemptions are:
- (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')

2.6 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.

2.7 West Berkshire's decision was not unique, a number of Councils chose to vary discounts for similar reasons and over 60 are known to have removed all discounts from the date of vacation.

3. Reasons for this report

3.1 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.

3.2 Opportunities to increase income are scarce; but the ability to use local discretion in the administration of discounts prompts a revisit of the scheme with a view to increasing council tax income and to protect other services from cuts.

3.3 Apart for the Council Tax Support scheme, which is subject to a separate report suggesting cost reductions, this is the only area of discretion available within the council tax discount regime. Suggestions relating to removal or changing single person discounts have been made but there is no statutory provision which would allow the Council to do so.

4. Volumes and Financial Aspects

4.1 During the period 1st April 2014 to 9th November 2015 the 28 day council tax discount was allowed on 5,159 occasions. Indications are that 21 of these will have

been repeat allowances where a property had been vacated on two occasions during the 20 month period under consideration.

- 4.2 The average value of discount allowed was £69.72 and the cost for that period was £435,166.25.
- 4.3 During the full financial year 2014/15 the total cost was £259,228.44. Looking at the monthly cost in 2015/16 compared to 2014/15 the costs are broadly comparable and it is anticipated that the final cost will again be in the region of £250k

5. Negative impacts of changes to 28 day discounts

- 5.1 The principal negative impact will be that on persons liable for council tax who are losing the 28 day discount. On average the additional liability is likely to be in the region of £70.
- 5.2 Throughout the history of local taxation there have been challenges to the collection of charges in respect of vacant property where the owner considers that they receive no services. 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.
- 5.3 Internally there may be some additional administrative costs in dealing with the change but it is not felt that these will lead to any demand for additional resources.

6. Options for Consideration

- 6.1 The option for consideration is whether or not Council wishes to vary the discount scheme for vacant properties in order to generate additional council tax income.

7. Proposals

- 7.1 The proposal takes the form of a recommendation to Council as follows:
 - (1) The 28 Day discount period for vacant property will not apply from 1st April 2016
 - (2) Property within a 28 day discount period at 31st March 2016 will continue to receive discount for the full 28 day period
 - (3) Applications for 28 day discount in respect of periods prior to 1st April 2016 and received after that date will not be backdated.

8. Conclusion

- 8.1 The proposals above and recommendation to Council will, if approved, lead to an additional council tax liability for some property owners. However this does need to be viewed in the context of the challenges faced by the Council in protecting services whilst managing a reduced budget. Each service has to look for options to reduce costs and/or increase income.

Background Papers:

Council report for its meeting on 13th December 2012 – Technical Reforms to Council tax.

Subject to Call-In:

Yes: No:

The item is due to be referred to Council for final approval	<input checked="" type="checkbox"/>
Delays in implementation could have serious financial implications for the Council	<input type="checkbox"/>
Delays in implementation could compromise the Council's position	<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months	<input type="checkbox"/>
Item is Urgent Key Decision	<input type="checkbox"/>
Report is to note only	<input type="checkbox"/>

Wards affected:

All

Strategic Aims and Priorities Supported:

The proposals will help achieve the following Council Strategy aim:

MEC – Become an even more effective Council

The proposals contained in this report will help to achieve the following Council Strategy priority:

MEC1 – Become an even more effective Council

The proposals contained in this report will help to achieve the above Council Strategy aims and priorities by generating additional income to protect services at a time of considerable budget pressures

Officer details:

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Appendix B

Equality Impact Assessment - Stage One

We need to ensure that our strategies, policies, functions and services, current and proposed have given due regard to equality and diversity.

Please complete the following questions to determine whether a Stage Two, Equality Impact Assessment is required.

Name of policy, strategy or function:	Council Tax discount on vacant property
Version and release date of item (if applicable):	Version 1 9 th November 2015
Owner of item being assessed:	Bill Blackett
Name of assessor:	Bill Blackett
Date of assessment:	9 th November 2015

Is this a:		Is this:	
Policy	Yes	New or proposed	Yes
Strategy	No	Already exists and is being reviewed	Yes
Function	No	Is changing	Yes
Service	No		

1. What are the main aims, objectives and intended outcomes of the policy, strategy function or service and who is likely to benefit from it?	
Aims:	To change discount on vacant property
Objectives:	To generate council tax income in order to protect other services
Outcomes:	Removal of some discounts
Benefits:	Protection of other services from cuts in funding

2. Note which groups may be affected by the policy, strategy, function or service. Consider how they may be affected, whether it is positively or negatively and what sources of information have been used to determine this. (Please demonstrate consideration of all strands – Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex and Sexual Orientation.)		
Group Affected	What might be the effect?	Information to support this
Owners of	Liability for an increased liability	Council tax liabilities are

vacant property	for council tax of an average £69.72	established annually. Removal of an existing discount will lead to more council tax to pay
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Further Comments relating to the item:

All strands have been considered and none are considered to be affected by virtue of their presence in a particular strand. Where the property is vacant for reasons of health, disability or age there are statutory exemption which would over-ride the discount policy. Within the existing scheme there is provision for consideration of exceptional circumstances which may arise.

3. Result

Are there any aspects of the policy, strategy, function or service, including how it is delivered or accessed, that could contribute to inequality?	No
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All strands have been considered and none are considered to be affected by virtue of their presence in a particular strand. Where the property is vacant for reasons of health, disability or age there are statutory exemption which would over-ride the discount policy

Will the policy, strategy, function or service have an adverse impact upon the lives of people, including employees and service users?	No
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Please provide an explanation for your answer: The policy relates to the ownership of vacant property

If your answers to question 2 have identified potential adverse impacts and you have answered ‘yes’ to either of the sections at question 3, then you should carry out a Stage Two Equality Impact Assessment.

If a Stage Two Equality Impact Assessment is required, before proceeding you should discuss the scope of the Assessment with service managers in your area. You will also need to refer to the Equality Impact Assessment guidance and Stage Two template.

4. Identify next steps as appropriate:	
Stage Two required	
Owner of Stage Two assessment:	
Timescale for Stage Two assessment:	
Stage Two not required:	No

Name: Bill Blackett

Date:9/11/15

Please now forward this completed form to Rachel Craggs, the Principal Policy Officer (Equality and Diversity) for publication on the WBC website.