



CABINET

AGENDA ITEM (10)

REVIEW OF LOCAL COUNCIL TAX DISCOUNTS 2015/16

Accountable Member	Councillor Lynden Stowe Leader of the Council
Accountable Officer	Jon Dearing Joint Head of Revenues and Housing Support 01285 623304 jon.dearing@cotswold.gov.uk

Purpose of Report	To review the Local Council Tax discounts, following the introduction of the April 2013 Council Tax reforms and local changes that took effect from April 2014.
Recommendation(s)	(a) That the local Council Tax discounts, as set for 2014/15, remain unchanged; (b) That the Long Term Empty Premium be maintained at 50%.
Reason(s) for Recommendation(s)	Regular reviews of Council Tax Discount Policy will ensure that the local schemes reflect the changing needs of Taxpayers and the Council.

Ward(s) Affected	All
Key Decision	Yes
Recommendation to Council	No

Financial Implications	The estimated costs to all precepting bodies of the discounts granted (i.e. the benefit to the property owner) in 2014/15 are:- Class A - Properties under renovation - £148,562 Class C - Empty and unfurnished (up to two months) - £158,949 The gain from Empty Property Premium is estimated at £34,825
Legal and Human Rights Implications	None
Environmental and Sustainability Implications	None

Human Resource Implications	None
Key Risks	As 2015/16 will be the third year of operating a local Council Tax discount scheme for unoccupied domestic dwellings, there are no significant operational risks associated with the recommendations.
Equalities Analysis	This was carried out as part of the national legislative process and there are no specific groups inequitably affected.
Related Decisions	None
Background Documents	None
Appendices	None
Performance Management Follow Up	The Revenues and Benefits Service will continue to monitor the impact on customers and the tax-base.
Options for Joint Working	Levels of discount are not aligned with those set by WODC but this is seen as a local policy decision for elected representatives.

Background Information

1. With effect from 1st April 2013, the government abolished several national exemptions to give Councils budgetary flexibility and encourage local discretion on four areas of Council Tax discounts:-

- Class A - vacant dwellings where major repair works or structural alterations are required, underway or completed. Prior to the changes, this was a national exemption attracting a 100% exemption for a maximum period of twelve months. From 1st April 2013, the Council decided that it would apply a 50% local discount, for a maximum period of twelve months. In response to comments made from residents and landlords from 1st April 2014, this was adjusted to provide a maximum of six months at 100% (or twelve months at 100% for those dwelling registered as part of the Council's 'Fit to Rent' scheme);
- Class C - vacant dwellings that are unoccupied and unfurnished. Prior to the changes, this was a national exemption attracting a 100% exemption for a maximum period of six months. From 1st April 2013, the Council decided that it would apply a 0% local discount. In response to comments made from residents and landlords from 1st April 2014, this was adjusted to provide a maximum of one month at 100% and a second month at 25%;
- Second Homes - prior to the changes, the national scheme dictated that the Council must apply a Second Home discount of between 10% and 50%. The Council, along with almost 90% of Billing Authorities in the country, had been applying the minimum 10%. From 1st April 2013, the Council decided that it would apply a 0% discount to Second Homes. There was no change in 2014/15;
- Long Term Empty Properties - within the Council Tax Reforms, the Council was given local discretion to levy a premium above the standard Council Tax of up to 50% for long term empty properties (i.e. empty for two years or more). The Council decided that it would not exercise this discretion for 2013/14 and did not levy a premium but stated it would review this decision in light of evidence elsewhere. The results of a national survey by the Society of District Treasurers showed that 71% of respondents had applied the premium. For 2014/15,

the Council decided to apply the 50% premium and Taxpayers with liability for a dwelling that has been empty for two years or more are liable for 150% of their Council Tax from 1st April 2014.

2. The above decisions were taken as the mandatory levels all gave some form of incentive to retain properties in an empty state over a range of periods, and this runs counter to the Council's stated policies of encouraging empty homes back into the District housing stock.
3. It should be noted that properties that are empty because the occupier has gone into a care home (Class E) or the owner has deceased (Class F) retained their original 100% exemption as part of the national regulations. Additionally, where the property is empty and owned for charitable purpose (including Housing Association voids), a 100% exemption for a maximum period of six months is still applicable. The Council has no discretion to make local changes to these three classes of 'empty home' exemption.
4. At its November 2013 Meeting, the Cabinet asked that these local discounts be reviewed on an annual basis (Minute CAB.51(e) refers). The Council can decide to change the percentage and/or period of local discount against any of the three discount categories (Class A, Class C and Second Homes); and has the discretion to review its decision to apply the Long Term Empty Premium.
5. The decisions, which took effect from 1st April 2014 (set out in section 1 above), have not resulted in any Council Tax collection difficulties or receipt of formal complaints and the scheme seems now to be working very well with limited subsidy for empty properties but short term assistance to enable empty properties to be efficiently brought back into use.
6. When (for 2013/14) the Class C discount was reduced to 0%, the Council received numerous complaints, largely from landlords and commercial agents, but also from owner occupiers and tenants. The complainants generally stated that they would accept a reduction but that 0% was too low; the decision was not in line with rest of Gloucestershire; and the decision was not in line with the Council's partner Authority (West Oxfordshire District Council). Complaints also contended that the Council's decision was not in line with the national approach taken by other Councils (a survey conducted by the Society of District Council Treasurers showed that 11.5% of Districts had reduced their Class C discount to 0%).
7. This feedback was carefully considered and a consultation forum was held with local landlords and agents. Partly as a result of that feedback, the Class C level was changed (from 1st April 2014) to provide a maximum of 100% discount for the first month and 25% discount for the second month. Since this change, the Council has received only one formal complaint; and this was from a landlord who had received the Class A discount and wanted to follow it with a Class C discount (but as they run concurrently this was not legally possible under the regulations).
8. It is proposed in the recommendations in light of the above that the discounts remain unchanged.

(END)