



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	CABINET – 10 JANUARY 2022
Report Number	AGENDA ITEM 11
Subject	REVIEW OF COUNCIL TAX DISCOUNTS
Wards affected	All
Accountable member	Cllr Mike Every – Deputy Leader and Cabinet Member with responsibility for Finance Email: <a href="mailto:mike.every@cotswold.gov.uk">mike.every@cotswold.gov.uk</a>
Accountable officer	Mandy Fathers – Business Manager for Operations and Enabling Email: <a href="mailto:mandy.fathers@publicagroup.uk">mandy.fathers@publicagroup.uk</a>
Summary/Purpose	To consider amendments to discounts for domestic properties that are empty and unfurnished from 1 April 2022.
Annexes	Annex A – Modelling exercise/data Annex B – List of exemptions/discounts
Recommendation(s)	<i>That Cabinet:</i> <i>a) Approve amendments to a Class C discount from 1 April 2022;</i> <i>and,</i> <i>b) That the discount be amended to 25% for a maximum of 6 months</i>
Corporate priorities	<ul style="list-style-type: none"> <li>Delivering our services to the highest standards</li> </ul>
Key Decision	YES
Exempt	NO
Consultees/ Consultation	Leader and Deputy Leader, Chief Executive and Deputy Chief Executive, Monitoring Officer, Interim Head of Legal Services, Finance Business Partner, Group Manager, Director of Finance (Publica)



## **I. BACKGROUND**

- I.1** On 1 April 2013, the Government abolished several national exemptions in respect of Council Tax to give councils budgetary flexibility and encourage local discretions. This gave the Council discretion to amend the following discounts:
- I.** Class A (100% discount for 12 months) for properties undergoing major/structural works
  - II.** Class C (100% discount for 6 months) for properties that were empty and unfurnished
- I.2** From 1 April 2013 the Council approved a scheme which reduced a Class A from 100% for 12 months to 100% for 6 months, and a Class C from 100% for 6 months to nil percent.
- I.3** Following this change the Council received numerous complaints in respect of the amended Class C discount, largely from landlords and commercial agents, but also from owner occupiers and tenants. The complainants generally stated that a reduction was acceptable; but that 0% was too low.
- I.4** The feedback was carefully considered and a consultation forum was held with local landlords and agents which resulted in the Class C discount being amended from 1 April 2014 to provide a maximum of 100% discount for the first month and a 25% discount for the second month.

## **2. MAIN POINTS**

- 2.1** The Council has discretion to amend local discounts currently on offer, with limitations. Those limitations being that a Class A cannot extend over a 12 month period and a Class C cannot be extended over a 6 month period.
- 2.2** A modelling exercise has been undertaken on the basis of amending the Class C discount from 1 April 2022, to be in line with all other Gloucestershire local authorities which offer a 25% discount for a maximum of 6 months.
- 2.3** The rationale for this is:
- I.** It reduces the financial burden on the Council and its major precepting authorities;
  - II.** It aligns with the policy for all of the other Gloucestershire lower tier councils; and
  - III.** In practice, the majority of discounts are applied during the first 2 months of a property becoming empty and unfurnished.



- 2.4** Consideration has been given about whether to offer a discount at all, but it is considered reasonable to offer a period of time to allow, for example, new purchasers to move into a property, and for landlords to find a new tenant. Often tenants, both in social and private lets, have a short overlap in tenancies when moving. By allowing a discount this would avoid these council taxpayers paying for the overlapping period on an unfurnished let as well as being liable for the full charge on any new property.
- 2.5** It should be noted that properties that are empty because the occupier has gone into care (Class E) or the owner is deceased (Class F) retain their 100% exemption as part of the national regulations. Additionally, where a property is empty and owned for a charitable purpose (including Housing Association voids), a 100% exemption for a maximum period of 6 months is applicable. A full list of other mandatory (and discretionary) exemptions/discounts is detailed within Annex B (attached)

### **3. FINANCIAL IMPLICATIONS**

- 3.1** A modelling exercise has been undertaken based on 2020/2021 data and is attached as Annex A to this report.
- 3.2** Based on this exercise, it shows that during the first month of a property being empty and unfurnished the Council administered 2,876 discounts of 100% over the various Council Tax bands, and 2,364 discounts of 25%. The total cost for these discounts was £535,590 of which £64,057 is the Council's charge (11.95%).
- 3.3** Using the same data to estimate costs if the discount were to change to 25% for a maximum of 6 months would be as following:

Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Total Cost	Cost to CDC
2,876	2,364	433	205	184	358	£246,336	£29,462

**\*\*** It should be noted that the number of empty properties may be higher than previous months due to rolling over from one financial year to the other.

- 3.4** Changing the Class C discount to 25% for a maximum of six months would therefore increase Council Tax income by £289,254, this Council's share being £34,596.



#### **4. LEGAL IMPLICATIONS**

- 4.1** The Local Government Finance Act 2012 set out the powers to determine further discounts for certain dwellings. Detailed provisions are set out in the Council Tax (Exempt Dwellings) (England) (Amendment) Order 2012, SI 2012/2965 and the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012, SI 2012/2964.

#### **5. RISK ASSESSMENT**

- 5.1** As 2022/23 will be the tenth year of operating a local Council Tax discount scheme for unoccupied domestic dwellings, there are no significant operational risks associated with the recommendations.

#### **6. EQUALITIES IMPACT**

- 6.1** There are no unacceptable adverse effects on the protected characteristics covered by the Equalities Act that have been identified

#### **7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

- 7.1** None

#### **8. ALTERNATIVE OPTIONS**

- 8.1** As this is a discretionary scheme there are several alternative options that members may want to consider as follows:
- I. Reduce the period of discount to 1,2,3,4 or 5 months
  - II. Reduce the discount to zero percent. This would not be recommended due to the reasons given in para 1.2 to 1.4 above.
  - III. Apply discounts only to certain groups, such as those with overlapping tenancies, for a limited period of up to one month.

(END)