
REPORT TO THE MEETING OF THE EXECUTIVE 5 NOVEMBER 2014**PORTFOLIO: GOVERNANCE****REPORT FROM HEAD OF FINANCE****SUBJECT: COUNCIL TAX DISCOUNTS****1 DECISIONS BEING RECOMMENDED**

- 1.1 To recommend to Council that, with effect from 1st April 2015, the Council Tax discount for unoccupied and unfurnished dwellings be reduced from 100% for up to one month to 0% (Class C of the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012).
- 1.2 To recommend to Council that, with effect from 1st April 2015, the Council Tax discount for unoccupied properties that either require, or are undergoing, major repair works or are under structural repairs be reduced from 50% for 12 months to 0% for 12 months (Class D of the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012).

2 REASONS FOR RECOMMENDATIONS

- 2.1 New powers and flexibilities to amend certain Council Tax discounts were given to Councils under the Local Government Finance Act 2012 and were enacted by The Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 and The Council Tax (Exempt Dwellings) (England) (Amendment) Order 2012.
- 2.2 On 17 July 2013, the Executive was presented with the proposed Council Tax discount changes to be introduced from 1st April 2014. These were agreed and approval was given by Full Council on 22 October 2013 to implement the respective changes.
- 2.3 By further reducing the Class C and Class D Council Tax discounts to 0% from 1 April 2015, there is the potential to derive additional Council Tax revenue for RDC of £25,552.
- 2.4 In addition, Rochford District Council (RDC) would also benefit from an estimated annual income of £46,496 under the Essex County Council (ECC) Council Tax sharing agreement.

3 SALIENT INFORMATION

- 3.1 The Council's Corporate Plan includes an objective to minimise the number of empty homes in the District in order to provide additional housing.
- 3.2 The Government introduced the flexibility for local authorities to choose to waive special tax relief on empty homes to allow councils to increase the

amount of council tax collected, without increasing the overall Band D Council Tax Rate.

- 3.3 The estimated increase in total Council Tax debit raised from implementing the recommendations is as follows:-

Class C discount – unoccupied and unfurnished properties
Estimated additional Council Tax raised by reducing discount to 0% -
£133,000

Class D discount – unoccupied properties that either require, or are undergoing, major repair works or are under structural repairs
Estimated additional Council Tax raised by reducing discount to 0% for twelve months – £56,000

- 3.4 The estimated additional Council Tax, £189,000, would be shared between RDC and the Major Precepting authorities as follows:-

Essex County Council - £132,848 (70.29%)
Rochford District Council - £25,552 (13.52%)
Police and Crime - £17,633 (9.33%)
Fire Authority - £8,127 (4.3%)

The remaining amount, £4,840, would be shared between the parishes (2.56%).

- 3.5 ECC, in recognising that it will be the major beneficiary of any additional income from making changes to the respective Council Tax discounts, offers a financial incentive to Billing Authorities if the level of discounts granted are reduced under the 'technical changes' and consequently more Council Tax revenue is generated. The share of any additional income for RDC would be based on 35% of the estimated additional income for the County Council.
- 3.6 The estimated additional revenue to RDC from the ECC Council Tax sharing agreement would be £46,496 for 2015/16.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The existing levels of discount could be retained but, by keeping the status quo, this would not generate the additional revenue for RDC, as detailed above.

5 RISK IMPLICATIONS

- 5.1 There is a risk to the collection of debts resulting from any changes. The recommended reductions in Council Tax discounts are based on the considered implications on collection whilst, at the same time, maximising the potential income opportunity for RDC.

The reduction in discount levels may lead to complaints and appeals. This will be mitigated by contacting and informing those likely to be affected by the changes at the earliest opportunity.

6 RESOURCE IMPLICATIONS

- 6.1 Making changes to the existing level of discounts means that, as the Billing Authority, RDC will incur the additional costs associated with implementing and administering the changes and collecting the additional amount of Council Tax raised.

I confirm that the above recommendation does not depart from Council policy and that appropriate consideration has been given to any budgetary and legal implications.

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Background Papers:-

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