
COUNCIL TAX DISCOUNTS AND EXEMPTIONS

1 SUMMARY

- 1.1 The purpose of the report is to provide Members with proposals for technical changes to Council Tax discounts and exemptions.

2 INTRODUCTION

- 2.1 At the extraordinary Council meeting held on 29 January 2013, the Head of Finance outlined the new flexibilities given to Councils for certain discounts and exemptions. These new powers 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 The various ‘technical changes’ were detailed but, rather than make any changes, it was agreed that the level of discounts granted under the new regulations from 1 April 2013 would mirror the discounts and exemptions that were granted under the old regulations. This was agreed with a caveat that the level of discounts would be reviewed in 2013/14 with a view to introducing any changes from 1 April 2014.
- 2.3 On 17 July 2013, the Head of Finance presented the Executive with the proposed changes to be introduced from 1 April 2014. These were agreed and approval was given to put these forward to Full Council in October.
- 2.4 There has been one revision to these proposed changes regarding the reduction of the Council Tax discount for vacant properties which are in need of major repair. The original proposal to the Executive of 100% discount for 6 months would not be lawful as the timescale for awarding any discount must remain fixed at 12 months.

3 SALIENT INFORMATION

- 3.1 The estimated increase in Council Tax debit raised from implementing the recommendations are as follows:-

Class A and Class B discount – second homes

Estimated additional Council Tax raised by reducing discount to 0% - £11,000.

Class C discount – empty and unfurnished properties

Estimated additional Council Tax raised by reducing discount to 100% for up to one month - £408,000.

Class D discount – uninhabitable properties

Estimated additional Council Tax raised by reducing discount to 50% for twelve months - £34,000.

Empty Homes Premium

Estimated additional Council Tax raised by charging the maximum premium of 50% - £110,000.

3.2 It should be noted that the premium on long-term empty homes is aimed at bringing empty homes back in to use more quickly. Reducing the number of empty homes in the District will link into the New Homes Bonus incentive so there will also be a financial benefit to the Council for every empty home reduced on the Council Tax Base.

3.3 The estimated additional revenue of £563,000 would be shared between the Council and the major precepting authorities as follows:-

Essex County Council	-	£397,579
Rochford District Council	-	£75,038
Police and Crime	-	£51,760
Fire Authority	-	£24,300

The remaining amount, £14,323, would be shared between the parishes.

3.4 Essex County Council, in recognising that it will be the major beneficiary of any additional income from implementing the changes, has offered a financial incentive 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 the District Council would be based on 30% of the anticipated additional income for the County Council for 2014/15 and 35% for 2015/16.

3.5 The additional revenue to the Council from the Essex County Council sharing agreement would be £120,000 for 2014/15 and £140,000 for 2015/16.

4 RISK IMPLICATIONS

4.1 Making changes to the existing level of discounts means that, as the Billing Authority, the District Council will incur the additional costs associated with implementing and administering the changes.

4.2 There is also a risk to the collection of debts resulting from any changes. The recommended levels are based on the considered implications on collection whilst, at the same time, maximising the potential income opportunity for the Council.

4.3 The revised discounts and empty homes premium may lead to complaints and appeals. This will be mitigated by contacting those likely to be affected by the changes at the earliest opportunity and informing them of the impact.

4.4 Behavioural changes may happen in order to avoid or take advantage of the changes. For example, some people may suddenly say that properties are occupied if they are affected by the 50% empty homes premium.

5 RESOURCE IMPLICATIONS

- 5.1 The estimated additional Council Tax that the Council could receive resulting from these changes would be £75,038, plus £120,000 in 2014/15 from the Essex County Council Sharing Agreement and £140,000 in 2015/16 from the same sharing agreement.

6 EQUALITY AND DIVERSITY IMPLICATIONS

- 6.1 The Council Tax ‘technical changes’ are related to empty properties and second homes so are not based on individual circumstances or family characteristics. The recommendations will, therefore, apply equally to everyone.

7 RECOMMENDATION

- 7.1 It is proposed that Council **RESOLVES** to introduce the following with effect from 1 April 2014:-
- 7.2 Reduce the Council Tax discount for unoccupied and furnished properties (Second Homes) from 10% to nil (Class A and Class B of the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012).
- 7.3 Reduce the Council Tax discount for vacant properties which are in need of major repair from 100% for 12 months to 50% for 12 months (Class D of the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012).
- 7.4 Reduce the Council Tax discount for empty and unfurnished dwellings from 100% for up to six months to 100% for up to one month (Class C of the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012). This discount will only apply immediately following a period when the property was occupied for a minimum of 6 weeks. It will also be restricted to a maximum of two awards in any one financial year.
- 7.5 Introduce a Council Tax premium to be set at 50% and charged in addition to the 100% Council Tax charge for existing properties which have been empty and substantially unfurnished for two years or more (Section 11B of the Local Government Finance Act 1992).

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Background Papers:-

None.

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