

CABINET

15 August 2017

TECHNICAL REFORM OF COUNCIL TAX REVIEW

Report of the Director of Resources

Strategic Aim:	Sound financial planning and workforce planning	
Key Decision: No	Forward Plan Reference: FP/140717/04	
Reason for Urgency:	N/A	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor Oliver Hemsley, Deputy Leader and Portfolio Holder for Growth, Trading Services and Resources (except Finance)	
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Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That Cabinet:

1. Approves that officers undertake a public consultation on the Council Tax discounts and premium for empty homes as described in the report and detailed in Appendix A.

1 PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to seek authority to undertake a public consultation exercise in order to ascertain people's views about making changes to the Council Tax empty home discounts and the Council Tax premium on empty homes that have been unoccupied for over two years.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 Since April 2013, local authorities have been able to set their own discretionary discounts for empty homes and charge a premium for empty homes that fall until certain defined categories.
- 2.2 The discounts and the premium have not been reviewed since they were originally set in 2013. There are two key factors that support a review at this time:
- Financial pressure that the Council continues to face - the Council faces a financial gap of c1-£1.5m by 2019/20 on latest information; and
 - Increasing pressure to bring empty homes back into use - the Council has 90 long term empty homes.

3 THE CURRENT POSITION

- 3.1 The table below sets out the current discounts and premium which were set by the Council in 2013 and the potential to change.

Property Status	Our scheme	Example	Cases in 2016/17	Potential to change
Unoccupied and unfurnished for 1-5 months	100% discount for 1 month followed by 50% discount for 5 months	A taxpayer moves house without selling their existing home (Home A). We give them 1 month discount on Home A of 100% (so no Council tax is paid) as it is unoccupied and unfurnished. If Home A stays empty for up to 6 months, the owner pays only 50% of Council Tax for months 2 – 5.	1,300	We can remove all discounts so charge in full.
Unoccupied and Unfurnished 6+ months	Full charge	In the example above, if Homes stays empty after 6 months, the owner is charged full council tax.	800	N/A, Council already charges maximum rate.

Property Status	Our scheme	Example	Cases in 2016/17	Potential to change
Unoccupied and Unfurnished 2+ years	Premium of 10%	In the example, above, if Home A stays empty after 2, we charge a levy of 10% (so the owner pays full council tax plus an additional 10%)	90	We can increase the Premium to 50%
Unoccupied and uninhabitable	50% discount for 12 months	A builder buys a Home to renovate and sell after works are completed. The builder receives a 50% Council Tax discount for 12 months.	70	We can remove the discount.
Second Homes	Full charge	A taxpayer buys a property as their second home. They are charged full Council Tax.	160	N/A, Council already charges maximum rate.

4 CONSULTATION

4.1 Although there is no statutory duty to consult on these technical reforms, all public authorities have a duty to act fairly in the exercise of their functions and to consider whether consultation is required and, if so, how this will be undertaken.

4.2 Accordingly, the Council has, like all other local authorities in this area, decided to consult and seek the public's views on how the authority should exercise its statutory powers. The two key reasons for this decision are:

- All residents pay Council Tax and therefore any changes to discounts could impact on all residents at some point in time; and
- Case law has confirmed that when determining whether to change policy, the Council must be receptive to reasonable arguments against the proposals. This does not mean that it cannot proceed with proposals if they are not supported but it must have regard to any arguments made.

4.3 The aim of the consultation is to seek views from taxpayers and stakeholders on our discounts for empty homes and our premium percentage for long term empty homes. The draft consultation is attached at Appendix A.

4.4 If approved, the consultation will run until 15th September 2017. During this time officers will promote the consultation using a number of methods including:

- a) A mailshot to a random selection of resident taxpayers;

- b) A mailshot to a random selection of empty home owners;
- c) A flyer promoting the consultation to be include with all communications from the section, i.e. new bills, benefit notification letters, reminder letters etc.; and
- d) Social media announcements.

4.5 The Council is also required to consult the Leicestershire Fire Authority and the Police and Crime Commissioner for Leicestershire.

5 NEXT STEPS

5.1 Following the closure of the consultation, officers will collate the data and bring a report to Members on 17th October 2017 with the findings of the consultation and will make recommendations about the amount of discount we should set and the amount of premium we should charge from 1st April 2018.

5.2 It is important that any changes to Council Tax discounts are made prior to setting the tax base in January 2018. This is because the tax base is calculated by making assumptions about discounts, exemptions, growth and collection rates. Parish and Town councils also use the tax base to calculate their precepts.

6 ALTERNATIVE OPTIONS

6.1 The Council could decide not to review discounts and premiums. In light of the comments made in Section 2, this is not recommended.

7 FINANCIAL IMPLICATIONS

7.1 The cost of undertaking a consultation can be met from existing budgets.

7.2 The financial impact of any changes will be assessed as part of the response to the consultation exercise and development of formal proposals. For illustrative purposes, we can confirm that the cost of applying the discounts/premium in 2016/17 was c£215k.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

8.1 The Council has discretionary authority to set local discounts for empty homes and a premium for long term empty homes under sections 11 and 12 of the Local Government Finance Act 2012 and The Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 (SI 2964/2012).

9 EQUALITY IMPACT ASSESSMENT

9.1 An Equality Monitoring form will form part of the consultation questionnaire to enable officers to collate this data.

9.2 An Equality Impact Questionnaire will be completed when the consultation data is analysed.

10 COMMUNITY SAFETY IMPLICATIONS

10.1 There are no community safety implications arising from this report.

11 HEALTH AND WELLBEING IMPLICATIONS

11.1 There are no health and wellbeing implications arising from this report.

12 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

12.1 The empty home discounts and the premium have not been reviewed since 2013, given the financial pressures that the council is facing and our desire to reduce the number of empty homes in our area, is reasonable to consult the public on what we can change.

13 BACKGROUND PAPERS

13.1 Report 5/2013.

14 APPENDICES

14.1 Appendix A Draft Consultation document.

A Large Print Version of this Report is available upon request – Contact 01572 722577.