

REVIEW OF COUNCIL TAX DISCOUNT POLICY 2015

Cabinet Member: Councillor David Watson

Wards Affected: All

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RECOMMENDATION TO COUNCIL

- (i) Under section 11 subsection 4A of the Local Government Finance Act 1992, as amended by S 114A(1) of the Local Government Finance Act 2012 **purpose built holiday homes and chalets, second homes** (prescribed Class A & B as defined by SI 2003 No. 3011) should continue to receive a 10% Council Tax discount;
- (ii) Under section 11 subsection 4A of the Local Government Finance Act 1992 **empty and unfurnished dwellings** (prescribed Class C) as defined by SI 2003 No. 3011) should receive a 100% Council Tax discount for a period of 60 days;
- (iii) Under section 11 subsection 4A of the Local Government Finance Act 1992 **empty dwellings undergoing structural alterations and repairs** (prescribed Class D as introduced by SI2012 No 2964) should continue to receive a 100% Council Tax discount for the first 12 months the dwelling is empty;
- (iv) Under section 11B, subsection (1) (b) of the Local Government Finance Act 1992 (as amended by S 12 of the Local Government Finance Act 2012) **long term empty dwellings** will be charged an empty home premium of an additional 50% of the Council Tax payable; and
- (v) a minimum occupation period of 6 weeks before a new empty discount can be granted.

Reason for Decision

The government amended the Council Tax Regulations requiring Billing Authorities to set local discount policies in relation to a number of categories of former exemption classes which were abolished from April 2013. Cabinet is being asked to review the Council's current discount policy in time for implementation for 2016/17.

Corporate Implications

1. Following the review of the Council's Council Tax discount policy, it is proposed that the current adopted policy continues. If Cabinet should wish to amend the policy full Council resolution will be required.
2. The financial implications and legal provisions which provide the discretion to allow discounts are set out in the report.

Executive Summary

3. Since 2013 Local Authorities have had discretion to vary the amount of council tax discount for some categories of empty dwelling, under the Local

Government Finance Act 2012 (S11-13) which amended earlier legislation. These Regulations provide the Council with an opportunity to encourage occupation of housing stock. The financial benefits of charges are relatively small. The cost of administering the scheme and any changes is borne by WDC.

4. Council approved the charging mechanism for empty homes from 1st April 2013. Under the local scheme second homes receive a 10% discount; empty and unfurnished dwellings receive 100% discount for 60 days, Empty dwellings under structural repair receive 100% discount for up to 12 months, and long term empty dwellings are charged a 50% premium after 2 years.
5. No major operational issues have arisen from the changes to council tax discounts and the outcome of this review is to recommend that the current policy continues with the same level of discount.

Background and Issues

6. Empty dwellings are divided into several categories for the purpose of Council Tax:

Second Homes

7. Currently Wycombe grants a 10% discount on second homes. Billing authorities have the discretion to charge the same as an occupied dwelling. When Council set the current policy of awarding a 10% discount this was to recognise the fact that ratepayers of these dwellings pay 100% council tax on their main residence. At the 1st August 2015 there were 206 second homes in the District. A comparison with other neighbouring authorities is provided at paragraph 16 and this shows that of the 10 authorities benchmarked against only Wycombe provides this discount. If the 10% discount was removed then it is projected that Wycombe would generate an additional £36k per annum, although only £3k would be retained by Wycombe.

Empty and unfurnished dwellings

8. At 1st August 2015 there were 151 empty and unfurnished properties that were in receipt of the 60 day discount. The total cost in 2014/15 of providing this discount was £556k (Wycombe DC's share was £45k). The benchmarking indicates that other authorities have adopted discounts ranging from 1 to 3 months. Under the Regulations for empty and unfurnished dwellings, local authorities have discretion to set whatever discount they want over any period. The intention of the current policy was to provide a reasonable period for owners selling and moving between properties without having to pay a charge. The previous exemption class allowed a period of up to 6 months. This policy also avoids high volumes of small bills being raised.

Empty Dwellings undergoing Structural Repairs

9. There are currently 145 empty dwellings undergoing structural repair in the District. When these discounts end Council Tax is charged at 100%. Authorities have the power to set discounts for empty dwellings between 0% and 100%.
10. For discounts on empty and unfurnished dwellings undergoing major repair only a single discount rate can be set and there is no discretion to vary the period

itself (which has to be for 12 months). The benchmarking indicates that authorities are taking a variety of approaches to this discount. A key consideration when the original policy was set at Wycombe was to avoid providing a financial disincentive to improve poor housing stock or penalise owners who wished to convert properties. It was felt appropriate that a 100% discount should be awarded. This policy was the same as the previous exemption class.

Empty Premium - Long term empty dwellings

11. Regulations give Councils the ability to charge a 'premium' on long term empty properties. Wycombe DC charges the maximum premium of 50% (i.e. a 150% charge) which is applied once a dwelling has remained empty for over 2 years. There are around 159 dwellings in this category. A revision to this policy would result in reduced income to preceptors.

Consultation

12. There is no statutory requirement to consult. Those impacted by any changes to the charges of Empty and Unfurnished dwellings are not a fixed group of residents and those liable for any charges can vary. The Council has however consulted with the major preceptors in Buckinghamshire to gain their views on the current policy. These are summarised below:
13. Bucks CC, in its response to Council Tax Discounts made the following comments:

“BCC would obviously wish to maximise council tax receipts. Therefore, we would ask that you review the discounts in the areas mentioned above.
14. However, we do recognise that this should be a local decision as you will better understand the implications of any changes and also how it aligns with your other policies”
15. Bucks & MK Fire Authority and Thames Valley Police comments are as follows:

“The Fire Authority considers that Wycombe District Council is best placed to consider the impact of each discount on the persons affected. The Authority would however recommend that the Council seeks to reduce discounts given and maximise premiums charged as far as practicable in order to reduce the funding pressure on critical public services.”

16. A breakdown on the empty dwellings in Wycombe is shown in table 1.0 below:

Table 1.0 – Summary of Costs of Local Discounts

Discounts	2013/14 £	2014/15 £	WDC share 2014/15 £	No of properties as at 1st Aug
Class B 2nd home discount (10%)	42,292	36,855	3,000	206
Class C 60 day discount	508,562	556,125	45,600	151
Class D discount (100%)	304,475	354,693	29,100	145
Charge				
Empty premium (150%)	100,867	103,299	8,500	159

17. Details of the discounts offered by neighbouring authorities are as follows:

Table 1.1 – Benchmarking of Local Council Tax Discount Policies

Authority	Empty & unfurnished	Structural alterations (1 year)	2nd homes	Long term empty premium
WDC	60 days	100%	10%	50%
Aylesbury Vale DC	1 month	50%	0%	50%
Chiltern DC	3 months	0%*	0%	50%
South Bucks DC	3 months	0%*	0%	50%
Reading	1 month	50%	0%	50%
Milton Keynes	1 month	50%	0%	0%
Oxford	3 months	25%	0%	50%
South Oxford	1 month	50%	0%	50%
Vale of White Horse	1 month	50%	0%	50%
West Berks	28 days	0%*	0%	0%
Wokingham	28 days	50%	0%	50%
* 0%, but would get 3 months for being empty and unfurnished				

18. The choices that the Council has can be broken down as follows:

- Does WDC wish to change the 10% discount on second homes?
- Does WDC wish to change the 100% discount for empty and unfurnished dwellings, or vary the 60 day period?
- Does WDC wish to change the 100% discount for dwellings undergoing structural alterations for the first 12 months
- Does WDC wish to reduce the 50% premium on long term empty dwellings and if so at what level (up to 50%)?

Financial implications

19. Reducing the number of long term empty dwellings is financially beneficial to the Council through the New Homes Bonus scheme which rewards reductions by way of additional grant
20. Any additional revenue gained from the measures outlined in this report will be shared with the Precepting authorities in proportion to the amount levied.

Conclusions

21. Taking into account the considerations above, the Council's objectives of bringing empty dwellings back into use and balancing this with the need to ensure any new charges are cost effective to collect, it is recommended that the current policy should continue. If the policy is to be revised then this would apply from April 2016.

Next Steps

22. No further action is required

Background Papers

Held in Financial Services