

Cabinet Meeting

24 February 2016

Report title	Council Tax Charges for Empty Properties	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Mark Taylor, Director of Finance	
Originating service	Revenues and Benefits	
Accountable employee(s)	Sue Martin	Head of Revenues and Benefits
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Report to be/has been considered by	Strategic Executive Board	9 February 2016

Recommendation(s) for action or decision:

The Cabinet is recommended to:

1. End the discretionary scheme which grants 100% council tax discount for 21 days on empty properties, with effect from 1 April 2016

1.0 Purpose

- 1.1 This report seeks approval from Cabinet to discontinue the discretionary scheme under which a council tax discount is granted for the first 21 days that a property is empty.

2.0 Background

- 2.1. The Local Government Finance Act 2012 (the Act) was passed on 31 October 2012 giving councils discretion to alter the amount of council tax payable on empty properties and second homes.
- 2.2. On 23 January 2013 Cabinet approved a discretionary scheme for discounts and charges on empty properties to be implemented with effect from 1 April 2013, comprising the following elements:
- A discount of 100% of the liability to be granted for the first 21 days in respect of any dwelling that is empty and unfurnished.
 - A premium equal to 50% of the liability to be charged on any property that has been left empty for two years or more (subject to statutory exemptions).
 - The discount awarded for any property which is furnished but not occupied by anyone as their 'sole or main residence' is revised from 25% to 0%.

3.0 Proposed changes to the discretionary scheme

- 3.1. In 2013/14 £486,000 of council tax was forgone through the award of discretionary empty property discount. In 2014/15 the amount was £451,000. In each year 77% of the value of discount awarded was for the maximum 21 days.
- 3.2. The table below shows the charging policy in neighbouring authorities and highlights the fact that most of our near neighbours offer no discount.

	Empty property discount
Birmingham	None
Coventry	100% for 14 days
Dudley	None
Sandwell	None
Solihull	None
Stoke	None
Walsall	100% for 7 days
Wolverhampton	100% for 21 days

- 3.3. In view of the financial challenge faced by the Council, a proposal to remove any discretionary discounted period on empty properties was included within the 2016/17 draft budget proposals and was subject to consultation along with all other proposals.
- 3.4. Within the overall consultation, comments were invited to the question "To help balance the books it is proposed to redesign services to deliver savings by reviewing council tax discount scheme and discounts including single person discount and discretionary council tax discount for empty properties".

3.5. The outcomes were reported to Cabinet on 3 February 2016 and showed that in response to this question, 44% of respondents were in favour, 36% of respondents were not in favour and 20% of respondents were undecided.

3.6. As a result Councillors are now being requested to approve the removal of the discretionary discount period entirely.

4.0 Financial implications

4.1. The 2016/17 draft budget included additional income from council tax of £500,000 which was to be generated from a combination of ending this discretionary discount and a review of single person discounts.

4.2. If the discount is not ended an alternative budget reduction or income generating option would have to be implemented in its place to ensure that the 2016/17 budget can be set without the reliance on general reserves.
[MH/15022016/V]

5.0 Legal implications

5.1. The legal provision to charge council tax on empty properties and second homes is contained within the Local Government Finance Act 1992 and associated regulations.
[TS/05022105/C]

6.0 Equalities implications

6.1. The discount scheme is related to empty properties and therefore not based on individual circumstances or family characteristics and will apply equally to all groups.

6.2. A stage one equality analysis has been completed, no adverse impacts were identified and a full analysis is not required.

7.0 Environmental implications

7.1. None.

8.0 Human resources implications

8.1. None.

9.0 Corporate landlord implications

9.1. Removal of a discounted period will have implications where the Council is liable for council tax on empty domestic properties it owns.

10.0 Schedule of background papers

10.1. Report to Cabinet 23 January 2013

<http://wolverhampton.moderngov.co.uk/Data/Cabinet/201301231630/Agenda/05B%20-%20Council%20Tax%20Base%20and%20NNDR%20Net%20Rate%20Yield%202013-14.pdf>

10.2. Report to Cabinet 3 February 2016

<http://wolverhampton.moderngov.co.uk/documents/s20279/Budget%20201617%20-%20outcome%20of%20consultation.pdf>