

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Corporate Performance Panel		
DATE:	17 July 2017		
TITLE:	Council Tax Discounts For Empty/Unfurnished and Uninhabitable Properties For 2018/2019		
TYPE OF REPORT:	Policy Development		
PORTFOLIO(S):	Leader		
REPORT AUTHOR:	Jo Stanton, Revenues and Benefits Manager		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	Yes

REPORT SUMMARY

PURPOSE OF REPORT/SUMMARY:

The Council has the discretion to reduce or remove discounts for certain properties including empty / unfurnished and uninhabitable properties. This report considers removing the discounts for these properties.

KEY ISSUES:

The Council awards a 100% discount for one month for properties when they first become empty and unfurnished. The Council also awards a 25% discount for a maximum of one year for a property which is uninhabitable. These discounts both impact on the Council's taxbase, reducing income. Awarding a discount for an empty property can also act as a disincentive for the owner to bring the property back into use.

These discounts were reduced from 1 April 2017, and this report considers removing the discounts completely from 1 April 2018.

OPTIONS CONSIDERED:

The Council can decide to do nothing and keep the discounts as they are, or to completely remove the discounts for empty / unfurnished and uninhabitable properties for 2018/2019.

RECOMMENDATIONS:

The Panel is asked to review the details of the report regarding reducing the current levels of council tax discounts for empty / unfurnished and uninhabitable properties for 2018/2019, and make the appropriate recommendations to Cabinet if changes are required.

REASONS FOR RECOMMENDATIONS:

To ensure council tax discounts are reviewed and recommendations made as needed.

REPORT DETAIL

1. Introduction

1.1. Since April 2004 the Council has had the power to increase the council tax charge for second homes. Since April 2013 we have had the power to further increase the council tax charge for second homes, and to increase the charge for properties which are unfurnished, uninhabitable or long term empty, and to charge a premium of a maximum additional 50% for properties empty for more than two years.

1.2. The aim of these powers is to encourage properties back into use and raise additional revenue for areas affected by high numbers of second homes.

2. Proposal

2.1 The Council has made changes to these discounts over the years and a summary is below:

Class	Start	End	Discount	Council Tax Charge	Time Limit
Second Homes	01/04/1993	31/03/2004	50%	50%	None
	01/04/2004	31/03/2013	10%	90%	None
	01/04/2013	31/03/2016	5%	95%	None
	01/04/2016		0%	100%	None
Empty and Unfurnished properties	01/04/1993	31/03/2013	100%	0%	6 months
	01/04/2013	31/03/2017	100%	0%	3 months
	01/04/2017		100%	0%	1 month
Uninhabitable Properties	01/04/1993	31/03/2013	100%	0%	12 months
	01/04/2013	31/03/2017	50%	50%	12 months
	01/04/2017		25%	75%	12 months
Long Term Empty Properties	01/04/1993	31/03/2013	50%	50%	None
	01/04/2013		0%	100%	None
Properties Empty over 2 years	01/04/2013		(50%)	150%	After 2 years

2.2 From 1 April 2017 the Council reduced the time limit for the 100% discount for empty / unfurnished properties from three months to one month. We also reduced the 12 month discount for uninhabitable properties from 50% to 25%. There has been minimal feedback following the introduction of the changes in April 2017 and taxpayers appear to have accepted the new discounts. However the Revenues staff still need to verify and process the discount applications so the amount of resource needed to manage these discounts has not changed.

2.3 A Norfolk wide review of the levels of discounts is underway during 2017 and Norfolk County Council has asked local authorities to review their discounts with a view to having common discount levels across the County. Some Councils have already completely removed the Council Tax Discounts for Empty/Unfurnished and Uninhabitable properties.

2.4 The implications of completely removing these discounts and charging 100% council tax are detailed below. These figures are based on data as at 5 June 2017:

	Empty and Unfurnished	Uninhabitable	Total
Properties Affected	53	79	132
Taxbase Increase @ Band D	41.6	17.1	58.7
Additional Revenue Raised	£68,251	£27,972	£96,062
Norfolk County Council	£51,955	£21,293	£73,126
Norfolk Police and Crime Commissioner	£9,041	£3,705	£12,726
Parishes (Average)	£2,389	£979	£3,362
BCKLWN	£4,866	£1,994	£6,848

2.5 The changes will affect 132 properties in the Borough (from a total of 72,507) where the taxpayer will no longer see any reduction in their bill if their property is empty. The current reduction for empty / unfurnished properties only applies for one month before it is removed, and the changes will remove this initial reduction completely. The discount for uninhabitable properties has been reduced to 25% for 12 months from 1 April 2017, and the changes would also see this removed completely from 1 April 2018.

2.6 The changes can encourage taxpayers to bring their properties back into use or complete structural works sooner than would be the case if there was a discount available. They also reduce the cost of council tax discounts, raising extra income to the Borough Council, County Council, the Police and Crime Commissioner and the Parish/Town Councils.

2.7 A small amount of extra income is generated for the Borough Council. Removing the discounts will also free up resources which will no longer be needed for verifying discount applications. These can be deployed to ensuring other discounts, such as the 25 per cent single resident discount, are correct.

3. Other Norfolk Authorities – Council Tax Charges

3.1 The council tax discounts for 2017/2018 for the different classes of property in other Norfolk authorities are shown below:

	2nd Homes	Empty and Unfurnished	Uninhabitable
BCKLWN	0%	100% (1 month)	25% (12 months)
Breckland	0%	100% (1 month)	50% (12 months)
Broadland	0%	0%	0%
Gt Yarmouth	0%	100% (1 month)	0%
North Norfolk	5%	0%	0%
Norwich	5%	0%	50% (12 months)
South Norfolk	5%	100% (1 month)	50% (12 months)

3.2 All Norfolk Authorities charge full council tax for long term empty properties, increasing to 150% of the charge for properties empty for more than two years.

4. Issues for the Panel to Consider

- 4.1 The Panel is asked to consider review the level of discounts for empty / unfurnished and uninhabitable properties and make the necessary recommendations to Cabinet if changes are required.

5. Corporate Priorities

- 5.1 The changes would support Corporate Priority 2: Drive Local Economic and Housing Growth, by encouraging empty properties back into use.

6. Financial Implications

- 6.1 Removing the discounts and imposing a 100% council tax charge will increase the Council's taxbase by 58.7 Band D properties. This will raise an additional £6,848 for the Borough Council, £73,126 for Norfolk County Council and £12,726 for the Norfolk Police and Crime Commissioner. Norfolk County Council will provide funding of £50,000 towards the administrative costs of the changes.
- 6.2 Removing the discounts frees up resources which can be used on other projects to verify other discount awards, such as single resident discounts, protecting and increasing the Council's income.
- 6.3 A £10,000 Discretionary Hardship fund is maintained to assist those experiencing difficulty as a result of changes to discounts, and this will continue for 2018/2019. This fund is extended to any category of taxpayer as the Council sees fit, for example those bringing a long empty property back into use to live in as their own home. Individual applications are considered by the Portfolio Holder and Ward Member under delegated powers.

7. Any other Implications/Risks

- 7.1 None

8. Equal Opportunity Considerations

- 8.1 None

9. Consultation

- 9.1 None required

10. Conclusion

- 10.1 The Panel is asked to review the level of discounts and make the necessary recommendations to Cabinet.

11. Background Papers

- 11.1 None