Executive Summary

1.1 Council Tax statute and regulations provide for Council to decide on the discretionary aspects of Council Tax and to approve a Local Council Tax Support Scheme prior to setting the Council Tax base for each financial year by 31 January.

1.2 This report proposes no changes to the current level of Council Tax discounts for properties subject to repair, unoccupied and unfurnished properties, long term empty properties or second homes.

1.3 No changes are proposed to the existing Council Tax Support Scheme previously approved by Council in December 2014 (other than the uprating of premium and applicable amounts).

Recommendation

It is recommended that Council:

2.1 Maintains the Council Tax discretionary discounts at the 2015/16 levels for 2016/17 as follows;

2.1.1 Property Subject to repairs/alterations/floods/fire – 50% discount for 12 months and 0% thereafter

2.1.2 Unoccupied and unfurnished properties – 100% discount for the first three months, 50% for 3 to 6 months and 0% discount thereafter.

2.1.3 Long term empty properties over 2 years – 50% premium

2.1.4 Second Homes – Full charge

2 Maintains the existing Council Tax Support Scheme for 2016/17 (with the uprating of premium and applicable amounts as appropriate and determined by Executive Director of Finance and Resource).
PRIORITIES, IMPACTS AND RISKS

3 Contribution to Council Priorities

3.1 This report accords with the council’s Budget and Policy Framework and directly supports the Council Plan priority/priorities of improving economic vitality, planning policies that safeguard local distinctiveness and availability of housing.

MAIN CONSIDERATIONS

The Proposal

4 Background

4.1 In accordance with the Local Government Finance Act 2012 Councils are required to approve a Local Council Tax Support Scheme for each financial year by 31 January.

4.2 Local authorities also have the discretion to set discounts in respect of unoccupied, unfurnished and uninhabitable properties at any level between 0% and 100% for each category of property and apply a premium of up to 50% for long term empty properties which have remained empty over 24 months.

4.3 The current 2015/16 discretionary discount levels were agreed at the Council meeting on the 11 December 2014, and were kept at the same level as the previous year.

4.4 It is necessary for these discounts to be reviewed and set each financial year. When reviewing these discounts it is important to consider the impact on the administration and collection of the Council Tax as well as the capability of the software system to automate the preferred scheme.

4.5 Factors such as the incentive to bring empty homes back into use and the council’s homelessness strategy were taken into account when reviewing the levels of discretionary discount.

5 Council Tax Support Scheme

5.1 The council currently operates (since 2013/14) a slightly modified ‘default’ local CTS scheme which closely mirrors the terms of the previous council tax benefit scheme which was in place up to the end of 2012/13.

5.2 In December 2014 Council agreed to no change to the scheme for 2015/16 other than the uprating of premium and applicable amounts.

5.3 2015/16 is the third year of the CTS scheme and has seen a decline in the cost of the support awarded, as well as in the number of claimants.

5.4 No changes, other than the uprating of premium and applicable amounts, are currently proposed to the existing scheme for 2016/17.
6 Current Council Tax Discretionary Discounts

6.1 Property Subject to repair

6.1.1 These properties are defined in regulation as vacant, uninhabitable and requiring or undergoing major repair/structural alteration with the intention of making them habitable.

6.1.2 The regulations stipulate that it is not possible to vary the level of discount within the given 12 month period; therefore the agreed percentage of discount must remain in place for the entire 12 month period.

6.1.3 For 2015/16, the decision was made to award a 50% discount for the first twelve month period and 0% discount thereafter.

6.2 Unoccupied and unfurnished properties

6.2.1 These types of dwellings are defined in the regulations as ‘a dwelling in which no one lives and which is substantially unfurnished’.

6.2.2 The regulations stipulate that the level of discount can vary between 0% to 100% and the term can vary from 0 to 6 months.

6.2.3 For 2015/16, the decision was made to award 100% discount for the first three months, a 50% discount for 3 to 6 months and 0% discount thereafter.

6.3 Long term empty properties over 24 months

6.3.1 Prior to 1 April 2013 the council could only charge up to 100% council tax on any property.

6.3.2 The regulations then introduced a discretionary long term empty property premium for properties that remain unoccupied and unfurnished for more than two years. Local authorities can opt to add a premium of up to 50%.

6.3.3 For 2015/16, the decision was made to apply the maximum level of premium to properties of this kind.

6.4 Second Homes

6.4.1 A second home is defined as ‘a dwelling which is no one’s sole or main residence and is furnished’.

6.4.2 The regulations stipulate that the level of discount can vary between 0% to 100%.

6.4.3 For 2015/16 the decision was made to set the discount at 0%.

7 Options Analysis

7.1 Property subject to repair

7.1.1 There are currently 32 properties within this category receiving 50% discount.

7.1.2 The recommendation is for the current arrangement to remain in place.

7.2 Unoccupied and unfurnished properties
7.2.1 There are currently 432 properties that have been unoccupied for 0 to 3 months and are receiving 100% discount. There are currently 140 properties that have been unoccupied for 3 to 6 months and are receiving 50% discount and there are 245 properties that are classed as long term empty properties which have been vacant for over 6 to 24 months receiving 0% discount.

7.2.2 The recommendation is for the current discounts to remain in place.

7.3 Long term empty properties over 24 months

7.3.1 There are currently 140 properties that have been unoccupied for 3 to 6 months and are receiving 50% discount and there are 245 properties that are classed as long term empty properties which have been vacant for over 6 to 24 months receiving 0% discount.

7.3.2 The recommendation is for the current arrangement to remain in place.

7.4 Second Homes

7.4.1 There are currently 300 properties in the category paying 100% Council Tax, 173 of these are used as second homes. The other 127 are not used as second homes but are furnished and unoccupied.

7.4.2 It is not possible to charge any more than a full Council Tax charge on properties of this kind. These properties are not used as main residences, however they are furnished and the same level of services are available to them as with fully occupied properties.

7.4.3 The recommendation is for this current arrangement to remain in place.

8 Corporate Implications

8.1 Financial Implications

8.1.1 The Medium Term Financial Strategy report approved for consultation in October requested Cabinet to note that there are no proposed changes to the council tax support scheme for 2016/17 and that the scheme will be reviewed for 2017/18.

8.1.2 Should the current discounts remain unchanged there would be no significant change in the council tax base and estimated council tax income to be received by this council, although actual income will vary as property numbers change during the year.

8.2 Risk Issues

8.2.1 There is no risk associated with this report.

8.3 Equalities

8.3.1 An EIA was carried out in 2013 and concluded that if there was a change to some of the discretionary discounts it could impact on all groups. It was noted that groups that could be differentially negatively impacted by any withdrawal or reduction in discount would be those on a low income and potentially those with mental health and learning disabilities.

8.3.2 A stage one EIA was done for the recommendations in this policy, it was concluded that, as there is no change proposed, no further assessment was needed. Based on these findings, it was decided not to move any further due
to the fact that the changes proposed would not have a detrimental effect on a particular group.

8.4 Legal Implications

8.4.1 Although new legislation provides councils with greater flexibility to set Council Tax discounts to certain categories of dwelling, the process in which the council make the decision remains the same.

8.4.2 As in previous years, full council is required to set the level of Council Tax discretionary discounts prior to setting the Council Tax for each financial year.

8.4.3 The Council is required to approve a Local Council Tax Support scheme by 31 January 2016.

8.5 Any Other Implications

8.5.1 There are no other implications identified.

9 Communication and Consultation

9.1.1 Proposals to maintain the existing Council Tax Support Scheme for 2016/17 were included in the Medium Term Financial Strategy report approved for consultation by Cabinet in October.

10 Conclusion

The Council Tax Support Scheme will be unchanged for 2016/17. There are no proposed amendments to discretionary Council Tax discounts for 2016/17.