

Cheltenham Borough Council
Cabinet 09 December 2014
Council 15 December 2014
Council Tax Discounts on Empty properties

Accountable member	Councillor John Rawson, Cabinet Member Finance
Accountable officer	Mark Sheldon, Director of Resources
Accountable scrutiny committee	Overview and Scrutiny
Ward(s) affected	All
Key Decision	Yes
Executive summary	In December 2012 Council used its new discretionary powers to set the level of council tax discount awarded in respect of certain categories of empty properties. Approval is now being sought to change the level of discount for one of the categories
Recommendations	<p>Cabinet recommends that Council</p> <ol style="list-style-type: none"> 1. Sets the level of discount for class C empty properties at 25% for the first 6 months 2. Confirms 6 weeks as the minimum required period of re-occupation before a further empty property discount will apply

Financial implications	<p>It is estimated that an additional £340,000 of council tax income will be raised of which approximately £43,000 will be retained by the Council. This additional revenue will be reflected in an increase in the council tax collection fund surplus.</p> <p>These changes will also impact on the Housing Revenue Account as they will apply to council owned empty properties managed by Cheltenham Borough Homes</p> <p>Contact officer: Mark Sheldon, mark.sheldon@cheltenham.gov.uk, 01242 264123</p>
Legal implications	<p>The legislative context is set out in the report.</p> <p>Contact officer: peter.lewis@tewkesbury.gov.uk, 01684 272012</p>

HR implications (including learning and organisational development)	None arising from this report Contact officer: julie.mccarthy, julie.mccarthy@cheltenham.gov.uk, 01242 264355
Key risks	As detailed in appendix 1
Corporate and community plan Implications	The proposal to reduce the level of council tax discounts in respect of empty properties as outlined on the report will support the following outcomes <ul style="list-style-type: none"> • A balanced and sustainable housing market • Reducing crime and disorder
Environmental and climate change implications	These changes will support the Council's strategy for bringing empty homes back in to use

1. Background

- 1.1 The Local Government Finance Act 2012, introduced some technical reforms to council tax from April 2013, abolishing exemptions in respect of certain categories of empty properties and giving new discretionary powers for councils to set the level of discount between zero and 100%.
- 1.2 These new powers provided an opportunity to reduce the level of discounts as a measure to help bring empty properties back in to use more quickly and to increase council tax income.
- 1.3 The current discount levels were set by Council in December 2012 and are shown in Table1 at point 2.1 below.

2. Changes being proposed

- 2.1 Approval is being sought to change the level of discount for class C properties to 25% for the first 6 month period after a property becomes unoccupied and substantially unfurnished, instead of 100% for the first month and 25% for the following 5 months.
- 2.2 The current discount levels and the proposed changes are detailed in the table 1 below

Discount Class	Discount Level up to and including 31 March 2015	Discount Level with effect from 01 April 2015
Class C Properties - empty and unfurnished for up to 6 months	100% discount for the first month then 25% discount for the following 5 months	25% for up to 6 months Once the 25% has been awarded for 6 months no further discount will be awarded unless the property is re-occupied for a period of not less than 6 weeks

Class D Properties – Empty and unfurnished and undergoing major works/structural repairs to render them habitable	25% discount for up to 12 months	25% discount for up to 12 months Once the 25% has been awarded for 12 months no further discount will be awarded unless the property is re-occupied for a period of not less than 6 weeks
Class C long term empty properties - empty and unfurnished for more than 6 months	Zero discount – 100% council tax payable	Zero discount – 100% council tax payable
Second Homes - properties which are furnished but not occupied as anyone's main home	Zero discount – 100% council tax payable	Zero discount – 100% council tax payable

- 2.3** Class C and D discount types commence on the date a property becomes empty and unfurnished and this does not change as a result of a change in owner or tenant.
- 2.4** If a property is re-occupied or substantially furnished for a period of less than 6 weeks this will be disregarded for the purposes of determining the date it became empty and unfurnished.
- 2.5** The change, if approved, will mean the discount levels for classes C and D are consistent and generate additional council tax income.
- 2.6** In cases where the 100% discount is being awarded at 31 March 2015 the 25% discount rate will apply on 01 April 2015.
- 2.7** Based on the discounts granted at 100% for the first month in 2013/2014, reducing the discount to 25% would generate approximately £340,000 in additional council tax income. The Council's portion of this would be approximately £43,000 the County Council's portion approximately £250,000 and the police portion approximately £46,000.
- 2.8** The Council only has the discretion to set the discount level. The qualifying conditions for the discount classes and time periods are set by legislation.
- 2.9** Table 2 below details who will be affected by these changes

Class C properties 25% discount for up to 6 months instead of 100% discount for 1 month then 25% for 5 months	<ul style="list-style-type: none"> • Owners who move out of properties but retain ownership • Tenants who vacate properties prior to the end of their lease
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	<ul style="list-style-type: none"> • Landlords of properties which are empty between tenancies • Council owned properties managed by Cheltenham Borough Homes which are empty between tenancies • Owners, property developers, landlords who buy can't sell or let properties
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2.10 This change will affect landlords, who will become liable for a small charge when properties are empty for short periods between tenants. However, the consistent level of discount will reduce the disputes between landlords and tenants regarding responsibility during the first month a property is empty.

3. Reasons for recommendations

3.1 The proposed change will standardise discount levels on empty properties and provide a further incentive for owners to bring empty properties back in to use more quickly. It will also increase council tax income which will help fund local services.

4. Alternative options considered

4.1 None.

5. Consultation and feedback

5.1 Consultation has taken place with other Gloucestershire districts. The other councils have policies which are consistent with the proposals

6. Performance management –monitoring and review

6.1 The impact of these changes on the level of council tax income and the collection rate will be monitored closely and reported to members in budget monitoring reports.

6.2

Report author	Contact officer: Jayne Gilpin, Revenues Manager, jayne.gilpin@cheltenham.gov.uk, 01242 264323
Appendices	Risk Assessment

Background information	<ol style="list-style-type: none">1. The Local Government Finance Act 1992, amended by the Local Government Finance Act 2012 http://www.legislation.gov.uk/ukpga/20122. The Council Tax (Prescribed Class of Dwellings (England) Regulations 2003 http://www.legislation.gov.uk/uksi/2003/3011/contents/made3. The Council Tax (Prescribed Class of Dwellings (England) Regulations 2012 http://www.legislation.gov.uk/uksi/2012/2964/contents/made4. Report to council 17/12/2012 – council tax discounts on Empty Properties https://democracy.cheltenham.gov.uk/documents/s6683/2012_12_17_COU_10_Council_Tax_Discounts_on_Empty_Properties.pdf
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The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the revised council tax discount proposals for empty properties are adopted and it becomes difficult to collect the small amounts due when properties are empty for a few days then the estimated additional income may not be fully realised	Mark Sheldon	11/12/2012	2	3	6	Accept	Monitor and review the estimated income	31/03/2014	Jayne Gilpin	
Explanatory notes											
<p>Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p>Likelihood – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p>Control - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											

Guidance

Types of risks could include the following:

- Potential reputation risks from the decision in terms of bad publicity, impact on the community or on partners;
- Financial risks associated with the decision;
- Political risks that the decision might not have cross-party support;
- Environmental risks associated with the decision;
- Potential adverse equality impacts from the decision;
- Capacity risks in terms of the ability of the organisation to ensure the effective delivery of the decision

- Legal risks arising from the decision

Remember to highlight risks which may impact on the strategy and actions which are being followed to deliver the objectives, so that members can identify the need to review objectives, options and decisions on a timely basis should these risks arise.

Risk ref

If the risk is already recorded, note either the corporate risk register or TEN reference

Risk Description

Please use “If xx happens then xx will be the consequence” (cause and effect). For example “If the council’s business continuity planning does not deliver effective responses to the predicted flu pandemic then council services will be significantly impacted.”

Risk owner

Please identify the lead officer who has identified the risk and will be responsible for it.

Risk score

Impact on a scale from 1 to 5 multiplied by likelihood on a scale from 1 to 6. Please see risk [scorecard](#) for more information on how to score a risk

Control

Either: Reduce / Accept / Transfer to 3rd party / Close

Action

There are usually things the council can do to reduce either the likelihood or impact of the risk. Controls may already be in place, such as budget monitoring or new controls or actions may also be needed.

Responsible officer

Please identify the lead officer who will be responsible for the action to control the risk.

For further guidance, please refer to the [risk management policy](#)

Transferred to risk register

Please ensure that the risk is transferred to a live risk register. This could be a team, divisional or corporate risk register depending on the nature of the risk and what level of objective it is impacting on