
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE (SPECIAL – FINAL ACCOUNTS)	AGENDA ITEM: 9
DATE OF MEETING:	27th JUNE 2013	CATEGORY: RECOMMENDED
REPORT FROM:	DIRECTOR OF FINANCE and CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) kevin.stackhouse@south-derbys.gov.uk	DOC: u/ks/council tax support/policies/empty property discount/update of empty discounts
SUBJECT:	AMENDMENT TO THE EMPTY PROPERTY LOCAL COUNCIL TAX DISCOUNT SCHEME	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

- 1.1 That proposed amendments to the delegated scheme for the award of local empty property discounts is approved.
- 1.2 That the revised Guidance Framework to determine applications including the proposed amendments as detailed **Appendix 1** is approved.
- 1.3 That the effective date for implementation is 1st April 2013.

2.0 Purpose of Report

- 2.1 To propose updating the current scheme of local discounts, following the changes to Council Tax payable on empty properties, specifically the introduction of a Council Tax Premium from 1st April 2013, approved by the Committee on 24th January 2013.

3.0 Detail

- 3.1 At the meeting of the Finance and Management Committee on 4th December 2008, it was agreed to reduce the national discounts on empty properties, which then applied, with effect from 1st April 2009. The purpose of the change was twofold:
 - To generate additional Council Tax income
 - To encourage property owners to bring empty dwellings back into use by increasing the charge from 50% to 100% payable after a property had been empty for six months or more.
- 3.2 Subsequently, at its meeting on 22nd October 2009, the Committee introduced a scheme of local discounts, under Section 13A of the Local Government Act 1992, in

respect of properties where exceptional circumstances, beyond the control of the person liable for Council Tax, prevented the use by or sale/let of an empty property to a third party.

- 3.3 The current scheme applies where there is no independent access to the residential part of a property the result of which renders the sale or let of that part impossible for either legal or security reasons. In such cases the Council Tax Empty Property charge is reduced from 100% to 50% (i.e. the level previously set under the national scheme).
- 3.4 There are currently seven empty domestic units, all set aside for use by staff or as owner accommodation, above or within commercial or retail premises which qualify for the reduced charge.

Reason for Proposed Amendments

- 3.5 At its meeting on 24th January 2013, the Council made two changes to the level of Council Tax payable on empty properties, namely:
- A reduction in the free period, before the empty charge of 100% becomes payable, from six months to three months
 - The introduction of a premium charge of 50%, in addition to the 100% above, when a property remains empty for two years or more.
- 3.6 It follows, therefore, that the existing local discount will now apply at 50% from three months. However, consideration now needs to be given as to whether or not the charge should remain at the same level beyond the point at which the new Premium would normally apply, i.e. 2 years.
- 3.7 Additionally, when the draft regulations were first published a proposal to exempt difficult to sell or let properties was considered by the Government but this did not subsequently find its way into the legislation.
- 3.8 It is considered that as the Council previously decided that in exceptional prescribed cases a lower charge is to be applied it would be inconsistent not to continue this reduction until such time as there was a change in circumstance such as occupation of the empty property or an alternative discount or exemption applied (such as repossession by a mortgagee)
- 3.9 Since the Council's original decision in October 2009 and in particular as a result of the introduction of the Council Tax Premium in April, a small number of appeals have been received concerning the levy of the Premium on certain properties.
- 3.10 These relate to retirement schemes where covenants prohibit sale to anyone under a prescribed age (usually 55, 60, or 65) and/or either restrict letting in the same way or prohibit it altogether.
- 3.11 This representation would appear to have some merit as the group of cases concerned is broadly analogous to the existing criterion, in that the restrictions are outside the control of the Council Tax payer with ownership, and therefore liability, following the death of the previous owner.

3.12 To allow for these proposed amendments, updated Guidance to that previously approved by the Committee is attached at **Appendix 1**, for consideration and approval (So far as the cases already in receipt of the local discount are concerned, the proposed amendment is for definition and clarification purposes).

3.13 It is suggested that the proposed amendments have effect from 1st April 2013.

4.0 Financial Implications

4.1 In respect of the seven cases currently subject to the reduced charge, there is no additional financial impact as far as the Premium is concerned, by virtue of the application of the local discount.

4.2 The cost of these local discounts for seven cases, in the form of Council Tax forgone, is approximately £4,000 per year. However, this is a charge onto the Council's General Fund and not the Collection Fund, as a local (discretionary) discount.

4.3 At present, two additional cases will fall under the new arrangements with the Council Tax foregone by not charging the 50% premium, equating to approximately £1,000 per year. Although there have been several enquiries regarding the 50% premium, it is not anticipated that many more cases exist that would currently qualify for the proposed discount, although it will be kept under review.

4.4 Each case, existing and new, results in a relatively small cost to the Council. However, the award of a local discount under Section 13A of the Local Government Finance Act 1992 means that there is no offset against the New Homes Bonus as would normally apply in respect of other long term empty properties.

5.0 Community Implications

5.1 The very specific nature of the criteria for eligibility means that proposals will not affect the Council's objective of properties being made available to the local housing market.

6.0 Corporate Implications

6.1 None

7.0 Background Papers

7.1 Local Government Act 2003
Section 13A of the Local Government Finance Act 1992
Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003