



East Northamptonshire Council

Policy and Resources Committee - 22 February 2010

Council Tax Discounts

Summary

A report to review the recommendation made to Council about Council Tax discounts on second homes, furnished and unoccupied homes and empty properties.

Attachment(s)

Appendix A - Report to meeting on 14 September 2009

1.0 Introduction

1.1 On 14 September 2009, Members considered a report on Council tax discounts (Minute 136 refers).

2.0 Members' decision

2.1 The printed minute records the decision as follows:-

- (1) That the current discount of 50% on unoccupied furnished properties and long term empty properties be maintained.
- (2) That the discount on second homes be reduced to 10% to bring the District in line with the rest of Northamptonshire and the Welland Partnership.

2.2 However, some doubt has been cast on whether this outlines the precise approach concluded by the Committee, and the opportunity is being taken to clarify the Committee's intentions. There is a very strong belief that the Committee intended to –

- Maintain the current discount of 50% for long term empty properties *and*
- Reduce the discount to 10% for second homes and unoccupied furnished homes.

2.3 The wording of the recommendation was not challenged at the draft minutes and action sheet stage, nor when the minutes were signed as a correct record at the next meeting of the Committee. It was not highlighted at the Council meeting.

2.4 Members are therefore asked to clarify the position. The report which was submitted to the meeting on 14 September is attached as Appendix A.

3.0 Recommendation to Council

3.1 If the Committee considers that the wording in paragraph 2.2 more appropriately matches its intentions (as this is Officers' belief), it is recommended:-

That the decision made at the Council meeting on 2 November be rescinded and the Council be asked to substitute the following:-

- (1) That the current discount of 50% on long term empty properties be maintained.
- (2) That the discount on second homes and unoccupied furnished homes be reduced to 10% to bring the District in line with the rest of Northamptonshire and the Welland Partnership.

(Note - This approach would be consistent with paragraph 15.1 of the Procedure Rules).

Implications:					
Corporate Outcomes or Other Policy/Priority/Strategy					
Good Quality of Life		<input type="checkbox"/>	Good Reputation		<input type="checkbox"/>
Good Value for Money		<input checked="" type="checkbox"/>	High Quality Service Delivery		<input type="checkbox"/>
Effective Partnership Working		<input type="checkbox"/>	Strong Community Leadership		<input type="checkbox"/>
Effective Management		<input type="checkbox"/>	Knowledge of our Customers and Communities		<input type="checkbox"/>
Employees and Members with the Right Knowledge, Skills and Behaviours					<input type="checkbox"/>
Other:					
Decision(s) would be outside the budget or policy framework and require full Council approval					
					<input checked="" type="checkbox"/>
Financial	There are no financial implications at this stage				<input type="checkbox"/>
	There will be financial implications – see paragraph				<input checked="" type="checkbox"/>
	There is provision within existing budget				<input type="checkbox"/>
	Decisions may give rise to additional expenditure at a later date				<input type="checkbox"/>
	Decisions may have potential for income generation				<input checked="" type="checkbox"/>
Risk Management	An assessment has been carried out and there are no material risks				<input type="checkbox"/>
	Material risks exist and these are recorded at Risk Register Reference - 528 inherent risk score - 3 residual risk score - 3				<input type="checkbox"/>
Staff	There are no additional staffing implications				<input type="checkbox"/>
	Additional staff will be required – see paragraph				<input type="checkbox"/>
Equalities and Human Rights	There will be no impact on equality (race, age, gender, disability, religion/belief, sexual orientation) or human rights implications				<input checked="" type="checkbox"/>
	There will be an impact on equality (see categories above) or human rights implications – see paragraph				<input type="checkbox"/>
Legal	Power: Local Government Acts 1992 & 2003 and associated regulations				
	Other considerations:				
Background Papers: Financial records and working papers					
Person Originating Report: Julian Derham, Head of Revenue and Benefit Services					
Date: 20 January 2010					
CFO		MO		CX	

(Committee Report Normal Rev. 19)



East Northamptonshire Council

Policy and Resources Committee - 14 September 2009 Council Tax Discounts

Summary

A report to review the Council Tax discounts given on second homes and empty properties.

Attachment(s)

Attachment 1 – List of exemptions to the Council Tax

Attachment 2 – Information on local discounts set by other Councils in Northamptonshire and the Welland

1.0 Introduction

- 1.1 The Local Government Act 2003 introduced powers for Councils (acting as Billing Authorities) to reduce the level of discounts available to taxpayers of second homes and empty properties.
- 1.2 In December, the Council calculates a 'tax base' (the estimated taxable capacity of the area) as part of the process of setting the Council Tax for the following year. The level of discounts available for second homes and empty properties forms part of that calculation; so it is appropriate to review these discounts before tax setting begins.
- 1.3 Discretionary discounts are determined for the following tax year, once set they cannot be altered during a financial year and cannot be made to have retrospective effect.
- 1.4 In previous years, the Council has resolved not to create any local discounts. Taxpayers of second homes and empty properties in East Northamptonshire currently receive a discount of 50% on their Council Tax bills.
- 1.5 Attachment 2 shows the discounts given by other local authorities in Northamptonshire and the Welland.

2.0 Exemptions

- 2.1 Some properties are exempt from liability for Council Tax. For instance, new properties and empty homes, which are unoccupied and unfurnished, can be exempt for up to six months. Vacant property, requiring major repair or alteration (rendering it uninhabitable) can be exempt for up to twelve months. A full list of exemptions appears in Attachment 1; exemptions are statutory and cannot be changed by a billing authority.
- 2.2 At the expiry of the exempt period, a liability for Council Tax arises but a discount may reduce the amount payable.

3.0 Second homes and unoccupied furnished properties

- 3.1 The Council may reduce the levels of discount on second homes and unoccupied furnished properties from 50% down to as low as 10%. 201 properties have been identified as falling into these categories in East Northamptonshire.
- 3.2 The argument for reducing the discount on second homes rests on the use made of local services and makes the assumption that if taxpayers have second homes they

will have the ability to pay the additional charge. Equally, it could be argued that many services, such as education, etc., are not generally used by taxpayers of second homes and therefore a 50% charge is fairer.

3.3 However, where any of these properties fall into the above categories for job related reasons the discount cannot be reduced. The Council does not currently collect this information but it must be anticipated a number will claim the relief and this will reduce the figures shown in 3.4.

3.4 A reduced discount will theoretically provide additional income but most (91%) of this will go to the major preceptors (i.e. County Council and Police). As an example, the following table shows the maximum additional income we are likely to generate if the Council had reduced the discount to 10% this year.

Authority	Estimate of additional income
Northamptonshire County Council	£84,993
Police Authority	£15,973
East Northamptonshire Council	£9,961

3.5 This Council must bear the cost of administering and enforcing the additional charge.

3.6 If the discount is reduced it is likely we will see an increase in claims for exemption and appeals against our decision.

4.0 Long term empty homes

4.1 A council may remove all or part of the 50% discount on long term empty properties. In this instance, 'long term' refers to property where the exempt period has expired. There are 484 properties currently meeting this description.

4.2 In East Northamptonshire, two main reasons property remain empty are:
 1) Property for sale or to let. There are over 300 properties for sale or letting in East Northamptonshire
 2) Property is still being renovated after the expiry of the 12 month exemption.

4.3 The Council has an empty property strategy seeking to return empty homes to the market place. Empty homes can 'blight' a neighbourhood, encouraging vandalism and crime etc. In areas where there are insufficient houses to meet demand, empty homes will exacerbate matters. The Council currently identifies property, which has been empty over 12 months, for potential action under the strategy. Over the last twelve months only 70 have been identified as appropriate for action in this scheme.

4.4 The Taxbase must reflect the additional capacity a reduction in discount will achieve. However, local authorities (including major preceptors) will not be able to retain the benefit of any additional revenue; this will be deducted from the Revenue Support Grant. As Council cannot retain any financial advantage the decision is not a financial one but, must be weighed against the Council's housing and empty property strategies and the present economic climate.

4.5 The Billing Authority must bear any associated costs incurred in levying and enforcing the additional charge.

5.0 Risks

5.1 Reducing the discounts on these two categories of properties may not deliver the outcomes they theoretically seek to achieve. Furthermore, this may not help our priority of creating a more prosperous local economy.

5.2 With a depressed housing market, reducing discounts will increase the financial burden of those taxpayers seeking to sell or let empty property.

5.3 Collection of this additional tax is likely to be more expensive. This is due to the complex enquiries, investigations and appeals reduced discounts are likely to generate. In the current economic climate, with already increased workloads in both Council Tax and Benefits, the current staffing level will be insufficient to handle this additional work.

5.4 Members will be aware that increasing taxation can potentially lead to an adverse public reaction.

6.0 Next steps

6.1 If the Committee wishes to maintain the current discounts; a recommendation to that effect can be made to Council.

6.2 Alternatively, Members may wish to recommend alternative discounts.

6.3 The Council is legally required to publish any revised determination within 21 days of approval.

7.0 Recommendation

7.1 The Committee is asked to consider whether it wishes to reduce the discounts on either second homes and unoccupied furnished properties or long term empty properties and make a recommendation to Council.

Implications:	
Corporate Outcomes or Other Policy/Priority/Strategy	
Good Quality of Life	<input type="checkbox"/> Good Reputation <input type="checkbox"/>
Good Value for Money	<input checked="" type="checkbox"/> High Quality Service Delivery <input type="checkbox"/>
Effective Partnership Working	<input type="checkbox"/> Strong Community Leadership <input type="checkbox"/>
Effective Management	<input type="checkbox"/> Knowledge of our Customers and Communities <input type="checkbox"/>
Employees and Members with the Right Knowledge, Skills and Behaviours	<input type="checkbox"/>
Other:	<input type="checkbox"/>
Decision(s) would be outside the budget or policy framework and require full Council approval	<input checked="" type="checkbox"/>
Financial	There are no financial implications at this stage <input type="checkbox"/>
	There will be financial implications – see paragraph 3.4 and 4.4 <input checked="" type="checkbox"/>
	There is provision within existing budget <input type="checkbox"/>
	Decisions may give rise to additional expenditure at a later date <input type="checkbox"/>
	Decisions may have potential for income generation <input checked="" type="checkbox"/>
Risk Management	An assessment has been carried out and there are no material risks <input type="checkbox"/>
	Material risks exist and these are recorded at Risk Register Reference - 528 inherent risk score - 3 residual risk score - 3 <input checked="" type="checkbox"/>
Staff	There are no additional staffing implications <input type="checkbox"/>
	Additional staff will be required – see paragraph 5.3 <input checked="" type="checkbox"/>
Equalities and Human Rights	There will be no impact on equality (race, age, gender, disability, religion/belief, sexual orientation) or human rights implications <input checked="" type="checkbox"/>
	There will be an impact on equality (see categories above) or human rights implications – see paragraph <input type="checkbox"/>
Legal	Power: Local Government Acts 1992 & 2003 and associated regulations
	Other considerations:
Background Papers: Financial records and working papers	
Person Originating Report: Julian Derham Head of Revenue and Benefit Services	

Date: 28 July 2009

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(Committee Report Normal Rev. 19)

Attachment 1

Homes Exempt from Council Tax		
Class	A home which is:	Will be exempt for:
A	Unoccupied, unfurnished and requiring or undergoing major repair or alteration work.	A maximum of twelve months
B	Unoccupied and owned by a charity.	6 months from the day it was last occupied.
C	Unoccupied and unfurnished.	6 months from the day it was last occupied and furnished.
D	Unoccupied and owned or leased by a person in prison.	As long as that person remains unable to occupy the home.
E	Unoccupied when the liable person is resident in a hospital or care home.	As long as that person remains unable to occupy the home.
F	Unoccupied, where the liable person is a personal representative of a deceased person.	The period before Grant of Probate and for 6 months after probate or letter of administration.
G	Unoccupied and prohibited by law from being occupied.	As long as the home is legally prohibited from being occupied.
H	Unoccupied and held for occupation by a Minister of Religion.	Whilst remaining unoccupied.
I	Unoccupied, where the liable person resides elsewhere to receive personal care.	Whilst remaining unoccupied.
J	Unoccupied, where the liable person resides elsewhere to provide personal care.	Whilst remaining unoccupied.
K	Unoccupied, where the liable person is a student and the home was previously owned/occupied by students.	Whilst remaining unoccupied.
L	Unoccupied, having been repossessed by a mortgagee.	As long as the mortgagee retains possession of the home.
M	A hall of residence.	As long as these circumstances apply.
N	Occupied only by students (and their non-British spouses or dependents).	As long as occupied by students. Includes vacations if liable person is a student who resides there during term-time.
O	Owned by the Secretary of State for Defence and used as long as these circumstances apply. as UK Armed Forces accommodation.	As long as these circumstances apply.
P	Occupied by and owned/leased by a member of a visiting force.	As long as these circumstances apply.
Q	Unoccupied and in the hands of a trustee in bankruptcy.	As long as these circumstances apply.
R	Unoccupied residential caravan pitch or residential boat mooring.	As long as these circumstances apply.
S	Occupied only by persons aged under 18.	As long as these circumstances apply.
T	An unoccupied annexe to a main home.	As long as it may not be let separately from the main home without breaching planning control legislation.
U	Occupied only by severely mentally impaired persons.	As long as these circumstances apply.
V	Occupied by a foreign diplomat.	As long as these circumstances apply.
W	A granny annexe occupied by a dependent relative.	As long as these circumstances apply.

Attachment 2

Northamptonshire and Welland Councils Council Tax discounts for second homes & empty properties

Authority	Second Homes % discount	Long Term Empty Homes % discount
Corby	10%	50%
Daventry	10%	0%
East Northamptonshire	50%	50%
Harborough	10%	50%
Kettering	10%	0%
Melton	10%	0%
Northampton	10%	0%
Rutland	10%	0%
South Kesteven	10%	50%
South Northamptonshire	10%	0%
Wellingborough	10%	0%