

Committee:	Finance and Administration	Agenda Item
Date:	25 June 2009	6
Title:	Council tax discounts and long term empty property	
Author:	Simon Martin, Head of Customer Support & Revenue Services, 01799 510422	Item for decision

Summary

- 1 During the question and answer session at Full Council on 21 April 2009, the Chairman of this Committee agreed to receive a report on the level of Council tax discount applied to long term empty property in the district. This was in response to some property owners/landlords reporting difficulty with selling/renting out some empty property during the current economic climate, and the financial burden this was causing them.

Recommendations

- 2 Members endorse the policy of zero council tax discount currently applied to long term empty property.

Background Papers

- 3 Local Government Finance Act 1992, The Council Tax Regulations 2003, report to Operations Committee on 22 March 2007.

Impact

Communication/Consultation	None.
Community Safety	Empty homes can attract anti-social behaviour.
Equalities	None.
Finance	A change to the current policy would reduce the council tax liability of affected property owners/landlords. Any reduction in monies raised would fall on the taxpayer.
Human Rights	The use of the power to recover council tax on vacant properties is consistent with Article 1 First Protocol Schedule 1 Part II Human Rights Act 1998.
Legal implications	None.
Sustainability	Long term empty property represents a loss of housing accommodation to the wider community.
Ward-specific impacts	All.
Workforce/Workplace	Revised operating procedures would need to be developed and implemented.

Situation

- 4 This Council already applies a 100% council tax exemption to unfurnished property which is empty for up to six months and property which is uninhabitable for up to 12 months. After these qualifying periods have expired the exemption is withdrawn as the property becomes classed as empty in the long term. With the exception of property owned by a charity, a full council tax liability is then charged from that point.
- 5 Along with many other councils, this Council first adopted the above policy in April 2004. It effectively removed a further 50% discount previously applied to long term empty property after the 100% exemption period had expired. This Council therefore resolved to adopt a position of zero council tax discount on long term empty property and endorsed this position again in March 2007.
- 6 It should be noted that even though it has adopted the above policy, the Council does not keep council tax raised from long term empty property. The extra revenue is instead pooled at a national level and redistributed through the local government finance settlement (by way of illustration, assuming 329 Band D properties at average Band D Council Tax of £1,458 x 50% discount = £240,000). Any decision to reinstate a discount of 50% would therefore cost local government in general by this sort of value through a reduction in the revenue support grant formula allocations. This Council's share of this reduction could not be accurately estimated because of the number of variables involved.
- 7 Any reduction in council tax raised by granting a discount under any local scheme (i.e. discounts over 50%) would however fall on this Council (based on the above illustration, each 10% granted would cost the Uttlesford collection fund £48,000. This is shared between the precepting authorities (County, Police, Fire and District). This Council's share of the collection fund is approximately 10%. For example, a decision to allow a 75% discount would cost the precepting authorities £120,000 with this Council's share being £12,000. The approval of the other precepting authorities would be required, or their respective shares of the foregone income would fall upon this Council.
- 8 A number of property owners/landlords have reported difficulties selling/renting their empty property, quoting a downturn in the housing market as the cause. They have also commented that the Council should reduce the financial burden faced by property owners/landlords by extending council tax discount arrangements. The number of long term empty properties in the district has indeed increased since last year. There is however a longer term increase in empty property which pre-dates the reported market downturn. This is shown below:

Year	Long term empty property with zero discount
2004/05	201
2005/06	273
2006/07	301
2007/08	312
2008/09	329

- 9 Fundamentally, Members have resolved that a policy of zero discount should prevail so that property owners/landlords are discouraged from leaving property empty, and to maintain/maximise the flow of homes across the district for local people. Views around supporting the buying to let market have also informed previous Member debate and resolution.
- 10 Members should also note that the Community and Housing Committee approved an Empty Homes Strategy in 2008. The Strategy essentially committed the Council to encouraging long term empty property back into occupation.
- 11 In the event that Members did resolve to change the current policy, it cannot in any event take effect until 1 April 2010 as the council tax base on which all precepting body payments are based cannot be amended.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
The Council's policy is out of date.	1 Regular review.	2 Policy is challenged and requires review.	Continue to determine Council policy at regular intervals.

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.