

Council Tax charges on empty and unoccupied properties in 2015/16

SUMMARY

- 1.1 A report to Council Cabinet for the meeting on 19 November 2014 has been prepared by the Cabinet Member for Housing, Finance and Welfare proposing the Council Tax charges from 01 April 2015 for empty and unoccupied properties. The report to Council cabinet can be found at Appendix 2 of this report.

RECOMMENDATION

- 2.1 To note the contents of the report to Council cabinet and make any comments and appropriate recommendations in relation to the proposed charges.

REASONS FOR RECOMMENDATION

- 3.1 To enable the Cost of Living Board to be kept informed of the structure of Council Tax charges on empty and unoccupied properties and make any comments and recommendations on proposals to Council Cabinet.
- 3.2 The charging structure set out in 2.1 enables the Council to continue to raise extra revenue through Council Tax and will encourage the owners of empty properties to bring them back into use therefore aligning to the Council's Empty Homes Strategy.

SUPPORTING INFORMATION

- 4.1 On 19 December 2012 the Council, following a recommendation from Cabinet, approved the following Council Tax charges from 1 April 2013. Following 20 months experience of implementing the charges and insight on the impacts of this, the Cabinet Member for Housing, Finance and Welfare is proposing charges from 01 April 2015 for empty and unoccupied properties which take this experience into account.
- 4.2 This report has been provided to the Cost of Living Overview and Scrutiny Board at the request of the Board.

OTHER OPTIONS CONSIDERED

5.1 None.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Olu Idowu Mark Nash
For more information contact: Background papers: List of appendices:	John Massey 01332 643774 john.massey@derby.gcsx.gov.uk None Appendix 1 – Implications Appendix 2 – Report to Council Cabinet on Council Tax charges on empty and unoccupied properties in 2015/16

IMPLICATIONS

Financial and Value for Money

- 1.1 Making the recommended change to Council Tax charges for properties classed as empty and unoccupied gives the potential to generate extra revenue of approximately £518,000 in the 2015/16 financial year.
- 1.2 Making this change will reduce the tax base, although this can be partly offset by increasing the collection rate applied when determining the tax base.

Legal

- 2.1 Varying the amounts of Council Tax is permissible under section 11A of the Local Government Finance Act 1992.

Personnel

- 3.1 None

IT

- 4.1 Changes will be required to business systems but this is possible within the existing software used.

Equalities Impact

- 5.1 The recommended 28 calendar day exemption for properties classed as empty and unoccupied will be particularly welcome by disabled people who may need adaptations to their new property before they can move in.

Health and Safety

- 6.1 None

Environmental Sustainability

- 7.1 None

Property and Asset Management

- 8.1 None

Risk Management

- 9.1 None

Corporate objectives and priorities for change

- 10.1 Accepting the recommendation will demonstrate that the Council listens to customer feedback and delivers excellent, customer-focused services.

Appendix 2



COUNCIL CABINET 19 November 2014

Report of the Cabinet Member for Housing
Finance and Welfare

ITEM XX

Council Tax charges on empty and unoccupied properties in 2015/16

SUMMARY

- 1.1 On 19 December 2012 the Council, following a recommendation from Cabinet, approved the following Council Tax charges from 1 April 2013:
- a. Properties classed as Second Homes – charge at 100%.
 - b. Properties previously exempt from Council Tax under Class A (unoccupied and requiring structural/major repairs) – charge at 100%.
 - c. Properties previously exempt from Council Tax under Class C (empty and unoccupied) – charge at 100%.
 - d. Properties empty and unoccupied for more than two years – charge at 150%.
 - e. Properties empty and unoccupied for more than six months but less than two years – charge at 100%.
- 1.2 The Council has now had 20 months experience of implementing the charges and insight about how the impacts on household circumstances is clearer. Feedback from council tax payers indicates that charging 100% on properties classed as empty and unoccupied is particularly challenging. The council tax payers included in this category cover a broad cross section including landlords, new owners and first time buyers. Many have highlighted that it is often not possible for one householder to move out and for another to move in on the same or next day. Consequently they feel penalised by the Council issuing relatively small council tax bills that place additional administrative and cost burdens on the Council.

RECOMMENDATION

- 2.1 To apply the Council Tax charges from 1 April 2015.
- a. Properties classes as Second Homes – charge at 100%.
 - b. Properties classed as unoccupied and requiring structural/major repairs – charge

at 100%.

- c. Properties classed as empty and unoccupied – apply an exempt period for 28 calendar days from the date the property first becomes empty and unoccupied. Charge 100% Council Tax from day 29 onwards.
- d. Properties empty and unoccupied for more than two years – charge at 150%.
- e. Properties empty and unoccupied for more than 6 months but less than 2 years – charge at 100%.

REASONS FOR RECOMMENDATION

- 3.1 Allowing a 28 day Council Tax exempt period for properties classed as empty and unoccupied will address tax payers' perception of unfairness and will demonstrate that the Council listens to the public's concerns.
- 3.2 The charging structure set out in 2.1 enables the Council to continue to raise extra revenue through Council Tax and will encourage the owners of empty properties to bring them back into use therefore aligning to the Council's Empty Homes Strategy.



Derby City Council

COUNCIL CABINET

Date 19 November 2014

Report of the Strategic Director for Resources.

SUPPORTING INFORMATION

- 4.1 Council Tax is payable on every domestic property in the city unless a property is classed as exempt. In most cases the law prescribes the percentage of Council Tax payable but some discretion does exist. Following consultation, the Government gave local authorities greater discretion over the reliefs from Council Tax available in respect of second homes and some empty properties from 1st April 2013.
- 4.2 The decision to levy a new Council Tax charge or to vary an existing Council Tax charge must be made before the beginning of a financial year and must be retained for the full financial year. Determining new charges in advance of calculating the tax base enables the Council to reflect the change in the tax base and budget setting process. The charges set out in 1.1 above were applied for the 2013/14 financial year and are also being applied to the 2014/15 year.
- 4.3 If a 28 day exemption period had been available in the 2013/14 financial year 3,113 Council Tax payers would have benefitted and to date 1,708 would have benefitted in 2014/15.

OTHER OPTIONS CONSIDERED

- 5.1 Retain the current charges. This has been rejected on the basis that it could be perceived by tax payers that the Council does not listen.
- 5.2 Provide a different period of exemption for properties classed as empty and unoccupied. Whilst this is possible the recommendation set out in the report offers the best balance between budgetary constraints/ income maximisation and listening to tax payers.
- 5.3 Change the Council Tax charges for the other categories of empty properties included in this report. Whilst this is possible the recommendation set out in the report offers the best balance between budgetary constraints/ income maximisation and listening to tax payers.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Olu Idowu Mark Nash Steve Sprason Kath Gruber John Massey
For more information contact: Background papers: List of appendices:	John Massey 01332 643774 john.massey@derby.gcsx.gov.uk None Appendix 1 – Implications

IMPLICATIONS

Financial and Value for Money

- 1.1 Making the recommended change to Council Tax charges for properties classed as empty and unoccupied gives the potential to generate extra revenue of approximately £518,000 in the 2015/16 financial year.
- 1.2 Making this change will reduce the tax base, although this can be partly offset by increasing the collection rate applied when determining the tax base.

Legal

- 2.1 Varying the amounts of Council Tax is permissible under section 11A of the Local Government Finance Act 1992.

Personnel

- 3.1 None

IT

- 4.1 Changes will be required to business systems but this is possible within the existing software used.

Equalities Impact

- 5.1 The recommended 28 calendar day exemption for properties classed as empty and unoccupied will be particularly welcome by disabled people who may need adaptations to their new property before they can move in.

Health and Safety

- 6.1 None

Environmental Sustainability

- 7.1 None

Property and Asset Management

- 8.1 None

Risk Management

- 9.1 None

Corporate objectives and priorities for change

- 10.1 Accepting the recommendation will demonstrate that the Council listens to customer feedback and delivers excellent, customer-focused services.