

## **Cabinet 7 September 2016**

### **Council Tax Empty Property Discounts 2017/18**

**Portfolio:** Councillor D Coughlan – Social Care

**Service:** Money Home Job

**Wards:** All

**Key decision:** No

**Forward plan:** Yes

#### **1. Summary**

- 1.1 Since 1 April 2013 the council has had the power to determine the discounts applied to empty properties for the purpose of council tax liability.
- 1.2 The only discount for empty properties that remains was approved by Cabinet in December 2014 and came into effect from 1 April 2015 and is for 100% discount for the first seven days that the property is unoccupied and unfurnished. Of 36 metropolitan councils, 37% have already removed this discount (including all within the West Midlands).
- 1.3 This report recommends a revision to the current discount scheme and that this revision be considered by Council in due course to enable introduction from April 2017.

#### **2. Recommendations**

- 2.1 To recommend to Council:

That the revised current discount scheme including the removal of the seven-day 100% discount for empty homes be approved.

#### **3. Report detail**

- 3.1 The council's current Council Tax Empty Home scheme provides a single discount of 100% discount for the first seven days that the dwelling is empty and unfurnished. In neighbouring West Midlands' authorities they have reviewed the provision of discounts and removed this discount including, for example, Sandwell who removed it as early as April 2013 and Wolverhampton who removed it this April.
- 3.2 It is proposed for that from April 2017 the seven-day discount is removed. Registered social landlords qualify for an exemption under legislation and will not be affected by the proposed change.
- 3.3 The table overleaf shows the estimated additional maximum income from removal of the seven-day discount.

	<b>Option 1 (Current)</b>	<b>Option 2 (Proposed)</b>
Period of discount	7 days	No days
Total Increased Council Tax Billed (including police and fire precept)	£0.00	£115,000
Increase in council tax for Walsall Council	£0.00	£103,400
Increase based on collection rate of 98%	£0.00	£101,332

#### **4. Council priorities**

- 4.1 Increasing the funds received by the Council from council tax has a direct positive impact on the Council's abilities to deliver to its priorities. The alternative to this proposal would be that additional money will need to be found by changing, reducing or ceasing other council services or raising council tax overall. It is likely that cuts to other Council services, or raising council tax, will have a greater detrimental impact on communities than this proposal and therefore have a negative impact on one or more of the following:

1. Lifelong health, wealth and happiness
2. Safe, resilient and prospering communities
3. Sustainable change and improvement for all

#### **5. Risk management**

- 5.1 Due to changes to local authority funding there is a projected shortfall of over £85m in the next four years. As the council will have less money, it will not be able to do as much in the future. If the council does not reduce the amount of council tax discount awarded to empty properties, the extra money will have to be found by changing, reducing, or ceasing other services. Cutting other services disproportionately could pose a greater financial and reputational risk to the council and may also have a greater impact on vulnerable people.
- 5.2 The budgeted council tax collection rate is 98%. It is envisaged that the proposal should not alter the overall collection rate significantly.

#### **6. Financial implications**

- 6.1 If the discounts on empty properties were amended this would generate additional income for the council. Based on the level of discounts awarded in 2016/17 this is estimated to generate £101,332 in 2017/18. This will help the council to meet its savings requirements in order to continue to provide essential services.

#### **7. Legal implications**

- 7.1 The legislation relating to council tax includes:
- Council Tax (Exempt Dwellings) Order 1992 (as amended) – provides exemption to RSLs for some empty homes charges.

- Section 11A of the Local Government Finance Act 2012 - introduced local discounts for empty properties
- The Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003, as amended, contains definition of classes of empty properties that the Council can determine the level of council tax discount awarded

7.2 The council must make any revision to its discount scheme no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect. In accordance with due process, Cabinet must make a recommendation to Council based on their preferred options.

## **8. Procurement reporting**

8.1 There are no procurement implications.

## **9. Property implications**

9.1 There are no property implications.

## **10. Health and wellbeing implications**

10.1 The proposal has the potential to have a positive impact on health and well-being by enabling council services to be maintained. If the changes to council tax discount are not adopted additional money will need to be found by changing, reducing or ceasing other council services or raising council tax overall. It is likely that cuts to other Council services, or raising council tax, may have a greater detrimental impact than this proposal.

## **11. Staffing implications**

11.1 None.

## **12. Equality implications**

12.1 The council holds data on the liable person for the empty properties but no records that might identify any disadvantaged groups from this data. To better understand the implications to those potentially affected, the Council wrote out to every taxpayer that had received the seven-day discount in the first three months of 2016/17 to ask their view on the proposed options. In addition it sought observations from the same number of non-beneficiaries.

12.2 From the responses to date, it is clear that the majority of respondents who highlighted that they would be negatively impacted by proposals to reduce discounts were landlords concerned about incurring additional costs.

12.3 A few responses were also received from families of bereaved relatives who had been left to organise disposal of their family member's former home and did not want to incur additional costs.

12.4 An Equality Impact Assessment (Appendix 1) has been undertaken and the conclusion is that if the changes to council tax discount are not adopted additional money will need to be found by changing, reducing or ceasing other

council services or raising council tax overall. It is likely that cuts to other Council services, or raising council tax, may have a greater detrimental impact on vulnerable groups than this proposal.

### **13. Consultation**

- 13.1 Consultation is non-statutory for this proposal; however it has been undertaken between 10 August and 6 September 2016. The public consultation being carried out consists of a controlled postal survey. The postal questionnaires have been mailed to all taxpayers who have received the seven-day discount under review and a random sample of the same number of taxpayers (who have not received the discount). This was to ensure that sample included residents who would be directly affected and those that would not.

### **Background papers**

None

### **Author**

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Signed



Paul Gordon  
Head of Business Change

XX September 2016

Signed



Councillor Coughlan  
Portfolio-holder Social Care

XX September 2016

## Equality Impact Assessment (EqIA) for Policies, Procedures and Services

Proposal name	<b>Council Tax Empty Property Discounts 2017/18</b>		
Directorate	Change and Governance		
Service	Money Home Job		
Responsible Officer	David Lockwood		
EqIA Author	David Lockwood		
Proposal planning start	October 2016	Proposal start date (due or actual)	
<b>1</b>	<b>What is the purpose of the proposal?</b>	<b>Yes / No</b>	<b>New / revision</b>
	Policy		
	Procedure	<b>Yes</b>	
	Internal service		
	External Service		
	Other - give details		
<b>2</b>	<b>What are the intended outcomes, reasons for change? (The business case)</b>		
	To remove the current allowance for empty homes to be exempt for seven days from council tax.		
<b>3</b>	<b>Who is the proposal potential likely to affect?</b>		
	<b>People in Walsall</b>	<b>Yes / No</b>	<b>Detail</b>
	All		
	Specific group/s	<b>Yes</b>	Only those people who are liable for council tax
	Council employees		
	Other		
<b>4</b>	<b>Evidence, engagement and consultation</b>		
<b>4.1</b>	<p>The proposal is specifically property (not person) related. It is for the removal of the current exemption for empty homes from council tax for a period of seven days. The only residents impacted are those who in the future have a dwelling that will be empty.</p> <p>Consultation is non-statutory for this proposal however it has been undertaken between 10 August and 6 September 2016. The public consultation being carried out consists of a controlled postal survey. The postal questionnaires have been mailed to all taxpayers who have received the seven-day discount under review and a random</p>		

	sample of the same number of taxpayers (who have not received the discount). This was to ensure that sample included residents who would be directly affected and those that would not.			
4.2	<b>Concise summary of evidence, engagement and consultation</b>			
	If the changes to council tax discount are not adopted additional money will need to be found by changing, reducing or ceasing other council services or raising council tax overall. It is likely that cuts to other council services, or raising council tax, may have a greater detrimental impact on vulnerable groups than this proposal.			
5	<b>How may the proposal affect each protected characteristic or group? The affect may be positive, negative or neutral.</b>			
	<b>Characteristic</b>	<b>Affect</b>	<b>Reason</b>	<b>Action needed Y or N</b>
	Age	<b>Neutral</b>	The proposal is linked directly to property ownership (i.e. council tax liability) and <u>not</u> targeted at any protected characteristic or group.	N
	Disability			
	Gender reassignment			
	Marriage and civil partnership			
	Pregnancy and maternity			
	Race			
	Religion or belief			
	Sex			
	Sexual orientation			
	Other (give detail)			
	Further information			
6	<b>Does your proposal link with other proposals to have a cumulative effect on particular equality groups? If yes, give details below.</b>			<b>No</b>
7	<b>Which justifiable action does the evidence, engagement and consultation suggest you take? (Bold which one applies)</b>			
	<b>A</b>	<b>No major change required</b>		
	B	Adjustments needed to remove barriers or to better promote equality		
	C	Continue despite possible adverse impact		
	D	Stop and rethink your proposal		