

CYNGOR SIR POWYS COUNTY COUNCIL.

COUNTY COUNCIL MEETING
22nd OCTOBER 2014

REPORT AUTHOR: County Councillor D Davies
Portfolio Holder for Finance

SUBJECT: Council Tax Discount – unoccupied and substantially unfurnished dwellings

REPORT FOR: DECISION

1. Introduction

- 1.1 Section 12 of the Local Government Finance Act, 1992 (Discounts: special provision for Wales) as substituted by Section 75(2) of the Local Government Finance Act 2003 provides the power for National Assembly for Wales to prescribe classes of dwellings in Wales for certain purposes.
- 1.2 The Council Tax (Prescribed Classes of Dwellings) (Wales) (Amendment) Regulations 2004 prescribed a new class of dwelling (Class C) which was introduced from 1st April 2004.
- 1.3 Class C comprises every chargeable dwelling which is **both** unoccupied and substantially unfurnished.
- 1.4 The effect of the prescription of Class C is that Billing Authorities in Wales may, from 1st April 2004 reduce or end the Council Tax discount of 50% for chargeable dwellings which are both unoccupied and substantially unfurnished.
- 1.5 It has been the policy of the Council since 2004 to award the 50% discount on chargeable dwellings that are unoccupied and substantially unfurnished.
- 1.6 The Housing (Wales) Bill which passed through plenary stage on 8th July 2014 in National Assembly for Wales and has now received Royal Assent, proposes that Billing Authorities by determination will have the ability to determine a premium amount of Council Tax be payable of up to 100% for long term empty dwellings. This will become an option from 1st April 2017. Once full details are provided a report will go before Council detailing options available to the Council.

2. Background/Proposal

- 2.1 A 100% exemption is granted from the date a dwelling becomes unoccupied and substantially unfurnished for a maximum period of six months or 12 months in the case of properties in need of or undergoing major structural repair. Currently a 50% discount is then granted after the six or 12 month exemption period expires, and continues whilst the property remains unoccupied and substantially unfurnished.
- 2.2 The Regulations give the discretionary powers to reduce or end only this 50% Council Tax discount for chargeable dwellings which are unoccupied and substantially unfurnished.
- 2.3 The Council currently has 1,577 dwellings that are in receipt of the 50% discount, the length of vacancy and bandings are detailed below:

period empty	No:	A	B	C	D	E	F	G	H	I
3 Years +	450	112	63	77	73	64	36	20	3	2
2 Years +	140	25	21	28	17	28	16	4	1	0
1 Year +	242	47	41	28	43	49	17	14	1	2
> 1 Year	745	100	125	155	125	126	75	33	5	1
Total	1577	284	250	288	258	267	144	71	10	5
%		18.0%	15.9%	18.3%	16.4%	16.9%	9.1%	4.5%	0.6%	0.3%

- 2.4 The granting of a 50% discount has a direct impact on the Council Tax base which plays an integral part in the annual budget setting and determination of the Council Tax charges. For 2014-15 the 50% discount impacted on the Tax-base by 791.
- 2.5 Any increase in the Council Tax base will impact on monies received via the Revenue Support Grant due to the fact that the Council Tax base is contained within the Revenue Support Grant formula.
- 2.6 The removal of the 50% discount will place a greater reliance on revenue raised through Council Tax with less dependency upon the Revenue Support Grant but with accompanied collection risks.
- 2.7 Based on 2014-15 figures the removal of the 50% discount would have increased the Tax base by 791 equating to additional revenue raised through Council Tax of £783,000, with a £779,000 reduction in the monies received via the Revenue Support Grant.
- 2.8 Following Royal assent of the Housing (Wales) Bill in autumn 2014, the Council will have the option in future years to charge a premium on Council Tax for unoccupied and substantially unfurnished premises of up to 100%. Therefore removing the current 50% discount now will

pave the way for the Council to consider this premium in future years. A separate report for decision is to come before Council once full guidance from Welsh Government on the Commencement Orders for the Housing (Wales) Bill are known. It is suggested that the earliest premium can be introduced from April 2017.

- 2.9 On another discount variation within the Council Tax rules, Powys Council determined previously that unoccupied second/holiday homes that are furnished receive no discount and are subject to a 100% charge for Council Tax.

3. One Powys Plan

- 3.1 There are no known implications to the One Powys Plan.

4. Options Considered/Available

- 4.1 Option One – to continue granting a 50% Council Tax discount to dwellings that are unoccupied and substantially unfurnished.
- 4.2 Option Two – to end the 50% Council Tax discount to dwellings that are unoccupied and substantially unfurnished, with effect from the 1st April 2015, thus instigating a 100% charge.

5. Preferred Choice and Reasons

- 5.1 ***Option Two*** is the preferred choice as this may incentivise owners of unoccupied and substantially unfurnished premises to sell or rent out properties increasing available housing stock which will derive economic benefits to local businesses within the community.
- 5.2 Potential Increased numbers in the citizens of Powys, including numbers of school children which are key factors within the Standard Spending Assessment calculation.
- 5.3 Whilst the removal of the discount will not generate additional revenue in itself, it will provide the Council with the flexibility in future years to charge a premium on empty and substantially unfurnished properties (once the Housing Bill is enacted). This will provide a new income stream to the Council.
- 5.4 A Council Tax premium can only be considered where the Council does not grant a discount under Section 12 of the Local Government Finance Act, 1992 (Discounts: special provision for Wales).

6. Sustainability and Environmental Issues/Equalities/Crime and Disorder./Welsh Language/Other Policies etc

6.1 There is no impact on the above.

7. Children and Young People's Impact Statement - Safeguarding and Wellbeing

7.1 There is no impact on children and young people.

8. Local Member(s)

8.1 The policies will apply equally throughout the County.

9. Other Front Line Services

9.1 For Powys Estate properties and also within the Housing Revenue Account, it is identified that Powys Council currently has approx. 10 properties (*correct at time of report*) that have been empty for more than 6 months and are receiving the 50% Class C Discount. There would be an additional cost to Powys of up to 5.9k per year, if nothing changed with regard to these properties status.

10. Support Services (Legal, Finance, HR, ICT, BS)

10.1 Legal Comments: The recommendations can be agreed from a legal perspective

10.2 Finance comments: The potential RSG implications will need to be confirmed but are anticipated to be cost neutral. It is important that this is introduced in advance of the proposals contained within the Housing (Wales) Bill in relation to council tax changes for the various property types.

11. Local Service Board/Partnerships/Stakeholders etc

11.1 Not applicable.

12. Communications

12.1 There is a requirement to publicise the decision in local media within 21 days of a determination being made.

13. Statutory Officers

13.1 The Strategic Director Resources (Section 151 Officer) commented that the proposed changes offer the potential to shift the balance of funding from revenue support grant to council tax in the future. This approach has already been adopted by some local authorities in England to help

reduce dependency on central government funding. Given the scale of the reductions being faced by Powys County Council over the coming years it is appropriate that this potential area of income is kept under review.

13.2 The Monitoring Officer commented “I have nothing to add to the report”

14. Members’ Interests

14.1 Members who personally have (or a close relative, person living with him/her or a close personal associate who has) a property in Powys (not outside Powys) which is **both** unoccupied and unfurnished and available or potentially available to sell or let should consider declaring their personal, prejudicial and pecuniary interests in the debate.

14.2 On 24th September 2014 the Standards Committee granted Members who an interest as described in 14.1 above a general dispensation to make written representations to the Monitoring Officer by 5.00pm on 21st October 2014, such representations to be made available to Members eligible to participate in the debate.

14.3 Other than the dispensation described in 14.2 above, Members with an interest as described in 14.1 do not have a dispensation to participate in the debate.

14.4 Members who require clarification on their position should contact the monitoring officer prior to the meeting on 22.10.14.

Recommendation:	Reason for Recommendation:
For Council to determine that for the financial year 2015-16, in accordance with Section 12 Local Government Finance 1992 (as amended) and The Council Tax (prescribed Classes of Dwellings) (Wales) (Amendment) Regulations 2004 the discount for Prescribed Class C – a chargeable dwelling that is unoccupied and substantially unfurnished shall not apply and that this decision shall remain effective each financial year unless rescinded.	The Council is required to make a determination when a discount shall not apply for a financial year and publish the decision under section 12 (6) of the Act.

Relevant Policy (ies):	
Within Policy:	Y
Within Budget:	Y

Relevant Local Member(s):	
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Person(s) To Implement Decision:	David Morris
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Date By When Decision To Be Implemented:	1st April 2015
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Background Papers used to prepare Report:

The Council Tax (Prescribed Classes of Dwellings) (Wales) (Amendment) Regulations 2004. No: 452 (W.43)