

The Vale of Glamorgan Council

Cabinet Meeting: 3rd December, 2018

Report of the Managing Director

Council Tax Unoccupied Dwellings: 2019-2020

Purpose of the Report

1. To seek approval to consult on a proposed amendment to the existing policy for the 2019-20 financial year in relation to the Councils discretionary powers when determining the level of discount to be applied to unoccupied dwellings.

Recommendation

1. It is proposed that the options to remove discounts in respect of unoccupied dwellings as defined in classes A, B and C to the Council Tax (Prescribed Class of Dwellings) (Wales) Regulations 1998, be consulted upon with those impacted by these changes and other stakeholders.

Reason for the Recommendation

1. To consult with those impacted on by these proposals and other stakeholders.

Background

2. A Welsh Local Authority has discretion to award up to 50% discount in respect of dwellings defined in the Council Tax (Prescribed Class of Dwellings) (Wales) Regulations 1998, as amended.
3. The Welsh Regulations prescribe three classes of dwellings for which Welsh Local Authorities will have discretion to consider the discounts allowable.

Unoccupied furnished dwellings

4. The regulations prescribe two classes of unoccupied and furnished dwellings for which Welsh Local Authorities will have discretion to consider whether a discount should apply or not. The discounts allowable are between 10% and 50% -:
 - Class A relates to dwellings with a restriction on occupancy by law which prohibits their use for a period of at least 28 consecutive days in any 12 month period; and
 - Class B relates to dwellings that have no such restriction on occupancy.

Unoccupied unfurnished dwellings

5. The regulations prescribe a class of unoccupied and unfurnished dwelling for which Welsh Local Authorities will have discretion to consider whether a discount should apply or not. The discounts allowable are up to a maximum of 50%.
 - Class C relates to long term (more than 6 months) unoccupied and substantially unfurnished dwellings.
6. Empty properties which are unoccupied and unfurnished are initially exempt from Council Tax for up to six months. A property is considered to be 'long-term empty' if it has been unoccupied and unfurnished for more than six months and does not qualify for another class of exemption from Council Tax.
7. The Council's current policy is to allow 50% discount on unoccupied dwellings (classes A, B and C).
8. As at the 21st September 2018, the following properties fell within the three categories :
 - 56 properties fell within Class A;
 - 543 properties fell within Class B; and
 - 779 properties fell within Class C.
9. The number of properties falling within Class C has been relatively constant over the past 5 years.

Relevant Issues and Options

10. Research indicates that the main reasons for homes remaining empty in the long term are:
 - Owners unable to fund repairs/improvements to sell or rent out the homes
 - Owners and previous occupants allowing homes to become uninhabitable
 - Low housing demand due to perceived social problems, such as anti-social behaviour
11. Equally, there is a wide range of evidence available, which demonstrates that bringing empty homes back into use can have many positive impacts for the property owner, the local neighbourhood and wider community, and the local economy.

For the owner:

- If the property is sold, the owner can release any equity within the property
- If the property is rented, the owner receives an income from the property
- Leaving a property empty could increase insurance premiums
- In the majority of cases Council Tax is paid for by the tenant as opposed to the owner

For the community

- The opportunity for fly-tipping and anti-social behaviour is reduced
- An empty home can have a negative effect on a neighbourhood, reducing house prices and lowering community pride in an area

For the wider community

- It may reduce demands on the Police, Fire Service and Council to deal with associated problems

For the local economy

- Bringing an empty home back into use can contribute to the regeneration of an area, increase spending in the local economy and help to protect the value of surrounding properties
 - Unsightly properties can often deter investment in an area, which can lead to decline
12. The removal of the discount would discourage owners from allowing their properties to remain empty for long periods and falling into disrepair, which in turn would support the Council's objectives of bringing empty homes back into use.
 13. The main argument against reducing the discounts would be the issue of fairness to non-resident owners, where it could be argued that they are being asked to pay for services they do not use. However, whilst this may be the case, council tax is not charged on the basis that both resident and non-resident owners will use every service.
 14. Many services such as planning, highways, street cleaning, local policing and fire services are essential in maintaining the local environment for both resident and non-resident owners. These services do not stop or reduce in cost when a property is empty.
 15. Given the local pressures on housing and local government finance it is an option to discontinue this policy for the 2019-20 financial year and charge the full 100% for Class A, B and C properties.

Resource Implications (Financial and Employment)

16. Where a Welsh Local Authority has exercised its discretion to award a discount then this is currently reflected in the Council Tax Base (CT1), and an allowance is subsequently made by the Welsh Government when determining the Revenue Support Grant Settlement. It is not certain that this practice will continue therefore the financial burden of awarding any discounts may be borne by the Council in future years.
17. It is estimated that the financial cost to the Council of continuing to award the discounts would be in excess of £400,000.

Legal Implications (to Include Human Rights Implications)

18. The Council is obliged to collect Council Tax in line with the regulations.

Crime and Disorder Implications

19. None

Equal Opportunities Implications (to include Welsh Language issues)

20. An Equality Impact Assessment screening form has been prepared for the purpose of this report. As a result of the screening exercise it has been determined a full

Equality Impact Assessment report is required in relation to the proposed policy change outlined above.

21. Existing good practice within the Revenues and Benefits department recommends that the impact of Council Tax collection on particular groups is monitored through customer feedback, complaints and liaison with stakeholders, with any identified equalities issues used to improve policies and procedures.

Corporate/Service Objectives

22. The setting of the determination of discounts on unoccupied dwellings supports the Corporate Priority of managing the Council's money efficiently and effectively in order to maximise its ability to achieve service aims and the service objective of providing sound financial management.

Policy Framework and Budget

23. The matter is for Executive Decision by Cabinet.

Consultation (including Ward Member Consultation)

24. It is recommended that consultation is undertaken with those who will be impacted on by the proposed changes in this report and other stakeholders, and the results of that exercise be reported back to Cabinet for final determination.

Relevant Scrutiny Committee

25. Corporate Performance and Resources

Background Papers

None

Contact Officer

Paul Russell, Exchequer Manager

Officers Consulted

Head of Finance

Responsible Officer:

Rob Thomas, Managing Director