

# Gloucester City Council

<b>Meeting:</b>	<b>Cabinet Council</b>	<b>Date:</b>	<b>9 December 2015 28 January 2016</b>
<b>Subject:</b>	<b>Change in discount levels for Class C empty properties</b>		
<b>Report Of:</b>	<b>Cabinet Member for Performance and Resources</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>Yes</b>
<b>Contact Officer:</b>	<b>Jon Topping, Head of Finance</b>		
	<b>Email: jon.topping@gloucester.gov.uk</b>	<b>Tel: 396242</b>	
<b>Appendices:</b>	<b>None</b>		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 To seek approval to change the level of discount for Class C empty properties from 100% in the first month and 25% in subsequent 5 months, to 25% for the 6 months' period.

### 2.0 Recommendations

- 2.1 **Cabinet** is asked to **RECOMMEND** that the amendments to the existing discount for Class C empty properties to 25% discount for a 6 month period upon a property becoming empty be approved.
- 2.2 **Council** is asked to **RESOLVE** that the amendments to the existing discount for Class C empty properties to 25% discount for a 6 month period upon a property becoming empty be approved.

### 3.0 Background

- 3.1 The Government introduced changes to council tax discounts and exemptions in respect of second homes and certain empty properties from April 2013.

#### Exemption Class C

- 3.2 This exemption applied in respect of properties which are unoccupied and unfurnished and was awarded for a maximum of 6 months.
- 3.3 The Government abolished this exemption and allowed the Council to set a discount rate between 0% and 100%. Councils were able to vary the discount rate over the 6 month period.

- 3.4 From April 2013 the Council set a 100% discount for the first month a property was empty followed by 5 months of 25% discount. This was approved by Council in December 2012.
- 3.5 Reducing the discount for the first month from a 100% to 25% discount from April 2016 will mean an additional 75% income is generated which can be retained.
- 3.6 Based on the level of discount granted in 2014/15, the value of the discount given in the first month of a property becoming empty (100% discount) was approximately £331,462. Removing the discount based on the 2014/15 figures, would generate an additional Council Tax charge of £248,596. As Gloucester City Council's proportion of the Council Tax bill is around 12%, the amount of additional council tax income generated will be approximately £29,830.
- 3.7 The following stakeholders will be affected by these changes:-
- Owners who move out of a property but retain ownership
  - Tenants who vacate properties prior to the end of their lease
  - Landlords of properties which are empty for periods between tenancies
  - Owners, property developers, landlords who can't sell or let properties
- 3.8 As part of the review of whether to change this discount all the Gloucestershire districts were approached to identify if they had reviewed and proposed the removal of the 100% discount in the first month of a property becoming empty. All the Gloucestershire Districts (excluding Cotswold DC) have removed the 100% discount for first month a property becomes empty.
- 3.8 Inevitably this change in discount will have an impact on landlords as there will be charge break between tenancies. This will initially result in more queries, complaints and challenges and could adversely affect collection rates if council tax payers refuse to pay.

#### **4.0 ABCD Implications**

- 4.1 There are no anticipated ABCD implications from this report

#### **5.0 Financial Implications**

- 5.1 The financial implications are contained in the body of the report.

#### **6.0 Legal Implications**

- 6.1 Further to the Local Government Act 1992 (as amended by Local Government Finance Act 2012) and associated regulations, the Council may impose premiums for long term empty properties as well as discounts for unoccupied and unfurnished properties. Such provisions include a discretion upon councils to impose a council tax discount for a period of 6 months for empty and substantially unfurnished properties.

(One Legal have been consulted in the preparation of this report)

## **7.0 Risk & Opportunity Management Implications**

7.1 Potential risks as a result of this report are highlighted in paragraph 3.8, with a potential impact on collection rates.

## **8.0 People Impact Assessment (PIA):**

8.1 A PIA screening assessment has been undertaken and the impact is neutral. A full PIA is not required.

## **9.0 Other Corporate Implications**

### Community Safety

9.1 None

### Sustainability

9.2 None

### Staffing & Trade Union

9.3 None

**Background Documents:** None