

REPORT TO THE EXECUTIVE

Report No. 9

Date of Meeting	16 th November 2006
Title of Report	Council Tax Discount for Second and Long Term Empty Homes
Portfolio	Carol O’Gorman - Budget
Link to Corporate Priorities	Buoyant Economy
Key Decision	No
Executive Workplan Ref	None
Public Report	Yes

Summary of Report

For members to determine the level of council tax discount to be awarded to second and long term empty homes.

Officer Recommendations

That from 1st April 2007 the discount awarded to second and long term empty homes is reduced from 50% to 10%.

That a property is classed as long term empty after a period of six months.

Other than those implications agreed with the relevant Officers and referred to below, there are no other implications associated with this report.

Financial Implications	Legal Implications	Community & Environmental Implications	Human Resources Implications	Equality & Diversity Implications
Yes	None	Yes	Yes	None

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1. Introduction

- 1.1 From 1st April 2004 Billing Authorities have had the discretion to reduce the discount awarded on second and long term empty homes.

2. Options

- 2.1 Council Tax Discount for second homes can remain at 50% or be reduced to as low as 10%.
- 2.2 Council Tax Discount for long term empty homes can remain at 50% or be reduced to as low as 0%.
- 2.3 A property can be classed as long term empty at any stage over 6 months.

3. Background Information

- 3.1 The Executive had previously decided not to reduce the discount for second and long term empty homes.
- 3.2 Second homes are defined as furnished properties that are not occupied as anyone's main residence. The only exception to this is where the liable person is required to live elsewhere for the purposes of their job i.e. Clergy residing in church accommodation.
- 3.3 Long term empty homes are unoccupied and unfurnished properties. Legislation does not determine what is meant by long term, however, properties that have been unfurnished for less than 6 months will remain exempt from Council Tax. Also, uninhabitable properties will continue to be awarded an exemption for up to 12 months.
- 3.4 The additional income that will be raised as a result of reducing the discount on second homes will be retained by the major precepting Authorities. North Wiltshire District Council will receive approximately 10% of the additional income with Wiltshire County Council receiving 70%. The Police Authority will receive 10%, The Fire Authority 4%, with the Town/Parish Council getting approximately 6%.
- 3.5 The additional income raised on long term empty homes will not be retained by Authorities. However, it will help to increase the Council's tax base and may result in additional funding through the Revenue Support Grant.
- 3.6 The other District Councils in Wiltshire have independently determined their approach. Members in Kennet, Salisbury and West Wiltshire agreed to reduce the discount on second homes to 10% with effect from 1st April 2004. However, discount on long term empty homes still remains at 50%.
- 3.7 Feedback received from these authorities is that, although this change caused additional administration to begin with, the queries have now slowed down. The main queries encountered involved job related accommodation and what evidence is required. Also, a number of appeals were received to determine a person's sole or main residence. Husbands and wives were advising that they lived in separate properties in order to receive a 25% single occupier discount on each. It is sometimes not an easy task to determine which property is their main residence and in order to reduce such queries one authority suggested that it may be beneficial to reduce the discount to 25% rather than 10%, in line with single occupied properties.

- 3.8 The Revenues Team are currently carrying out a review of all properties receiving a 50% discount to confirm whether they remain nobody's main residence. It will also help to clarify which properties are second homes, which are furnished lets and which are long term empty properties. For long term empty properties further questions have been asked to determine the reason it remains in this condition, which will be shared with the Housing Team.

4. Community and Environmental Implications

- 4.1 The Council aim to make better use of resources in the community to help bring homes back into use and meet housing needs. There are various grants and schemes available to achieve this. Reducing the discount for second and empty homes may assist further.
- 4.2 It is now possible to use Council Tax records to identify long term empty homes and letters continue to be sent to some empty properties advising that there may be grants available to assist with repairs.

5. Human Resource Implications

- 5.1 It is reasonably straightforward to amend the revenues system to reduce the discount award at the time the new financial year bills are issued. There will be no additional resource required.
- 5.2 It will be necessary, however, to write to customers advising them of any change prior to issuing the bills. The returned discount review questionnaires will also require checking, with some system amendments necessary.
- 5.3 Although this can be managed from within the existing team budget, it will add pressure to clearing the current backlog that exists as well as meeting collection targets.

6. Financial Implications

- 6.1 According to our existing records there are approximately 400 second homes within North Wiltshire. Should the discount be reduced to 10% this will bring additional income of approximately £200,000. The Council's share of this income would be £20,000 (10%) and the County Council would receive £140,000 (70%).
- 6.2 There are also approximately 400 properties in North Wiltshire that have been empty for more than 6 months. There would be no additional income to the Council if the discount was reduced, although it will increase the Council's Tax Base.
- 6.3 In some areas the County Council has agreed to fund affordable housing and community priority schemes using the additional revenue received from second homes. I understand that despite discussions with Wiltshire County Council, they are still not prepared to provide any additional funding.

7. Risk Analysis

- 7.1 Reducing the discount may result in customer complaints.

Appendices:	<ul style="list-style-type: none"> • None
Background Documents Used in the Preparation of this Report:	<ul style="list-style-type: none"> • Information obtained from Revenues SX3 System

Previous Decisions Connected with this Report

Report	Committee & Date	Minute Reference
<ul style="list-style-type: none"> • Second & Empty Homes 	Executive 2/12/04	