

Appendix 2

Council Tax Technical Changes (as at April 2012)

These tables highlight the additional income which could be generated if this Council chooses to apply the maximum discretion in relation to technical reforms of Council tax liability.

Second Homes

In Wiltshire we have identified 1,759 properties which come in to this category. At present these properties are awarded 10% discount. Under the technical reforms, if we were to award 0% discount from April 2013 we would raise additional debit of £301,047.26 based on the average 2012 charge.

Band	No of Properties	Amount raised by charging additional 10%
A	200	£20203.40
B	217	£25574.10
C	284	£38251.67
D	230	£34850.75
E	250	£46299.25
F	168	£36769.99
G	300	£75762.60
H	110	£33335.50
Total	1759	£301,047.26

Note if we are to charge 100% for second homes and 100% for empty unfurnished properties it will become increasingly difficult to differentiate between the two categories as there is no incentive for owners to report such a change.

Properties requiring structural repair to make them habitable - Class A Exemptions

In Wiltshire we have identified 278 properties which come in to this category currently and if we were to stop giving the 12 months exemption of 100%, then based on average 2012 charges, and If we were to charge nothing for three months levying a 50% charge for the following nine months, we would raise an additional debit of £147,048.21. The discount will be applied for a total of 12 months after which a full charge would apply.

Band	No of Properties	Amount raised by charging additional 50%
A	27	£10,237.28
B	40	£17,694.06
C	54	£27,299.41
D	51	£29,005.62
E	49	£34,185.38
F	28	£23,002.28
G	23	£21,801.61
H	6	£6,824.85
Total	278	£147,048.21

Again this would support the principle of bringing empty property in to occupation sooner and would have similar impacts to those proposed under long term empty changes.

It may however, lead to some cases of hardship and support in these cases may need to be considered.

A change in behaviour here would not necessarily mean a change in the amount of potential debit to be raised as an occupied property would realise the same level of charge in most cases.

Unoccupied, unfurnished properties - Class C Exemptions

In Wiltshire we have identified 3,771 properties that fall in to this category. Although this category of exemption will be abolished, the council has the discretion to set a discount at 100% or any lower percentage that seems reasonable (0 % if the council thought this was reasonable) however the duration of any award cannot be less than 6 months. If we were to charge nothing for three months and then 50% for properties empty more than 3 months, then a full charge after 6 months, based on average 2012 charges, we would raise additional debit of around £416,664.00.

Band	No of Properties	Amount raised by charging additional 10%
A	794	£64,481
B	849	£77,976
C	888	£94,319
D	545	£64,415
E	349	£51,409
F	195	£33,172
G	136	£27,147
H	15	£3,808
Total	3771	£416,664

This technical reform has potential for realising the highest level of increase in collectable debit and would again serve to encourage the earlier occupation of empty properties.

Without differentiation between the charge for occupied and unoccupied premises it will make classification more difficult and raising a charge in all cases could cause hardship in some cases.

Long Term Empty Properties

In Wiltshire 404 properties have been identified as empty for a period longer than two years and if we were to charge them 150% as proposed by the technical reforms, we would potentially raise an additional debit of £370,225.36 based on the average 2012 charge.

These properties are currently charged at 90% Council Tax liability.

Band	No of Properties	Amount raised by charging additional 60%
A	128	£77580.08
B	78	£55155.10
C	81	£65458.80
D	63	£57,276.45
E	42	£46669.70
F	29	£38083.28
G	15	£22728.75
H	4	£7273.20
Total	404	£370,225.36

Bringing long term empty properties back in to occupation is a major challenge for all authorities and this ability to raise the levy in these cases should act as a spur to encourage owners to do so. This will of course subsequently lead to a reduction in the amount of debit collectable from such premises and should be noted.

Exempt Class L's

Our current records only identify 66 properties in this category on our system and if we were to stop giving them an exemption and charge the mortgage company we would raise additional debit of £88,558.06.

Band	No of Properties	Amount raised by charging additional 10%
A	19	£19,193.23
B	16	£18,856.48
C	14	£18,856.46
D	11	£16,667.75
E	1	£1,851.97
F	0	0.00
G	4	£10,101.67
H	1	£3,030.50
Total	66	£88,558.06

Summary

If all of these options as set out in the new Council Tax Technical Reforms are adopted then they would realise an increased debit within the collection fund of around £1.3million. This increase can be used to meet the Councils very tough spending requirements and support the delivery of services to all Council Tax payers.

There will need to be adjustments to the Council Tax Base to reflect a decision on these options and this should also take account of potential changes in behaviour and variances that are likely in these options.

These additional changes in administration will all attract an additional cost which is yet to be determined and needs to be viewed in light of the final scheme for this and Council tax Support, as well as funding towards administrative costs.

NB. All of these numbers are taken as a snapshot and will be subject to change!
