



Policy, Finance and Development Committee	Tuesday, 27 November 2018	Matter for Information and Decision
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Report Title: **Proposed Changes to Council Tax Discounts**

Report Author(s): **Chris Raymakers (Head of Finance, Revenues and Benefits)**

Purpose of Report:	To seek Members' approval for changes to discretionary Council Tax discounts.
Report Summary:	This report proposes changes to discretionary discounts for Council Tax in respect of empty properties and a new discretionary discount for care leavers.
Recommendation(s):	<p>A. That the Council Tax discount currently allowed for all empty properties for the first 28 days be discontinued from 01 April 2019;</p> <p>B. That the Council Tax discount currently allowed for empty properties undergoing renovation for a maximum of 12 months be discontinued from 01 April 2019;</p> <p>C. That the additional premium of 50% currently charged to properties which have been empty for more than 2 years be increased to 100% from 01 April 2019; and</p> <p>D. That a new 100% discount be allowed to care leavers from the age of 18 to 25 who are resident in the Borough and solely or jointly liable for Council Tax.</p>
Responsible Strategic Director, Head of Service and Officer Contact(s):	<p>Stephen Hinds (Director of Finance & Transformation) (0116) 257 2681 stephen.hinds@oadby-wigston.gov.uk</p> <p>Chris Raymakers (Head of Finance, Revenues and Benefits) (0116) 257 2891 chris.raymakers@oadby-wigston.gov.uk</p> <p>David Coe (Revenues Team Leader) (0116) 257 2634 david.coe@oadby-wigston.gov.uk</p>
Corporate Priorities:	An Inclusive and Engaged Borough (CP1) Effective Service Provision (CP2)
Vision and Values:	Customer Focus (V5)
Report Implications:-	
Legal:	There are no implications arising from this report
Financial:	It is estimated that the changes to empty property discounts would bring in an extra £20,200 per year to the Council, and the introduction of a new care leaver discount would cost the Council less than £4,000 per year. However, the Council will be required to

	pay Council Tax on all void Housing properties where previously they were subject to a 28 day exemption. In order to keep this to a minimum the Council will need to reduce the average void turnaround time, getting properties back into operation quicker.
Corporate Risk Management:	Decreasing Financial Resources (CR1) Reputation Damage (CR4) Economy/Regeneration (CR9)
Equalities and Equalities Assessment (EA):	The implications are set out in the report. EA not applicable.
Human Rights:	There are no implications arising from the report.
Health and Safety:	There are no implications arising from the report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	Details of any consultation are as set out in the report.
Background Papers:	None.
Appendices:	None.

1. Introduction

- 1.1 Further to encouragement from Leicestershire County Council, this Council and the other Leicestershire Districts have been looking at ways in which the amount of Council Tax collectable can be maximised. Also Central Government is encouraging Council Tax billing authorities to use their discretionary powers to assist young adults who are leaving the care of local authorities.
- 1.2 Various discounts for different categories of empty property are allowed at present and they have been reviewed.
- 1.3 It is proposed to allow a discount of 100% to care leavers from the age of 18 to 25 years.

2. Empty Properties

- 2.1 Since 01 April 2013 local Councils have had the discretion on whether or not to allow discounts on the Council Tax payable for empty homes and also whether a premium of up to 50% should be charged for properties which are left empty long term for over 2 years.
- 2.2 Oadby & Wigston Borough Council (OWBC) currently operates the following scheme:
 - 100% discount for the first 28 days when a property becomes unoccupied and substantially unfurnished;
 - 50% discount for a maximum of 12 months for a property which requires major repairs or is undergoing structural alterations to make it habitable; and
 - 50% premium (making a total of 150% of the normal charge) for a property which has

been unoccupied and substantially unfurnished for over 2 years.

- 2.3 It is proposed to remove the two discounts above and also increase the premium for long term empty properties to 100% with effect from 01 April 2019.
- 2.4 Empty properties do still benefit from the provision of public services, such as access to Police and Fire services, street lighting, road sweeping, and refuse collection (which may be greater than usual at a time of moving house).
- 2.5 The Council wishes to encourage long term empty properties to be brought back into use as soon as possible.
- 2.6 The changes being considered here would bring in an additional income in the region of £150,000 to be able to be spent on services provided by Oadby & Wigston Borough Council, Leicestershire County Council, Leicestershire Police, and Leicestershire Fire and Rescue Service.
- 2.7 A consultation exercise was undertaken between 01 September and 30 September 2018 to seek residents' views on these changes. This was publicised by the following:
- On the Council's website with an on-line questionnaire;
 - Half-page news article with picture in Leicester Mercury;
 - Poster and paper copies available at Customer Services Centre;
 - Paper copy sent with all bills during the month (approximately 1,850); and
 - Paper copy sent individually to all main landlords and letting agents on our records (approximately 75).
- 2.8 There were 18 responses to the consultation (12 online and 6 by paper).
- 2.9 Responses were mixed for each question - the majority disagreeing that we should remove the 28 day discount and the 50% major repairs discount, but agreeing that we should increase the long term empty premium. However, it is felt that such a very small number of responses could not be considered to be representative of the views of all Council Tax payers.
- 2.10 The approximate additional yield for 2018/19 if these discounts had been cancelled would have been:

	Total Yield	OWBC share (approx. 13%)
If 28 day discount cancelled	£88,000	£11,500
If 50% uninhabitable discount cancelled	£47,000	£6,000
If long-term empty premium increased to 100%	£21,000	£2,700
TOTAL	£156,000	£20,200

3. Care Leavers

- 3.1 The Council appreciates that the transition out of care for young people can be very problematic. Without the support of a family and being inexperienced in managing their own finances, care leavers can be more susceptible to falling into debt. Therefore, as part of a County-wide initiative, it is proposed that Oadby & Wigston Borough Council gives financial support to these young people by giving additional relief, on top of any other relief that may be available, to those leaving care by reducing their net liability for council tax to

zero until age 25, with effect from 01 April 2019.

- 3.2 Under Section 13A(1-3) of the Local Government Finance Act 1992 (as amended), a billing authority has the power to reduce liability for Council Tax in relation to individual cases or classes of cases that it may determine.

It is therefore proposed to reduce the Council Tax liability to zero for care leavers in the following circumstances:

- Where a care leaver is resident in a property in Oadby & Wigston and is solely or jointly liable for the payment of Council Tax in respect of that property;
- Relief will be given after all other eligible reliefs, e.g. single person discount, exemption, council tax support (benefit), have been taken into account;
- The relief will cease on the care leaver's 25th birthday;
- Verification is obtained from the relevant public body that the care leaver was in their care at the relevant times; and
- The care leaver must have been in care on their 16th birthday and for at least 13 weeks from the age of 14 – this is the definition of a care leaver within The Children Act 1989 (as amended).

- 3.3 The County Council has recently provided a figure of just 8 care leavers aged 18 to 25 currently living in Oadby and Wigston. It is therefore difficult to predict the exact cost to Oadby & Wigston Council Tax payers to fund this relief but it is estimated to be below £4,000 per annum.

- 3.4 Under the above legislation, the full amount of relief is borne by the billing authority, i.e. Oadby & Wigston Borough Council. However, in these cases, it is understood that the precepting authorities (County Council, Police, and Fire authorities) are to compensate the billing authorities in Leicestershire in the same proportions in which the amounts are charged.

- 3.5 Consultation should take place with precepting authorities and with other people the Council considers are likely to be affected by the change. The precepting authorities have been consulted as above. As this relief will affect very few people directly and the amount to be borne by the Council Tax payers of Oadby & Wigston is relatively small at approximately £4,000 per annum, it is felt that a more widespread consultation is not necessary.