

**AGENDA ITEM: 12**      Pages 83 – 85

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Meeting	Cabinet Resources Committee
Date	13 January 2011
<b>Subject</b>	<b>Removal of Long Term Empty Property Council Tax Discount</b>
Report of	Cabinet Member for Resources and Performance
Summary	This report proposes the removal of the current 50% discount applied to properties left empty long term. Under the provisions of the Local Government Finance Act 1992, as amended by the Local Government Act 2003, Local Authorities have the power to reduce or remove completely the 50% council tax discount for long term empty properties.

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Officer Contributors	Andrew Travers (Deputy Chief Executive and S151 officer) David Sharpe (Head Of Revenues and Benefits)
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: David Sharpe, Head Of Revenues and Benefits, 020 8359 2327.

## **1. RECOMMENDATIONS**

- 1.1 That the reduction of the Council Tax discount for long-term empty properties from 50% to nil be approved with effect from 1 April 2011.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 None.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 This proposal aligns with the boroughs Housing Strategy which is broadly in compliance with the Mayor's London Housing Strategy to encourage empty properties to be brought back into use.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 There is a risk public dissatisfaction as a result of increasing council tax levels for this class of property but this risk will be managed within existing resources.

## **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 It is not considered that this matter is likely to raise any concerns under the Council's Equalities Policy or compromise the commitments outlined in the Council's Equality Scheme.

## **6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)**

- 6.1 The proposal to remove the 50% discount for long term empty properties will increase council tax receipts; the Council's share is estimated at £1m. From the next Revenue Support Grant settlement onwards this increase in resources will be offset by an equivalent reduction in Revenue Support Grant. In the current settlement period from 2011/12 to 2012/13, however, there will be no claw back of grant and the Council would therefore, in effect, benefit from an increase in its resources of £1m.

## **7. LEGAL ISSUES**

- 7.1 Under the provisions of the Local Government Finance Act 1992, as amended, section 11A, subsection 4, from 1 April 2004 billing authorities were given the discretion make determinations to reduce or remove specified discounts, including the Long Term Empty property discount.
- 7.2 Subsection 5 confirms that the determination varying or revoking this discount must be made before the beginning of the year to which it relates.
- 7.3 Subsection 6 confirms that a billing authority making such a determination shall publish a notice of it in at least one newspaper circulating in its area and do so before the end of the period of 21 days beginning with the date of the determination.

## **8. CONSTITUTIONAL POWERS**

- 8.1 The Council's Constitution in Part 3, Responsibility for Functions, paragraph 3.6 states the functions of the Cabinet Resources Committee including 'Capital and revenue finance, forecasting, monitoring, borrowing and taxation'.

## **9. BACKGROUND INFORMATION**

- 9.1 The Council Tax system is designed so that the full council tax bill is payable where there are two adult residents in a dwelling. A 25% discount applies where there is one resident and a 50% discount where the dwelling is no-one's sole or main residence. Some people are disregarded for the purpose of counting the number of residents (students, carers, residents of care homes etc).
- 9.2 There are also 23 classes of exempt dwelling covering a range of circumstances such as occupation by students or diplomats; left empty because of a need to move in order to receive or provide care. There is also a general six month exemption for dwellings which become vacant (that is, unoccupied and substantially unfurnished) and up to 12 months if the dwelling also requires major repair works or is undergoing structural alteration.
- 9.3 This proposal is that with effect from 1 April 2011, the Council exercises the discretion available to it and removes completely the nationally set 50% council tax discount for long term empty property.
- 9.4 These changes relate to the tax base for tax setting purposes and ensure that preceptors can take account of any change which the billing authority makes to the tax base by changing long term empty discounts. The calculation of the council tax base for Revenue Support Grant purposes allows local authorities to keep any additional revenue arising from such adjustments until the next settlement. If the discount is removed it is estimated that the one-off revenue gain in 2011/12 would total around £1m. There are 1,537 long-term empty properties as at 30 November 2010 and this figure has remained fairly stable for about 6 months and will not change significantly by 1 April 2011.

## **10. LIST OF BACKGROUND PAPERS**

- 10.1 None

Legal – MM  
CFO – JH/AT