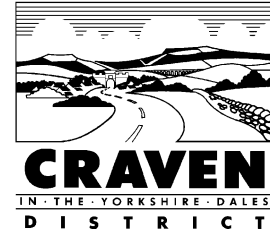


## Policy Committee – 19<sup>th</sup> July 2016

### Council Tax Exemption for empty and unoccupied properties 2017/18 and beyond.



Report of the Corporate Head – Business Support

Lead Member – Councillor Dawson

**Presenting Officer – Revenues and Benefits Manager**

Ward(s) affected: All

- 1 **Purpose of Report** – To review options regarding the current council tax exemption for empty and unfurnished properties.
2. **Recommendations** – Members are recommended to:-
  - 2.1 Rename Class C exemptions “Craven DC empty and unfurnished property exemption scheme”.
  - 2.2 Approve option A, B or C as a preferred option for consultation;

<b>A</b>	Continue with the current policy of a maximum of 3 months
<b>B</b>	Reduce the maximum 3 months to a maximum of 1 month which can be applied to one liable party
<b>C</b>	Reduce the 3 months to a maximum of 1 month in total but to a maximum of 14 days for a liable party. Consecutive exemptions for different liable parties are permitted but limited to a maximum of 14 days each.

- 2.3 Authorise consultation on the Craven DC empty and unfurnished property exemption scheme to include that;

- a. There must be a minimum period of 6 months continuous occupation at a property by any liable party before a further exemption is permitted to that liable party who has already received an empty and unfurnished exemption at the same property.
- b. An empty and unfurnished property is defined as not having sufficient furniture or furnishings for the household to occupy it as its main and sole residence.

### 3 Background

- 3.1 Cravens Class C exemption policy as approved below has now been in place for 4 financial years. It is now prudent to review the scheme.
- 3.2 Council Policy meeting on 13/11/2012. POL.477 RECOMMENDED –
  - 1. That the 10% discount for second homes is removed and 100% council tax is charged.
  - 2. That a charge of 50% of the premium on properties that have been empty for 2 years or more is approved.
  - 3. That the Class A exemption is abolished.
  - 4. That Class C exemptions are limited to a maximum of 28 days.
- 3.3 Minute POL.477 was amended at a full Council meeting on 11/12/2012, Council Tax Technical Changes – proposals for the implementation of changes to Council Tax legislation
- 3.4 An amendment was moved and seconded that Recommendation (4) is amended to read “That class C exemptions are limited to a maximum of three months.” On being put to the vote the amendment was declared carried
- 3.5 Currently this means there is only one exemption available for unoccupied unfurnished properties and this is if the property is simply unoccupied and unfurnished or if the property is undergoing structural repairs.
- 3.6 The current scheme is described in detail in Appendix 2.

### 4 Caseload and expenditure - Listed in Appendix 1.

### 5 Options

		Potential Additional Income to CDC
<b>A</b>	Continue with the current policy of a maximum of 3 months	£0
<b>B</b>	Reduce the maximum 3 months to a maximum of 1 month which can be applied to one liable party	£19,288
<b>C</b>	Reduce the 3 months to a maximum of 1 month in total but to a maximum of 14 days for a liable party. Consecutive exemptions for different liable parties are permitted but limited to a maximum of 14 days each.	£19,288

- 6 Impact of the changes** - This depends on the option chosen. Appendix 1 contains the impact of each option.
- 7 Future changes beyond 2017/18** - This exemption will be reviewed every 3 years as a minimum to ensure it is financially viable and reasonably addresses the needs of the district.
- 8 Financial and Value for Money (vfm) Implications** - Additional Income options are listed in Appendix 1 as are comparisons with other local authorities.
- 9 Legal Implications** - Local exemption schemes for empty and unfurnished properties are permitted under the Local Government Finance Act 2012.
- 10 Contribution to Council Priorities** – This report supports the delivery of the Council’s Financial Resilience priority.
- 11 Risk Management** – Minimal risks are anticipated (i.e collection and disputes), however these will be closely monitored and managed.
- 12 Equality Analysis** – Council Tax is a property taxation and is not aimed at specific groups of people, as a result an Equality Analysis has not been completed. National exemptions and discounts will remain in place
- 13 Consultations with Others** – Full consultation, including with any major precepting authority, is required and will take place during September and October 2016.

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Note : Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

### **Appendices**

- 1. Financial statistics based on 2015/2016.
- 2. Current scheme and other exemptions.

### Appendix 1

## Empty and Unfurnished Council Tax exemption financial statistics based on 2015/2016

- (1) 2953 exemptions allowed amounting to £442629.  
Cost to Craven DC based on 9.58% is £42404.
  
- (2) 1359 exemptions exceeded 1 month.  
The period in excess of 1 month cost £201343.00.  
Cost to Craven DC based on 9.58% £19288 based on 9.58%.

Table to summarise effect of options based on 2015/16 exemptions

	Number of exemptions	Cost to Craven	Potential Additional Income to CDC
Option A Remain at 3 mths	2953	£42404	0.00
Option B Reduce scheme to 1 mth.	2953 – 1359 = 1594	42404 – 19288 = 23116	£19288
Option C* Reduce scheme to 1 mth but 14 days per liable party	2953 – 1359 = 1594	42404 – 19288 = 23116	£19288

Collection remains between 98 and 99% and there is no reason to believe that would be different if options 2 or 3 were introduced.

### Other local authority empty and unfurnished policies

- Bradford - 0% exemption
- Harrogate - 7 Days 100% discount then remaining six months 40% discount
- Leeds - 100% exemption if empty for 7 days or less. If empty more than 7 days then 0% exemption for whole period.
- Pendle - 0% exemption
- Rydale - 28 days at 100%
- Ribble - 100% exemption for 12 months
- Selby - 100% for first month followed by 20% for 5 months
- York - 0% exemption

## Appendix 2

## Current scheme and other exemptions.

- 1) The current exemption lasts for a maximum of 3 months and can be shared between liable parties. However one liable party may use the entire 3 months which means the next liable party can have no further exemption.

E.g. a person puts their house up for sale and moves out leaving it empty for 3 months. They get the full exemption.

The person moving in takes 2 weeks to decorate before moving in. They get no exemption because the full 3 months has already been awarded.

- 2) There are other Council Tax exemptions available with links to unoccupied and unfurnished properties. These are national exemptions which are applied before the local scheme is considered.

Class D Properties left unoccupied by prisoners. Indefinite exemption whilst in Prison if no one else occupies the property.

Class E Properties left unoccupied by hospital patients or residents of a nursing home. Basically this is long term residents who are resident in hospital or a nursing home.

Class F Properties left by a deceased person. Exemptions end 6 months after probate granted. Any local unoccupied and unfurnished exemption can be added after this to clear the property completely.

Class G Properties where occupation is prohibited by law. Indefinite exemption e.g. too dangerous to occupy it.

Class H Unoccupied clergy properties. Indefinite exemption if property held for a minister of religion and from where they will perform their duties of office.

Class I Properties left unoccupied by someone who is receiving care. This is an indefinite exemption for long term patients based on old age, disablement, mental illness etc.

Class J Properties left unoccupied by someone who is providing care. Indefinite exemption if their sole and main residence must be where they are providing care and the care is required.

Class K Properties left unoccupied by students. Indefinite exemption as it would be if occupied by students (Class N).

Class L Repossessed properties. Indefinite until sold or let and reoccupied.

- 3) Most of the above exemptions are rare and small in number when compared to the local scheme this report deals with. In theory if the property remained furnished under one of the above exemptions and was then emptied the local scheme would then additionally apply.