

# Council Tax Empty Homes Discounts and Exemptions

Special Committee - Council

Date: 18 March 2013

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Author: Cabinet Member for Finance  
Head of Revenues and Benefits

Wards: All

Locality Affected: All

Parishes Affected: All

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## 1. Purpose and Reasons

- 1.1 This report recommends clarification of the changes to Council Tax Discounts and Exemptions that were agreed by Council on 20<sup>th</sup> December 2013, in order to encourage empty houses to be used and secure the expected increase in the Council's revenue.

## 2. Recommendations

The Special Committee is asked to agree:

- 2.1 That in respect of the amendments to empty and unfurnished properties (former Class C), properties undergoing structural exemptions (former Class A) and properties that are subject to the empty premium as a result of being empty and unfurnished for two years, a property must be occupied and furnished for a minimum of 6 weeks and 1 day, in order to qualify for any new discount period or period without a premium applying.
- 2.2 The discount period that applies to the Swindon Borough determined empty and unfurnished discount (former Class C) of 50% for three months, shall expire on 1<sup>st</sup> April 2013, for properties that have been empty in excess of three months. 100% Council Tax will be chargeable on such empty dwellings. Those properties that have been empty and unfurnished for less than three months, as at 1<sup>st</sup> April 2013, will receive discount a 50% discount until the end of the three month period, but will not receive a further 3 months discount after 1<sup>st</sup> April 2013.
- 2.3 The discount period that applies to the Swindon Borough determined structural alterations discount (former Class A) of 50% for 12 months, shall expire on 1<sup>st</sup> April 2013, for properties that have been empty in excess of 12 months. 100% Council Tax will be chargeable on such empty dwellings. Those properties that have been undergoing alterations for less than 12 months, as at 1<sup>st</sup> April 2013, will receive a 50% discount from 1<sup>st</sup> April 2013 until the end of the 12 month period, but will not receive a further 12 months discount after 1<sup>st</sup> April 2013.
- 2.4 The 150% premium will be payable from 1<sup>st</sup> April 2013, for those properties empty and unfurnished for two years or more, as at this date. Those properties that have been empty and unfurnished for less than two years as at 1<sup>st</sup> April 2013, will be subject to the premium on the exact date that the two years ends.
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Further information on the subject of this report can be obtained from Andy Stevens  
Direct Dial 01793 464661, [anstevens@swindon.gov.uk](mailto:anstevens@swindon.gov.uk).

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## 3.0 Detail

- 3.1 On the 20<sup>th</sup> December 2013 full Council agreed to amend the Council Tax Exemptions and Discounts applicable to empty properties. The changes that were agreed are shown below (see 3.5).
- 3.2 The purpose of the changes are to encourage empty homes to be sold or let and to generate additional revenues to local authorities, whose Council Tax Benefits subsidies are being reduced. The Council Tax Benefit subsidy reduction for Swindon is estimated at £2 million per annum.
- 3.3 The regulations that were laid before Parliament on 30<sup>th</sup> November 2012, failed to clarify whether the existing rules regarding short term occupation applied to the new locally determined discounts. This is that occupation must be for a period greater than 6 weeks, in order for a new discount period to commence, if the property became empty again. Therefore, there is a need to clarify this intention with the Council's local discount scheme (recommendation 2.1).
- 3.4 The recommendations, shown in paragraphs 2.2, 2.3 & 2.4 above clarify the start date and end dates for any discounts and exemptions that were in existence as at 31<sup>st</sup> March 2013.
- 3.5 The changes that were agreed on 20<sup>th</sup> December and the estimated numbers of properties and revenue concerned are:

Discount or Exemption Type	Number of Properties (Oct 2012)	Changes Agreed 20/12/13	Additional Annual Revenue collection fund	Swindon B.C. share (85%)
Unoccupied & unfurnished Less than 6 months (Former Class C exemption)	1022	3 months 50% charge & 3-6 months 100%	£525,000	£446,250
Unoccupied & unfurnished more than 2 years	10-20	Charge 150%	£5,000	£4,250
Second Homes – furnished & unoccupied	451	End 10% discount	£50,000	£42,500
Properties requiring structural repair (Class A).	78	50% discount for 12 months	£40,000	£34,000
Additional Annual Revenue			£620,000	£527,000

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## 4. Alternative Options

- 4.1 The alternative option provided on 20<sup>th</sup> December 2013 was as follows. Since Council Tax Benefit subsidy payable to local authorities is being reduced in order to raise the same level of revenue, the choices would be to increase any reductions in Council Tax Support (Benefit), increase the Council Tax payable by all Council Taxpayers (subject to any necessary referendum) or reduce expenditure on Council Services.

## 5. Implications, Diversity Impact Assessment and Risk Management

### Financial and Procurement Implications

- 5.1 The changes to the discounts and exemptions will increase the collection fund by approximately £620,000 per annum. This will offset part of the estimated £2 million reduction in Council Tax Benefit subsidy.
- 5.2 The Council's Housing Revenue Account may be impacted by these changes. It is estimated that on average 800 properties per annum are empty and unfurnished for on average 1 month. A cost of approximately £35,000 for the Housing Revenues Account. Housing Associations may also be similarly impacted.

### Legal and Human Rights Implications

- 5.3 Local Authorities can amend the Council Tax discounts applicable to empty domestic property in accordance with section 11(2) Local Government Finance Act 1992 as amended. The changes were introduced by the Council Tax (Prescribed classes of Dwellings) (England) (Amendment) Regulations 2012 (SI 2964) and the Council Tax (Exempt Dwellings) (England) (Amendment) order 2012 (SI 2965)

### All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.4 It is hoped that the changes will help encourage empty homes to be brought back into use.

### Links to One Swindon, Strategic Objectives, Plans and Policies

- 5.5 A reduction in empty homes should assist in the One Swindon aims of I like where I live and of Living Independently, protected from harm, leading healthy lives and making a positive contribution.

### Diversity Impact Assessment

- 5.6 A Diversity Impact Assessment was undertaken and a copy is available on request from the Report author.

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## Risk Management

- 5.7 The final changes to the Legislation were made at the end of November, but certain elements have been clarified. Changes to the Northgate Revenues & Benefits system have been made to enable the changes to be made and billed.

## **6. Consultees**

- 6.1 The Board Director Finance, Revenues, Benefits and Property (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.
- 6.2 Supported People & Housing Strategy officer & Area Housing officers.

## **7. Background Papers**

- 7.1 None attached.

## **8. Appendices**

- 8.1 None