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<b>PART B:</b>	<b>RECOMMENDATIONS TO COUNCIL</b>
<b>REPORT TO:</b>	<b>POLICY AND RESOURCES COMMITTEE</b>
<b>DATE:</b>	<b>26 SEPTEMBER 2013</b>
<b>REPORT OF THE:</b>	<b>CORPORATE DIRECTOR (s151) PAUL CRESSWELL</b>
<b>TITLE OF REPORT:</b>	<b>COUNCIL TAX DISCOUNTS</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

1.1 This report propose changes to the discounts to Council tax in respect of properties undergoing structural repairs and empty and unfurnished properties. The changes will result in additional income to the Council in future years.

### **2.0 RECOMMENDATIONS**

2.1 That Council is recommended to approve that from the 1 April 2014:

- (i) that the PCLD Council Tax discount be removed; and
- (ii) that the PCLC Council Tax discount be reduced to 100% for 28 days.

### **3.0 REASON FOR RECOMMENDATIONS**

3.1 These changes are being considered as additional income for the 2014/15 budget.

### **4.0 SIGNIFICANT RISKS**

4.1 The significant risk is around the collection of any additional monies levied through changes to the discounts. The changes last year have been implemented and the Council has proven to be successful in recovering the monies and keeping the collection rate above expectations.

### **5.0 POLICY CONTEXT AND CONSULTATION**

5.1 The issues in this report are part of the Council's budget preparations for 2014/15.

5.2 Consultation has not taken place on the proposals.

## REPORT

### 6.0 REPORT DETAILS

- 6.1 To assist Local Authorities managing the introduction of the Local Support for Council tax on the 1 April this year and manage the cut in funding the government gave flexibilities and freedoms on the levels of Council Tax Discounts and Exemptions to be determined by billing authorities. The following were the financially material options available to the Council which were considered:
- Reduction/Removal of the 10% second homes discount
  - Reduction/Removal of the Class A (Structural Repairs) exemption (now called a PCLD discount). This was previously 100% for 12 months
  - Reduction/Removal of the Class C (Empty and Unfurnished) exemption (now called a PCLC discount). This was previously 100% for 6 months
  - Increasing the Charge to Long term Empty properties (those empty over 2 years) to up to 150%.
- 6.2 As part of the budget strategy Council made the following changes for the 2013/14 budget:
- Removal of the 10% second homes discount
  - Reduction of the PCLC discount to 100% for 2 months
  - Increasing the Charge to Long term Empty properties (those empty over 2 years) to up to 150%.
- 6.3 In year monitoring has taken place to show that the collection rates are ahead of expectations for 2014/15.
- 6.4 There are only two material changes which the Council can consider, the discount for PCLD discount and the period and percentage for PCLC discount. Any reductions to these discounts results in an increase in the Council Tax Base which then results in additional Council Tax income. Each of the precepting Authorities benefits from increases in the Council Tax Base with the County Council being the biggest beneficiary as it has the highest precept.
- 6.5 The flexibilities given to local authorities has resulted in a number of different approaches. A recent survey by the Society of District Council Treasurers showed the following

Prescribed Class D (PCLD) Council Tax discount, only the discount can be altered, not the period (86 responses)

Discount	No.
10%	3
25%	12
30%	1
38%	1
50%	34
75%	3
100%	32

Prescribed Class C (PCLC) Council Tax discount, both the period and discount can be altered (106 responses)

Discount	No.
0%	13
7 Days 100%	1
10% for 1 month	1
100% for 1 month	25
100% for 1 month then 50% months 2-6	2
25% for 2 months	1
100% for 2 months	5
25% for 3 months	3
50% for 3 months	1
50% for 3 months, then 10%	1
100% for 3 months	20
10% for 6 months	2
25% for 6 months	3
50% for 6 months	14
100% for 6 months	13
25% for 12 months	1

- 6.6 The current estimated annual cost of the discounts given are shown below:
- PCLD = £60k
  - PCLC = £220k
- 6.7 Officers are recommending that the PCLD discount is removed completely and that the PCLC discount is reduced to 100% for one month. For information this will not affect Yorkshire Housing who qualify for a different exemption as a charity for taxation purposes.
- 6.8 The total saving from these proposals is estimated at £100k, with the benefit to RDC of approximately £12k in 2014/15. Using the full data for 2012/13 400 residents would have been affected by the reduction from 2 months to 28 days and 50 residents would have been affected by the removal of the structural repairs discount.
- 6.9 Members in discussing this issue through the Council's Resources Working Party were concerned around properties affected by flooding which would not then receive any discount during subsequent repairs if vacated.
- 6.10 Hambleton District Council have considered this issue and have established Local Council Tax Discount Policy which is attached at Annex A and procedure at Annex B.
- 6.11 Unfortunately under Council Tax Legislation the costs of any local scheme have to be met in full by the billing authority, therefore any cost would fall in full on RDC rather than each of the preceptors taking a share in proportion to the relevant percentages of the Council Tax bill. Therefore if a band D property was exempted from Council tax under such a policy, RDC would stand c£1,500 in full.
- 6.12 Should members wish to pursue this option a policy similar to the Hambleton one could be drafted for members' consideration.

## 7.0 IMPLICATIONS

- 7.1 The following implications have been identified:
- a) Financial

The proposals generate a budgetary saving to the Council.

- b) Legal  
There are no significant new legal issues.
- c) Other  
There are no significant other implications.

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**Background Papers:**  
None.