

# EXECUTIVE BOARD

18 NOVEMBER 2019

## COUNCIL TAX DISCOUNT FOR LONG TERM VOIDS

### Purpose:

This report recommends amending the authority's discretionary powers in order to remove the discount awarded in respect of long term empty properties and charge the full Council tax liability with effect from 2020/21.

### RECOMMENDATIONS / KEY DECISIONS REQUIRED:

It is recommended that the council adopts the recommendation for the removal of the 50% discount on long term empty properties and the full council tax charge apply to class C properties from 1<sup>st</sup> April 2020.

### REASONS:

Welsh Government are proposing to change the Revenue Support Grant (RSG) allocation so to maintain the 50% discount in Council Tax on long term empty properties will likely impact on level of RSG.

### Relevant scrutiny committee to be consulted: N/A

Exec Board Decision Required: YES

Council Decision Required: NO

### EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:

Councillor David Jenkins (Resources)

Directorate: Corporate Services	Designations:	Tel Nos. / E Mail Addresses:
Executive Board Member: Cllr David Jenkins		
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# EXECUTIVE SUMMARY

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18 NOVEMBER 2019

### COUNCIL TAX DISCOUNT FOR LONG TERM VOIDS

Empty properties are classed as properties that are unoccupied and substantially unfurnished,

#### Current Situation:

- a. Under the “standard” Council Tax scheme, when a dwelling becomes unoccupied and stands substantially unfurnished, there is an initial 6 months exemption period during which time there is no charge.
- b. Once this exemption period expires (and provided no other exemption applies) a vacant property is subject to a 50% charge, or put another way, it attracts the standard 50% discount, which will carry on indefinitely.
- c. At any given time there are in the region of 3000 dwellings in Carmarthenshire that are vacant and subject to the 50% charge. (See Table 1 for overview of the volume of vacant dwellings)
- d. The Local Government Act 2003 gave councils the discretionary powers to reduce or remove the 50% discount in respect of long term empty properties.
- e. The annual Tax Base calculation has reflected the reduction in taxable resource due to the standard discounts granted. This means that the authority has been effectively “compensated” for the loss via RSG; i.e. for vacant properties, 50% is collected from owners and 50% received via RSG
- f. The Welsh Government are seeking to introduce changes to the Local Government Funding formula for 2020/21, so local authorities will be financially disadvantaged if they continue to award the discount.
- g. Since 2004, across Wales, a number of councils have used their discretionary powers to remove the discount on C properties. There are only 3 other councils that apply a 50% discount on Class C properties, namely Swansea, Neath and Port Talbot and Blaenau Gwent. It is expected that all Councils will review their policies to provide discounts under these classes from 1 April 2020.

DETAILED REPORT ATTACHED?

Yes

# IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: C Moore Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
<b>YES</b>	<b>NONE</b>	<b>YES</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

## Policy, Crime & Disorder and Equalities

- The policy is being introduced in response to a notification that Welsh Government are proposing to change the Revenue Support Grant (RSG) allocation so to maintain the 50% discount in Council Tax on long term empty properties will likely impact on level of RSG.
- The recommendation is for the discount to be removed from 1.4.20
- An equalities impact assessment has been undertaken.
- Empty properties can be detrimental to other properties in the area in terms of both market value and quality of life, and can encourage anti-social behaviour such as vandalism, squatting, littering and crime.
- The removal of the discount will encourage tax payers to bring these properties back into use and have a positive impact in assisting to reduce crime and disorder.

## Legal

There are no legal impacts arising from this report.

## Finance

- The formula to allocate Local Authority funding is kept under regular review by Distribution Sub Group, a working group constituting local government Section 151 officers, WLGA officers and Welsh Government officials. In September 2019, a recommendation was approved to disregard vacant property discounts for the purposes of the tax base. This will have the effect of reducing Carmarthenshire's share of Revenue Support Grant by approximately £1 million.
- This reduction can be offset by an increase in council tax receipts by removal of the current discretionary discount for dwellings vacant in excess of six months. Officers will monitor this additional revenue closely with the aim of ensuring no reduction in Carmarthenshire's collection rate.

# CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: C Moore Director of Corporate Services

1. Scrutiny Committee - n/a
2. Local Member(s) - n/a
3. Community / Town Council - n/a
4. Relevant Partners
5. Staff Side Representatives and other Organisations
6. No consultation exercise has been undertaken in respect of this proposal.

Section 100D Local Government Act, 1972 – Access to Information  
List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Various related documents		Council File Plan: <b>Finance/Local Taxation/Council Tax</b>