

**HUNTINGDONSHIRE DISTRICT COUNCIL**

**Title/Subject Matter:** Technical Reform of Council Tax- Locally Defined Discounts

**Meeting/Date:** Overview & Scrutiny Panel (Economic Well-Being)  
- 7 November 2013  
Cabinet – 21 November 2013

**Executive Portfolio:** Customer Services

**Report by:** Head of Customer Services

**Ward(s) affected:** All

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**Executive Summary:**

Council resolved from 1 April 2013 to use local discretionary powers under the Council Tax (Prescribed Classes of Dwellings)(England)(Amendment) Regulations to give 100% discount for up to a maximum of twelve months for properties which are uninhabitable and requiring/undergoing structural alteration or major repair.

During 2013/14 the Local Taxation Section have received more than 60 applications and granted £112k of discount using this policy. However, the level of administration involved with verifying applications and dealing with complaints or disputes has been far higher than expected.

Huntingdonshire DC is one of only two councils in Cambridgeshire who grant this discount.

It is proposed to remove this discount from 1 April 2014. This would have the effect of increasing the Tax Base (number of band D equivalent properties) by 70, which would improve the position for the District Council and Preceptors. HDC could expect to receive £9.5k in additional income.

**Recommendation:**

**It is recommended that from 1 April 2014:**

- **Class D (Uninhabitable dwellings requiring or undergoing structural alteration or major repair) Discount is reduced to 0%**

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## **1. WHAT IS THIS REPORT ABOUT/PURPOSE?**

- 1.1 The purpose of this report is to enable members to make a decision on the new (for 2014/15) locally defined Council Tax discounts taking in to account first year experiences and financial impact.

## **2. WHY IS THIS REPORT NECESSARY/BACKGROUND**

- 2.1 The Technical Reforms of Council Tax approved by Cabinet in December 2012 amended the levy in respect of most 'void' properties. This in turn had an impact on the Tax Base, but following the first six months of operating the new scheme, officers believe that there should be a review of one area of policy.
- 2.2 With the decision to reduce the 'unoccupied and unfurnished' discount to one month, officers have faced many disputes regarding the condition of property. Owners are claiming their properties are 'requiring structural alteration or repair' in order to qualify for 12 months exemption.
- 2.3 Officers have experienced an increase in workload for these types of case, including property inspections, appeals and complaints. Many of these are fruitless attempts from property owners who seek to minimise their council tax contributions.

## **3. OPTIONS CONSIDERED/ANALYSIS**

- 3.1 The Council may decide on the level of discount that should be applied to properties undergoing structural alteration or repair. Members could reduce either the discount percentage (from 100% to 50% or 25% or nil) or the time period to either 3 or 6 months (when new domestic properties can be completed inside 4 months why should we allow up to 12 months for repairs?).
- 3.2 Should the discount be reduced to nil, then the Tax Base would increase by around 70 properties, and we could expect to receive an additional £110k in council tax receipts, which would be shared amongst all preceptors. The effect on income and the Tax Base will be changed proportionately if an alternative discount is allowed.
- 3.2 However, the administrative burden of dealing with applications, property inspections and appeals/complaint would still remain. Other billing authorities within Cambridgeshire (e.g. South Cambridgeshire and Fenland) have already applied a 0% policy without untoward complaint.

## **4. COMMENTS OF OVERVIEW & SCRUTINY PANEL**

- 4.1 The report has been circulated to Members of the Overview & Scrutiny Panel (Economic Well-Being) for comments and there have been no objections raised. On this basis, the Panel Chairman has endorsed the recommendations at 12.1 of the report.

## **5. KEY IMPACTS/RISKS? HOW WILL THEY BE ADDRESSED?**

- 5.1 All existing applicants will be written to advising of the change, and new applicants are already being warned of the potential change so that they can bring forward their redevelopment plans, or budget accordingly.

- 5.2 With owners being liable for the full council tax on their properties it is not believed to be a risk in terms of avoidance or non-payment on an immovable asset.

## **6. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION**

- 6.1 A public notice will be published in the local newspaper, mail shots as above incorporated into routine review letters due to be issued shortly. The Tax Base for 2014/15 will be calculated accordingly and the council tax system parameters updated for annual billing. The council tax pages of the HDC website and the Council Tax Booklet will be re-worded to clearly advise of new changes for 2014/15.

## **7. LINK TO THE LEADERSHIP DIRECTION**

- 7.1 This policy change will meet both the aims of extra income generation and efficiency.

## **8. CONSULTATION**

- 8.1 There is no requirement for any consultation exercise on policy changes on locally defined discounts.

## **9. LEGAL IMPLICATIONS**

- 9.1 There is no legal implication other than for the decision to be formally resolved and advertised in the local newspaper. Delegated authority already exists to allow the Head of Customer Services to determine decisions of local Council Tax discounts.

## **10. RESOURCE IMPLICATIONS**

- 10.1 The table shows the potential income from reducing the discount for properties undergoing structural alteration and repair to nil (based on 2013/14 Council Tax).

Council Tax		Share of increased	
2013/14	£	income	£'000
County	1100.07		79.0
HDC	133.18		9.5
Fire	64.26		4.5
Police	177.93		12.0
Parishes	82.48		5.0
	<b>1557.92</b>		<b>110</b>

## **11. OTHER IMPLICATIONS**

- 11.1 The new policy may encourage owners to have realistic and immediate plans to bring uninhabitable dwellings back in to occupation, further meeting the aim of bringing properties back in to occupation.

## **12. REASONS FOR THE RECOMMENDED DECISIONS**

- 12.1 The recommendation will encourage owners to re-occupy properties, remove financial incentives to do otherwise, and achieve both income generation and efficiency savings in terms of administrative burdens.

**Recommendation(s):**

Based on the information contained within this report, it is recommended that Cabinet agrees :

- **Class D Discount (Uninhabitable properties requiring or undergoing structural alteration or major repair) is reduced to 0% from 1 April 2014**

**13. LIST OF APPENDICES INCLUDED**

None

**BACKGROUND PAPERS**

- Technical Reform of Council Tax: Summary of responses report (DCLG)
- Council Tax Information Letter 2/2012
- Cabinet Report 13 December 2012

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