

**STOCKTON-ON-TEES BOROUGH COUNCIL**

**CABINET RECOMMENDATIONS**

**PROFORMA**

Cabinet Meeting .....4th October 2012

1. Title of Item/Report

Changes to Council Tax Charges for Empty Dwellings

2. Record of the Decision

Consideration was given to a report on the changes to Council Tax charges for empty dwellings.

The Local Government Finance Bill provided councils with more flexibility over the Council Tax charges that could be levied on certain empty dwellings and second homes. The changes would support councils' strategies to bring empty dwellings back into use and offer the potential to raise additional Council Tax revenue. The report described the new powers, which would take effect from 2013/2014. It presented a draft scheme, which implemented the changes to maximum effect and a draft consultation plan for approval.

The Council was seeking to identify ways of

- Bringing empty dwellings back into use in order to improve neighbourhoods and reduce homelessness lists; and
- Reducing its budget gap, currently forecast at £11.6m in 2016/2017

Implementing changes to Council Tax discounts and exemptions to maximum effect would make a positive contribution to both of these priorities and it was recommended that the discount amounts/charges shown within the report form a draft scheme to go out for consultation, with a view to implementation for the 2013/2014 financial year.

There were a number of specific circumstances where empty dwellings attracted an exemption from Council Tax. These exemption categories were not affected by the proposed changes. Details were provided to members.

The estimated number of dwellings that would fall within each category, together with indicative additional revenue if all discounts/exemptions were removed and the maximum Council Tax was levied was detailed within the report. It excluded short-term (less than 6 months) empty

dwellings owned by charities, as these continued to be exempt. It was predicted that it would be more difficult than usual to collect sums due from non-resident owners and that there would be an element of avoidance and these factors had been built into the estimates. However, potential additional income through implementing the changes was estimated to be £1.2m

With regard to the impact on Council Tax Payers although councils' responses to the consultation exercise asked for the new arrangements to provide as much flexibility as possible in terms of the ability to set different discount percentages for different periods depending on different circumstances, it was disappointing that the provisions in the Local Government Finance Bill did not offer this degree of flexibility.

Dwellings were left empty for a wide variety of reasons and this type of information was not held on the Council Tax system, unless specifically volunteered by the owner. Examples within the report illustrated the potential impact of the proposed changes on local Council Tax payers.

In exceptional circumstances, where properties were empty and on the market for sale and the owner was facing financial difficulties paying the new charges, a solicitor's undertaking that any outstanding Council Tax would be paid from the proceeds of sale would usually be accepted to prevent enforcement action, should the account fall into arrears. This practice was already in place for owners that were liable for the existing 50% empty property charge.

The Council also operated a discretionary "hardship relief" policy under Section 13A of the Local Government Finance Act 1992, and this would be reviewed to ensure that it could accommodate applications from those who find that the new charges were causing exceptional financial hardship.

A timetable for implementing the changes in time for 2013/2014 Council Tax annual billing was detailed within the report.

The timetable included a period set aside for consultation. Although there was no statutory requirement to consult, it was considered appropriate to provide an opportunity for interested parties to provide feedback about the proposals and inform the decision making process. A draft consultation plan had been prepared and was attached to the report. A draft consultation document and questionnaire had been prepared and was attached to the report.

RESOLVED that:-

1. the draft scheme for Council Tax charges on empty dwellings and second homes described in paragraph 5 of the report be approved as the scheme that would go out for consultation.

2. the draft consultation plan and consultation document/questionnaire attached at Appendices 1 and 2 of the report be approved and approval of the final consultation documentation and approach be delegated to the Corporate Director of Resources in consultation with the Cabinet Members for Corporate Management & Finance and Housing & Community Safety.

3. the timetable for implementation described at paragraph 8 of the report be noted, which will ensure that the new arrangements are in place in time for the 2013/2014 financial year.

3. Reasons for the Decision

The introduction of new Council Tax charges for certain empty dwellings and second homes will support the Council's work to bring empty dwellings back into use in order to improve neighbourhoods and reduce homelessness, and will contribute to reducing the Council's forecast budget gap. Consulting over the proposed changes will help to assess the potential impact and provide an opportunity for the views of interested parties to be considered when Cabinet agrees the final scheme.

4. Alternative Options Considered and Rejected

None.

5. Declared (Cabinet Member) Conflicts of Interest

None.

6. Details of any Dispensations

Not applicable.

7. Date and Time by which Call In must be executed

Midnight on Friday 12 October 2012.

Proper Officer  
08 September 2012