

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

23 JANUARY 2019

REPORT OF THE INTERIM HEAD OF FINANCE AND SECTION 151 OFFICER

COUNCIL TAX: COUNCIL TAX DISCRETIONARY DISCOUNT ON EMPTY PROPERTIES AND SECOND HOMES

1.0 Purpose of Report

1.1 The purpose of this report is to propose that Council amends the level of discretionary discount available on Council Tax empty properties and second homes with effect from 1 April 2019.

2.0 Connection to Corporate Improvement Plan/Other Corporate Priority

2.1 This report assists in the achievement of the following corporate priorities:-

- Helping people become more self-reliant - The number of empty properties will hopefully reduce as they are brought back into use resulting in more affordable accommodation becoming available.

3.0 Background

3.1 With effect from 1st April 2004, the Local Government Act 2003 gave Local Authorities the discretionary powers to reduce or remove the 50% Council Tax discount on unoccupied and substantially unfurnished Council Tax chargeable dwellings after the initial 6 month exemption period had expired, known as Class C properties. Bridgend County Borough Council has previously awarded a 50% discount to the properties which might fall into this category. However, currently only 10 of the 22 local authorities in Wales still award a 50% discount after the initial 6 month exemption period (Appendix 1).

3.2 It is estimated that currently up to 1,244 council tax payers across the Borough are benefiting from this reduction and therefore under this proposal will face an increase in the amount they are charged from 1 April 2019 if their properties continue to remain empty.

3.3 With regards unoccupied but furnished properties described as second homes and or holiday lets the Council has the discretion to award up to 50% discount. However Bridgend County Borough Council has not awarded a discount on these type of properties since 1 April 2000.

4.0 Current Situation / Proposal

4.1 Currently Bridgend County Borough Council awards a 50% discount to Council Tax properties which remain empty due to the following:-

- a) a property remaining empty and unfurnished after the initial 6 month exemption;
- b) a property that has been under renovation for longer than 12 months;
- c) a property remaining empty after the 6 months probate exemption has expired;
- d) a property is unoccupied but furnished and actively marketed for let or sale.

4.2 It is now proposed that Council remove the discretionary power to award a discount and charge 100% of the council tax in the above circumstances from 1 April 2019, for the financial year 2019-20 onwards. This in turn should discourage owners of empty properties to allow them to remain empty and fall into disrepair.

4.3 A notice of this change will be required to be publicised within 21 days of the decision if agreed.

5.0 Effect upon Policy Framework & Procedures Rules.

5.1 None.

6.0 Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7.0 Well-being of Future Generations (Wales) Act 2015 Assessment

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report.

8.0 Financial Implications

8.1 Welsh Government currently takes into account a local authority's council tax base when it calculates the local authority's annual funding, the Revenue Support Grant (RSG). The higher the Council's estimated tax base is, the lower the amount of RSG it receives. The current process allows discounts on empty properties and second homes to flow through in the calculation of the tax base, thereby lowering the tax base. Local authorities are therefore currently reimbursed through the RSG for discounts they choose to offer. Welsh Government is currently considering changing the way in which the tax base is calculated, to ignore discretionary discounts in the calculation of the tax base, to bring all local authorities to an equal position, and whilst any changes will not be implemented for 2019-20, they may be put in place for 2020-21.

8.2 Based on the number of properties that have been empty for longer than 6 months, at the time of writing this report it is estimated that by removing the 50% discount an additional £933,000 in Council Tax could be raised in 2019-20. This figure is based on an average Band D council tax charge of approximately £1,500, and 100% collection. However while the Council will make every endeavour to collect taxes due, full collection of the additional £933,000 is not a realistic assumption as there is always an element of non-payment, particularly so on empty properties.

9. Recommendations

9.1 It is recommended that Council:

- Agrees the continuation of no Council Tax discount on second homes except where the reduction is granted in respect of a job related dwelling.
- Approves a new level of 100% Council Tax payable for all categories mentioned in 4.1 above which have been empty for more than 6 months.
- Delegates authority to the Revenues Manager to implement the above changes as set out in paragraph 4.

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Background documents:

