

Example of the financial impact of a potential change to Discounts and Exemptions from April 2017

| Type of Property | Description | Current | Options | Recommendation | Additional Cost | Precepts |
|--|--|------------------------------|---|--|-----------------|--|
| Class C Exemptions- substantially unfurnished properties | Council Tax discount for properties continually empty for 6 months | Discount of 100% for 1 month | Councils can give a discount between 0% and 100%. | Reinstate Discount of 100% for 1 month followed by 50% for the next 5 month period | £386,444 | |
| Total Additional Cost | | | | | £386,444 | Wyre £44,054.62 11.4% Parish £4,250.88 1.1% Fire £15,844.20 4.1% Police £39,030.85 10.1% LCC £283,263.45 73.3% Total £386,444.00 100.0% |



| Report of: | Meeting | Date | Item No. |
|---|---------|---------------------|----------|
| Cllr Alan Vincent, Resources Portfolio Holder and Philippa Davies, Corporate Director of Resources | Council | 29 November 2012 | 13 |

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| Council Tax Discounts/Exemptions and Delegation of the Determination of NNDR1 |
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1. Purpose of Report

- 1.1 To consider proposed changes to the level of discounts and exemptions currently awarded in advance of the Government's technical reforms of council tax effective 1 April 2013.
- 1.2 To agree an amendment to the Constitution in relation to the determination of the NNDR1.

2. Outcomes

- 2.1 Increased flexibility for local authorities to manage pressures on council tax.
- 2.2 Compliance with the Government's council tax discount and exemption reforms effective from 1 April 2013.
- 2.3 Compliance with the Government's requirements regarding the Business Rates Retention Scheme being implemented 1 April 2013.

3. Recommendation

- 3.1 That the proposed changes to the levels of discounts and exemptions as outlined in Appendix 1 be introduced from 1 April 2013.
- 3.2 That the Scheme of Delegation to Officers (Part 7 of the Council's Constitution), and in particular the delegation to the Corporate Director of Resources (Chief Financial Officer) concerning the calculation of the Council Tax Base, be amended to include a reference to the completion of the NNDR1 form in anticipation of the Business Rates Retention Scheme being implemented 1 April 2013.

4. Background

- 4.1** The Council previously agreed that in relation to second homes, the discount allowed for Council Tax purposes under section 11A of the Local Government Finance Act 1992 would be 10%.
- 4.2** The Government has previously consulted on a number of technical reforms to the council tax system which it is expected will be effective from 2013/14 which include:
- Giving billing authorities the power to charge full council tax on second homes and levy a premium of up to 50% for dwellings that have been empty and unfurnished for two years (subject to certain conditions);
 - Replacing the Class A and C exemptions for vacant homes with discounts of up to 100%, the amount of which it would be for billing authorities to decide; and
 - Abolishing the Class L exemption, with mortgagees in possession of empty dwellings being liable for council tax in respect of them.
- 4.3** The Government has now confirmed its intention to abolish the existing Class A exemption for empty dwellings undergoing major repair and the existing Class C exemption for dwellings which become empty and unfurnished for up to six months. Instead, in those circumstances, the Government is 'empowering billing authorities to offer a discount, which they may set at 100% or any lower percentage which seems reasonable to them having regard to local circumstances.'
- 4.4** The new Business Rates Retention Scheme which is also being implemented 1 April 2013 requires the Council to formally approve the NNDR1 by 31 January immediately preceding the financial year to which it relates. The NNDR1 contains details of the rateable values shown for the authority's local rating list at 30 September and the small business rating multiplier for the relevant year, allowing the authority to determine a gross yield figure for the year.

5. Key Issues and Proposals

- 5.1** A number of proposed changes to the discounts and exemptions have been considered and a table summarising the individual proposals is attached as Appendix 1.
- 5.2** Members will be aware that the County Council, in their consultation response concerning the Localised Council Tax Support Scheme, expressed concerns about the Council's proposed acceptance of the transitional grant, restricting the maximum percentage contribution from working age claimants to no more than 8.5%.
- 5.3** The County Council made the following comments: 'You are aware that the grant offered by the government will not cover the cost of the scheme

as proposed by the Secretary of State. Our initial estimates are that if all the Districts across Lancashire accepted the grant, the additional cost to the County Council could be in the range of £2½m - £3m in 2013/14, potentially rising to over £5m in 2014/15 (depending on what assumptions are made regarding the number of claimants, and collection levels). Clearly, there would be a financial impact on your Council as well. The County Council is very concerned as to the potential impact that the further reductions required to fund this would have on services to the most vulnerable members of our communities across Lancashire, and does not support the implementation of a scheme which leaves such significant costs to fall on the County Council's revenue budget. The resolution of the County Council's Cabinet is set out below, and I ask that this be taken into account when your Council considers its council tax support scheme.' "The County Treasurer be requested to urge all District Councils to carefully consider their response to the Government's announcement of £100m one-off funding for those authorities who implement a council tax support scheme which ensures that claimants currently on 100% support would not pay more than 8.5% of their net council tax liability and the impact on both their own services and the services provided by the County Council to the most vulnerable people in Lancashire."

- 5.4** The Council has also received a consultation response from the Combined Fire Authority along similar lines but theirs includes a reference to possible amendments to the level of discounts and exemptions which could be introduced to mitigate the financial impact. 'As you are aware the grant offered by the government will not cover the cost of the scheme as proposed by the Secretary of State. Our initial estimates are that if all the Authorities across Lancashire accepted the grant, the additional cost to the Fire Authority would be somewhere in the region of £200k in 2013/14, potentially rising to approximately £400k in 2014/15 as the one off funding is withdrawn. We are concerned as to the potential impact that the further reductions required to fund this would have on our service. As such the Authority does not support amending the scheme to qualify for the one off grant unless the additional cost is offset by amendments to the level of council tax discounts and exemptions that are currently provided in both 2013/14 and 2014/15.'
- 5.5** The proposals regarding discounts and exemptions would help to mitigate the financial impact of the new Council Tax Support scheme and help to keep the overall level of council tax down thereby alleviating some of the concerns expressed by the major preceptors.
- 5.6** Using the revised NNDR1 form, authorities will be able to adjust the gross yield from business rates to reflect local intelligence about likely increases, or decreases, in the gross rates collected for the year. After certain deductions, including mandatory or discretionary relief and adjustments to reflect losses on collection, this will give the authority's estimated net rating income for the year which will be used to determine the payments that are due to central government by way of central share, and to any relevant precepting authorities. This calculation for estimated

business rate income is considered similar to the calculation of the council tax base which ultimately influences the level of council tax income and it is therefore proposed that the calculation of the NNDR1 be included in the Scheme of Delegation to Officers (Part 7 of the Council's Constitution) as a responsibility of the Corporate Director of Resources (Chief Financial Officer).

| IMPLICATIONS | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------|--|---------|---|---|------|-------|--------|----------------------|------|-------|-------------------------|------|--------|-----------------------------|------|--------|-----|-------|---------|--|--|---------|
| Finance | <p>It is estimated that the proposals regarding discounts and exemptions would generate additional income for the Collection Fund totalling £567,063 which would be apportioned across each of the precepting bodies as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">%</th> <th style="text-align: center;">£</th> </tr> </thead> <tbody> <tr> <td>Wyre</td> <td style="text-align: center;">11.93</td> <td style="text-align: right;">67,606</td> </tr> <tr> <td>Parish/Town Councils</td> <td style="text-align: center;">0.60</td> <td style="text-align: right;">3,419</td> </tr> <tr> <td>Combined Fire Authority</td> <td style="text-align: center;">4.21</td> <td style="text-align: right;">23,885</td> </tr> <tr> <td>Lancashire Police Authority</td> <td style="text-align: center;">9.92</td> <td style="text-align: right;">56,260</td> </tr> <tr> <td>LCC</td> <td style="text-align: center;">73.34</td> <td style="text-align: right;">415,893</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">567,063</td> </tr> </tbody> </table> | | % | £ | Wyre | 11.93 | 67,606 | Parish/Town Councils | 0.60 | 3,419 | Combined Fire Authority | 4.21 | 23,885 | Lancashire Police Authority | 9.92 | 56,260 | LCC | 73.34 | 415,893 | | | 567,063 |
| | % | £ | | | | | | | | | | | | | | | | | | | | |
| Wyre | 11.93 | 67,606 | | | | | | | | | | | | | | | | | | | | |
| Parish/Town Councils | 0.60 | 3,419 | | | | | | | | | | | | | | | | | | | | |
| Combined Fire Authority | 4.21 | 23,885 | | | | | | | | | | | | | | | | | | | | |
| Lancashire Police Authority | 9.92 | 56,260 | | | | | | | | | | | | | | | | | | | | |
| LCC | 73.34 | 415,893 | | | | | | | | | | | | | | | | | | | | |
| | | 567,063 | | | | | | | | | | | | | | | | | | | | |
| Legal | <p>Section 12 of the new Local Government Finance Act 2012 (which amends s.11A of the LGFA 1992) allows a billing authority to make a determination that any discount under section 11(2)(a) shall not apply or shall be such percentage (which may be 100%) as it may specify. In practise, this allows billing authorities to set a discount on unoccupied and unfurnished dwellings. Section 12 of the new Local Government Finance Act 2012 also inserts a new section 11B into the LGFA 1992 allowing billing authorities, in relation to a dwelling that has been unoccupied and substantially unfurnished for more than two years, to charge up to 150% of the council tax that would be payable if the dwelling were occupied by two adults and no discounts were applicable. A billing authority which makes such a determination is required to publish a notice of it in at least one newspaper circulating in its area and do so before the end of the period of 21 days beginning with the date of the determination. Although, failure to comply with this condition shall not affect the validity of the determination.</p> | | | | | | | | | | | | | | | | | | | | | |
| Community Safety | None arising directly from this report. | | | | | | | | | | | | | | | | | | | | | |
| Equality and Diversity | None arising directly from this report. | | | | | | | | | | | | | | | | | | | | | |
| Sustainability | None arising directly from this report. | | | | | | | | | | | | | | | | | | | | | |
| Health and Safety | None arising directly from this report. | | | | | | | | | | | | | | | | | | | | | |
| Risk Management | The proposals will help to mitigate the impact of the new Localised Council Tax Support Scheme and other financial pressures. Collection performance will be monitored with | | | | | | | | | | | | | | | | | | | | | |

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| | amendments being made to the collection rate as necessary. |
| Asset Management | None arising directly from this report. |
| Climate Change | None arising directly from this report. |

| Report Author | Telephone No. | Email | Date |
|-----------------|---------------|-----------------------------|------------------|
| Philippa Davies | 887370 | Philippa.Davies@wyre.gov.uk | 19 November 2012 |

| List of Background Papers: | | |
|-----------------------------------|------|--------------------------------|
| Name of Document | Date | Where available for inspection |
| | | |

LIST OF APPENDICES

Appendix 1 – Proposed Changes to Discounts and Exemptions

arm/ex/cou/cr/12/2911pd2

Proposed Changes to Discounts and Exemptions

| Type of Property | Proposed Measures | Current | Government Proposal | Recommendation | Additional Income | Precepts | | |
|---|--|------------------------------------|---|--|--------------------|----------|--------------------|--------|
| Second Homes | Removing the Council Tax discount for furnished properties not occupied as a main home | 10% discount / 90% Payable | Allow Councils to reduce the discount to 0% | Leave discount at 10%. * Removing discount would raise £49,909 additional income (Wyre £5,939.17) but there would be no incentive for a taxpayer to identify second homes. | £0.00 | | | |
| Class C Exemptions- substantially unfurnished e.g. properties | Removing the Council Tax exemption for properties continually empty for 6 months | 100% Exemption for first 6 months | Abolish the exemption and allow Councils to give a discount between 0% and 100%. | Introduce a discount of 100% for 1 month followed by 50% for the next 5 month period | £328,615.00 | Wyre | £39,177.66 | 11.9% |
| | | | | | | Parish | £1,981.32 | 0.6% |
| | | | | | | Fire | £13,841.35 | 4.2% |
| | | | | | | Police | £32,603.09 | 9.9% |
| | | | | | | LCC | £241,011.58 | 73.3% |
| | | | | | | Total | £328,615.00 | 100.0% |
| Vacant and substantially unfurnished | Removing the discount on long term empty properties | 50% discount / 50% Payable | Existing Regulations allow Councils to reduce discount to 0% | Reduce discount to 25% (Avoiding Contrived tenancies e.g. occ by Single Person eligible for SPD) | £185,596.00 | Wyre | £22,126.86 | 11.9% |
| | | | | | | Parish | £1,119.01 | 0.6% |
| | | | | | | Fire | £7,817.35 | 4.2% |
| | | | | | | Police | £18,413.65 | 9.9% |
| | | | | | | LCC | £136,119.13 | 73.3% |
| | | | | | | Total | £185,596.00 | 100.0% |
| Class A Exemptions | Removing the Council Tax exemption on empty properties in need of or awaiting major repair or structural alteration | 100% Exemption for up to 12 months | Abolish the exemption and allow Councils to give a discount between 0% and 100% for up to 12 months | Introduce a discount of 50% for up to 12 months | £52,851.50 | Wyre | £6,300.99 | 11.9% |
| | | | | | | Parish | £318.66 | 0.6% |
| | | | | | | Fire | £2,226.12 | 4.2% |
| | | | | | | Police | £5,243.59 | 9.9% |
| | | | | | | LCC | £38,762.14 | 73.3% |
| | | | | | | Total | £52,851.50 | 100.0% |
| Premium on Long Term Empties | Charging an 'empty homes premium' of 50% on properties left empty for more than 2 years *subject to certain exceptions | 50% discount / 50% Payable | Allow Councils to levy an additional 'empty homes premium of 50%' on properties left empty for longer than 2 years. | Not to Levy at this stage | £0.00 | | | |
| Total Additional Income | | | | | £567,062.50 | Wyre | £67,605.51 | 11.9% |
| | | | | | | Parish | £3,418.99 | 0.6% |
| | | | | | | Fire | £23,884.82 | 4.2% |
| | | | | | | Police | £56,260.33 | 9.9% |
| | | | | | | LCC | £415,892.85 | 73.3% |
| | | | | | | Total | £567,062.50 | 100.0% |



| Report of: | Meeting | Date | Item No. |
|---|---------|------------------|----------|
| Cllr Alan Vincent, Resources Portfolio Holder and Philippa Davies, Corporate Director of Resources | Council | 28 November 2013 | 11 |

COUNCIL TAX DISCOUNTS/EXEMPTIONS

1. Purpose of Report

- 1.1 To consider proposed changes to the level of discounts and exemptions currently awarded in advance of the tax setting process for 2014/15.

2. Outcomes

- 2.1 Increased flexibility to manage pressures on council tax.
- 2.2 Compliance with the Government's council tax discount and exemption reforms effective from 1 April 2013.

3. Recommendation

- 3.1 That the proposed changes to the levels of discounts and exemptions, as outlined in Appendix 1, be introduced from 1 April 2014.

4. Background

- 4.1 Following the technical reforms to the council tax system which were effective from 1 April 2013 the Council determined at its meeting 29 November 2012 to:

- Continue to offer the 10% discount for second homes (furnished properties not occupied as a main home);
- Replace the Class C exemption (properties empty for 6 months which are substantially unfurnished) with a discount of 100% for 1 month followed by 50% for the next 5 month period;
- Offer a discount of 25% for long term properties empty for more than 6 months;
- Replace the Class A exemption (empty properties in need of or awaiting major repair or structural alteration) with a discount of 50% for up to 12 months; and

- Not levy a premium of up to 50% for dwellings that have been empty and unfurnished for two years (subject to certain conditions).

4.2 As a result of these measures the number of empty homes has reduced by 10%, falling from 619 at 1 October 2012 to 557 at 7 October 2013 – releasing an additional 62 properties which are now available for occupation.

5. Key Issues and Proposals

5.1 What has become clear since the new discounts were introduced, however, is that many empty properties which are being marketed for sale remain furnished and this in effect means that there is no difference between those categorised as second homes (receiving a 10% discount) and those categorised as long term empties (receiving a 25% discount). Recognising the beneficial impact of the reduced discount on the number of empty properties in Wyre and also the reduced requirement for inspection as a result of the discount being removed, it is suggested that the proposed changes to the discounts and exemptions, as attached at Appendix 1, are agreed.

5.2 Comparison with other councils in Lancashire has revealed that other than Wyre, only three Councils continue to offer any discount for long term empty properties, with seven charging a 50% premium for those properties empty for more than two years and only four continue to offer a discount of 10% for second homes.

5.3 The proposals regarding discounts and exemptions would help to mitigate the financial impact of the reduction in central government funding and help to keep the overall level of council tax down benefitting each of the major preceptors.

| FINANCIAL AND LEGAL IMPLICATIONS | | | |
|---|---|------|---------|
| Finance | It is estimated that the proposals regarding discounts and exemptions would generate additional income for the Collection Fund totalling £237,452 which would be apportioned across each of the precepting bodies as follows: | | |
| | | % | £ |
| | Wyre | 12.0 | 28,494 |
| | Parish/Town Councils | 0.8 | 1,900 |
| | Combined Fire Authority | 4.3 | 10,210 |
| | Police and Crime Commissioner for Lancashire | 10.2 | 24,220 |
| | LCC | 72.7 | 172,628 |
| | | | 237,452 |

| | |
|-------|---|
| Legal | Section 12 of the Local Government Finance Act 2012 (which amends s.11A of the LGFA 1992) allows a billing authority to make a determination that any discount under section 11(2)(a) shall not apply or shall be such percentage (which may be 100%) as it may specify. In practise, this allows billing authorities to set a discount on unoccupied and unfurnished dwellings. Section 12 of the Local Government Finance Act 2012 also inserts a new section 11B into the LGFA 1992 allowing billing authorities, in relation to a dwelling that has been unoccupied and substantially unfurnished for more than two years, to charge up to 150% of the council tax that would be payable if the dwelling were occupied by two adults and no discounts were applicable. A billing authority which makes such a determination is required to publish a notice of it in at least one newspaper circulating in its area and do so before the end of the period of 21 days beginning with the date of the determination. Although, failure to comply with this condition shall not affect the validity of the determination. |
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OTHER RISKS/IMPLICATIONS: CHECKLIST

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

| Implications | ✓ / x |
|------------------------|-------|
| Community Safety | x |
| Equality and Diversity | x |
| Sustainability | x |
| Health and Safety | x |

| Risks/Implications | ✓ / x |
|--------------------|-------|
| Asset Management | x |
| Climate Change | x |
| Data Protection | x |

| Report Author | Telephone No. | Email | Date |
|-----------------|---------------|-----------------------------|-----------------|
| Philippa Davies | 887370 | philippa.davies@wyre.gov.uk | 15 October 2013 |

| List of Background Papers: | | |
|----------------------------|------|--------------------------------|
| Name of Document | Date | Where available for inspection |
| | | |

LIST OF APPENDICES

Appendix 1 – Proposed Changes to Discounts and Exemptions

Proposed Changes to Discounts and Exemptions

| Type of Property | Description | Current | Options | Recommendation | Additional Income | Precepts | | |
|--|---|--|--|---|-------------------|----------|--------------------|--------|
| Second Homes | Council Tax discount for furnished properties not occupied as a main home | 10% discount / 90% Payable | Councils can reduce the discount to 0% | Reduce discount to 0% (Reduced Inspection Visits) | £50,596 | Wyre | £6,071.52 | 12.0% |
| | | | | | | Parish | £404.77 | 0.8% |
| | | | | | | Fire | £2,175.63 | 4.3% |
| | | | | | | Police | £5,160.79 | 10.2% |
| | | | | | | LCC | £36,783.29 | 72.7% |
| | | | | | | Total | £50,596.00 | 100.0% |
| Class C Exemptions-substantially unfurnished e.g. properties | Council Tax discount for properties continually empty for 6 months | Discount of 100% for 1 month followed by 50% for the next 5 month period | Councils can give a discount between 0% and 100%. | Continue Discount of 100% for 1 month followed by 50% for the next 5 month period | £0 | | | |
| Vacant and substantially unfurnished | Discount on long term empty properties over 6 months | 25% discount / 75% Payable | Existing Regulations allow Councils to reduce discount to 0% | Reduce discount to 0% (Reduced Inspection Visits) | £186,856 | Wyre | £22,422.72 | 12.0% |
| | | | | | | Parish | £1,494.85 | 0.8% |
| | | | | | | Fire | £8,034.81 | 4.3% |
| | | | | | | Police | £19,059.31 | 10.2% |
| | | | | | | LCC | £135,844.31 | 72.7% |
| | | | | | | Total | £186,856.00 | 100.0% |
| Class A Exemptions | Council Tax discount on empty properties in need of or awaiting major repair or structural alteration | 50% Exemption for up to 12 months | Councils can give a discount of between 0% and 100% for up to 12 months | Continue discount of 50% for up to 12 months | £0 | | | |
| Premium on Long Term Empties | Charging an additional 'empty homes premium' of 50% on properties left empty for more than 2 years *subject to certain exceptions | 0% Premium | Councils can levy an additional 'empty homes premium of 50%' on properties left empty for longer than 2 years. | Not to Levy the additional premium | £0 | | | |
| Total Additional Income | | | | | £237,452 | Wyre | £28,494.24 | 12.0% |
| | | | | | | Parish | £1,899.62 | 0.8% |
| | | | | | | Fire | £10,210.44 | 4.3% |
| | | | | | | Police | £24,220.10 | 10.2% |
| | | | | | | LCC | £172,627.60 | 72.7% |
| | | | | | | Total | £237,452.00 | 100.0% |



| Report of: | Meeting | Date | Item No. |
|---|---------|-----------------|----------|
| Cllr Alan Vincent, Resources Portfolio Holder and Philippa Davies, Corporate Director of Resources | Council | 3 December 2015 | 10 |

Council Tax Discounts/Exemptions

1. Purpose of report

- 1.1 To consider proposed changes to the level of discounts and exemptions currently awarded in advance of the tax setting process for 2016/17.

2. Outcomes

- 2.1 Increased flexibility for local authorities to manage pressures on council tax.
- 2.2 Compliance with the Government's council tax discount and exemption reforms effective from 1 April 2013.

3. Recommendation

- 3.1 That the proposed changes to the levels of discounts and exemptions as outlined in Appendix 1 be introduced from 1 April 2016.

4. Background

- 4.1 Following the technical reforms to the council tax system which were effective from 1 April 2013 the Council has considered the matter on two separate occasions, namely 29 November 2012 and 28 November 2013. At the most recent meeting Members agreed to:

- Reduce the 10% discount for second homes to 0% (furnished properties not occupied as a main home);
- Continue the Class C exemption (properties empty for 6 months which are substantially unfurnished) allowing a discount of 100% for 1 month followed by 50% for the next 5 month period;
- Reduce the 25% discount for long term properties empty for more

than 6 months to 0%;

- Continue the Class A exemption (empty properties in need of or awaiting major repair or structural alteration) allowing a discount of 50% for up to 12 months; and
- Not levy a premium of up to 50% for dwellings that have been empty and unfurnished for two years (subject to certain conditions).

4.2 As a result of these measures the number of long term empty homes has reduced by 63% falling from 619 at 1 October 2012 to 229 at 5 October 2015 – releasing an additional 390 properties which are now available for occupation.

5. Key issues and proposals

5.1 Two further amendments are now being suggested as set out in Appendix 1 which seek to:

- Reduce the Class C exemption (properties empty for 6 months which are substantially unfurnished) from a discount of 100% for one month followed by 50% for the next 5 month period to allow only a discount of 100% for one month; and
- Reduce the Class A exemption (empty properties in need of or awaiting major repair or structural alteration) from a discount of 50% for up to 12 months to 50% for up to 6 months.

5.2 A comparison with other councils would suggest that many authorities have already significantly reduced the discounts available.

5.3 The proposals regarding discounts and exemptions would help to mitigate the financial impact of the reduction in central government funding and help to keep the overall level of council tax down benefitting each of the major preceptors.

| Financial and legal implications | | | |
|---|---|---------|---------|
| Finance | It is estimated that the proposals regarding discounts and exemptions would generate additional income for the Collection Fund totalling £403,654 which would be apportioned across each of the precepting bodies as follows: | | |
| | | % | £ |
| | Wyre | 11.6 | 46,824 |
| | Parish/Town Councils | 0.9 | 3,633 |
| | Combined Fire Authority | 4.2 | 16,954 |
| | Police and Crime Commissioner for Lancashire | 10.3 | 41,576 |
| | LCC | 73.0 | 294,667 |
| | | 403,654 | |

| | |
|-------|--|
| Legal | <p>Section 12 of the Local Government Finance Act 2012 (which amends s.11A of the LGFA 1992) allows a billing authority to make a determination that any discount under section 11(2)(a) shall not apply or shall be such percentage (which may be 100%) as it may specify. In practise, this allows billing authorities to set a discount on unoccupied and unfurnished dwellings. Section 12 of the Local Government Finance Act 2012 also inserts a new section 11B into the LGFA 1992 allowing billing authorities, in relation to a dwelling that has been unoccupied and substantially unfurnished for more than two years, to charge up to 150% of the council tax that would be payable if the dwelling were occupied by two adults and no discounts were applicable. A billing authority which makes such a determination is required to publish a notice of it in at least one newspaper circulating in its area and do so before the end of the period of 21 days beginning with the date of the determination. Although, failure to comply with this condition shall not affect the validity of the determination.</p> |
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Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

| implications | ✓ / x |
|------------------------|-------|
| community safety | x |
| equality and diversity | x |
| sustainability | x |
| health and safety | x |

| risks/implications | ✓ / x |
|--------------------|-------|
| asset management | x |
| climate change | x |
| data protection | x |

| report author | telephone no. | email | date |
|-----------------|---------------|-----------------------------|-----------------|
| Philippa Davies | 887370 | philippa.davies@wyre.gov.uk | 30 October 2015 |

| List of background papers: | | |
|----------------------------|------|--------------------------------|
| name of document | date | where available for inspection |
| None | - | - |

List of appendices

Appendix 1 – Proposed Changes to Discounts and Exemptions

arm/ex/cou/cr/15/0312pd2

Proposed Changes to Discounts and Exemptions effective from April 2016

| Type of Property | Description | Current | Options | Recommendation | Additional Income | Precepts | | |
|---|---|--|--|--|-------------------|----------|--------------------|--------|
| Class C Exemptions- substantially unfurnished properties | Council Tax discount for properties continually empty for 6 months | Discount of 100% for 1 month followed by 50% for the next 5 month period | Councils can give a discount between 0% and 100%. | Reduce discount to 100% for 1 month | £371,224 | Wyre | £43,061.98 | 11.6% |
| | | | | | | Parish | £3,341.02 | 0.9% |
| | | | | | | Fire | £15,591.41 | 4.2% |
| | | | | | | Police | £38,236.07 | 10.3% |
| | | | | | | LCC | £270,993.52 | 73.0% |
| | | | | | | Total | £371,224.00 | 100.0% |
| Class A Exemptions | Council Tax discount on empty properties in need of or awaiting major repair or structural alteration | 50% Exemption for up to 12 months | Councils can give a discount of between 0% and 100% for up to 12 months | Reduce discount to 50% for up to 6 months | £32,430 | Wyre | £3,761.88 | 11.6% |
| | | | | | | Parish | £291.87 | 0.9% |
| | | | | | | Fire | £1,362.06 | 4.2% |
| | | | | | | Police | £3,340.29 | 10.3% |
| | | | | | | LCC | £23,673.90 | 73.0% |
| | | | | | | Total | £32,430.00 | 100.0% |
| Premium on Long Term Empties | Charging an additional 'empty homes premium' of 50% on properties left empty for more than 2 years *subject to certain exceptions | 0% Premium | Councils can levy an additional 'empty homes premium of 50%' on properties left empty for longer than 2 years. | Not to Levy the additional premium | £0 | | | |
| Total Additional Income | | | | | £403,654 | Wyre | £46,823.86 | 11.6% |
| | | | | | | Parish | £3,632.89 | 0.9% |
| | | | | | | Fire | £16,953.47 | 4.2% |
| | | | | | | Police | £41,576.36 | 10.3% |
| | | | | | | LCC | £294,667.42 | 73.0% |
| | | | | | | Total | £403,654.00 | 100.0% |



| Report of: | Meeting | Date | Item No. |
|---|---------|-----------------|----------|
| Cllr Alan Vincent, Resources Portfolio Holder and Philippa Davies, Corporate Director of Resources | Council | 21 January 2016 | 13 |

Council Tax Discounts/Exemptions

1. Purpose of report

- 1.1 To consider proposed changes to the level of discounts and exemptions currently awarded in advance of the tax setting process for 2016/17.

2. Outcomes

- 2.1 Increased flexibility for local authorities to manage pressures on council tax.
- 2.2 Compliance with the Government's council tax discount and exemption reforms effective from 1 April 2013.

3. Recommendation

- 3.1 That the proposed changes to the levels of discounts and exemptions as outlined in Appendix 1 be introduced from 1 April 2016.

4. Background

- 4.1 Following the technical reforms to the council tax system which were effective from 1 April 2013 the Council has considered the matter on three separate occasions, namely 29 November 2012, 28 November 2013 and 3 December 2015. At the most recent meeting Members agreed to:

- Reduce the Class C exemption (properties empty for 6 months which are substantially unfurnished) from a discount of 100% for one month followed by 50% for the next 5 month period to allow only a discount of 100% for one month; and
- Reduce the Class A exemption (empty properties in need of or awaiting major repair or structural alteration) from a discount of

50% for up to 12 months to 50% for up to 6 months.

5. Key issues and proposals

- 5.1** Following clarification from DCLG it would appear that the maximum period for which the Class A exemption can be awarded (empty properties in need of or awaiting major repair or structural alteration) is not a matter for local discretion and must be awarded for up to one year. It is therefore proposed that the Class A exemption is amended to 25% for up to 12 months.
- 5.2** The proposals regarding discounts and exemptions help to mitigate the financial impact of the reduction in central government funding and help to keep the overall level of council tax down benefitting each of the major preceptors.

| Financial and legal implications | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--------|--|---|---|------|------|-------|----------------------|-----|-----|-------------------------|-----|-------|--|------|-------|-----|------|--------|--|--|--------|
| Finance | <p>The original and revised proposal regarding the Class A exemption is estimated to generate additional income for the Collection Fund totalling £32,430 which would be apportioned across each of the precepting bodies as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">%</th> <th style="text-align: center;">£</th> </tr> </thead> <tbody> <tr> <td>Wyre</td> <td style="text-align: center;">11.6</td> <td style="text-align: right;">3,762</td> </tr> <tr> <td>Parish/Town Councils</td> <td style="text-align: center;">0.9</td> <td style="text-align: right;">292</td> </tr> <tr> <td>Combined Fire Authority</td> <td style="text-align: center;">4.2</td> <td style="text-align: right;">1,362</td> </tr> <tr> <td>Police and Crime Commissioner for Lancashire</td> <td style="text-align: center;">10.3</td> <td style="text-align: right;">3,340</td> </tr> <tr> <td>LCC</td> <td style="text-align: center;">73.0</td> <td style="text-align: right;">23,674</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">32,430</td> </tr> </tbody> </table> | | | % | £ | Wyre | 11.6 | 3,762 | Parish/Town Councils | 0.9 | 292 | Combined Fire Authority | 4.2 | 1,362 | Police and Crime Commissioner for Lancashire | 10.3 | 3,340 | LCC | 73.0 | 23,674 | | | 32,430 |
| | % | £ | | | | | | | | | | | | | | | | | | | | | |
| Wyre | 11.6 | 3,762 | | | | | | | | | | | | | | | | | | | | | |
| Parish/Town Councils | 0.9 | 292 | | | | | | | | | | | | | | | | | | | | | |
| Combined Fire Authority | 4.2 | 1,362 | | | | | | | | | | | | | | | | | | | | | |
| Police and Crime Commissioner for Lancashire | 10.3 | 3,340 | | | | | | | | | | | | | | | | | | | | | |
| LCC | 73.0 | 23,674 | | | | | | | | | | | | | | | | | | | | | |
| | | 32,430 | | | | | | | | | | | | | | | | | | | | | |
| Legal | <p>Section 11 of the Local Government Finance Act 2012 (which amends s.11A of the LGFA 1992) allows a billing authority to make a determination that any discount under section 11(2)(a) shall not apply or shall be such percentage (which may be 100%) as it may specify. In practise, this allows billing authorities to set a discount on unoccupied and unfurnished dwellings. Section 12 of the Local Government Finance Act 2012 also inserts a new section 11B into the LGFA 1992 allowing billing authorities, in relation to a dwelling that has been unoccupied and substantially unfurnished for more than two years, to charge up to 150% of the council tax that would be payable if the dwelling were occupied by two adults and no discounts were applicable. A billing authority which makes such a determination is required to publish a notice of it in</p> | | | | | | | | | | | | | | | | | | | | | | |

| | |
|--|--|
| | at least one newspaper circulating in its area and do so before the end of the period of 21 days beginning with the date of the determination. Although, failure to comply with this condition shall not affect the validity of the determination. |
|--|--|

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

| implications | ✓ / x |
|------------------------|--------------|
| community safety | x |
| equality and diversity | x |
| sustainability | x |
| health and safety | x |

| risks/implications | ✓ / x |
|---------------------------|--------------|
| asset management | x |
| climate change | x |
| data protection | x |

| report author | telephone no. | email | date |
|----------------------|----------------------|-----------------------------|-------------|
| Philippa Davies | 887370 | philippa.davies@wyre.gov.uk | 18/12/15 |

| List of background papers: | | |
|-----------------------------------|-------------|---------------------------------------|
| name of document | date | where available for inspection |
| | | |

List of appendices

Appendix 1 – Proposed Changes to Discounts and Exemptions

arm/ex/cou/cr/16/2101pd2

Proposed Changes to Discounts and Exemptions effective from April 2016

| Type of Property | Description | Current | Options | Recommendation | Additional Income | Precepts | | |
|---|---|--|--|---|-------------------|----------|--------------------|--------|
| Class C Exemptions- substantially unfurnished properties | Council Tax discount for properties continually empty for 6 months | Discount of 100% for 1 month followed by 50% for the next 5 month period | Councils can give a discount between 0% and 100%. | Reduce discount to 100% for 1 month | £371,224 | Wyre | £43,061.98 | 11.6% |
| | | | | | | Parish | £3,341.02 | 0.9% |
| | | | | | | Fire | £15,591.41 | 4.2% |
| | | | | | | Police | £38,236.07 | 10.3% |
| | | | | | | LCC | £270,993.52 | 73.0% |
| | | | | | | Total | £371,224.00 | 100.0% |
| Class A Exemptions | Council Tax discount on empty properties in need of or awaiting major repair or structural alteration | 50% Exemption for up to 12 months | Councils can give a discount of between 0% and 100% for up to 12 months | Reduce discount to 25% for up to 12 months | £32,430 | Wyre | £3,761.88 | 11.6% |
| | | | | | | Parish | £291.87 | 0.9% |
| | | | | | | Fire | £1,362.06 | 4.2% |
| | | | | | | Police | £3,340.29 | 10.3% |
| | | | | | | LCC | £23,673.90 | 73.0% |
| | | | | | | Total | £32,430.00 | 100.0% |
| Premium on Long Term Empties | Charging an additional 'empty homes premium' of 50% on properties left empty for more than 2 years *subject to certain exceptions | 0% Premium | Councils can levy an additional 'empty homes premium of 50%' on properties left empty for longer than 2 years. | Not to Levy the additional premium | £0 | | | |
| Total Additional Income | | | | | £403,654 | Wyre | £46,823.86 | 11.6% |
| | | | | | | Parish | £3,632.89 | 0.9% |
| | | | | | | Fire | £16,953.47 | 4.2% |
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