

Report for: Cabinet, 14 August 2018

Title: Changes to Council Tax Discounts for Unoccupied and Unfurnished Properties and Vacant Properties requiring or undergoing Major Repair or Structural Alteration

Report authorised by : Jon Warlow, Director of Finance (interim)

Lead Officer: Luke Rigg, Policy & Equalities Officer

Ward(s) affected: All wards

Report for Key/

Non Key Decision: Reports to the Cabinet should be classified according to the definition of a key decision set out in the Council's Constitution (Part 4, Section D, Rule 12 Access to Information Rules).

1. Describe the issue under consideration

The report summarises the proposed cessation of two of the Council's discretionary Council Tax discounts related to (i) unoccupied and unfurnished properties, and (ii) vacant properties requiring or undergoing major repair or structural alteration.

2. Cabinet Member Introduction

- 2.1 Our manifesto was clear that we are committed to redistributing the burden of Council Tax, ensuring the greatest weight is placed on the broadest shoulders. This includes exploring and evaluating the scope of the existing discretionary reliefs we provide in the borough to ensure that we are targeting support at those residents in particular need.
- 2.2 We have had to raise more money and spend more efficiently just to stand still. In Haringey, we have maintained a balanced budget despite significant cuts to our funding. However, until there is a change in government, we will face further restrictions on our ability to support residents in acute need.
- 2.3 In this financial context, we believe it is right to cease providing two of the Council's discretionary Council Tax discounts. Since 2013, a number of our neighbouring boroughs have ceased the discounts.
- 2.4 The proposal will create significant savings for the Council and contribute to the delivery of vital services and support for the most vulnerable residents.

3. Recommendations

- 3.1 That the Cabinet recommends to Full Council to cease two of the Council's discretionary Council Tax discounts from 1 April 2019, namely for:
- Unoccupied and substantially unfurnished properties; and
 - Vacant properties that either require or are undergoing major repair work to render them habitable; that have undergone such work in the past six months; or that are undergoing structural alteration.

4. Reasons for decision

- 4.1 The two Council Tax discounts are at the Council's discretion. The administration has indicated a desire to appraise the existing fleet of discretionary powers given the continuing need to make savings to the wider budget.
- 4.2 Abolishing the two Council Tax discounts would generate an estimated saving of £462,800 per year, which would support the Council's Medium Term Financial Strategy and help mitigate its funding pressures.
- 4.3 Under the current arrangements, an unoccupied and furnished property receives no Council Tax discount, while an unoccupied and unfurnished property receives the discount. The Council seeks to address the imbalance and bring the arrangements in line with those for unoccupied and furnished properties.
- 4.4 Some of the Council's neighbouring boroughs, such as LB Enfield, LB Islington and LB Barnet have abolished both Council Tax discounts. Therefore, the proposal would bring Haringey in line with its neighbouring boroughs.
- 4.5 It is recognised that Council Tax payers who currently claim these discounts are unlikely to be making full use of Council services whilst the property is unoccupied. However, Council Tax is not charged on the basis that every payer will use every service and Council services do not stop or reduce in cost when a property becomes empty.
- 4.6 There are a number of means of reducing or eliminating Council Tax liability available and that would not be affected by the recommendation. For example, the exemption following the death of the occupant, the single person discount and disregards for students or those detained in hospital.

5. Alternative options considered

No Change

- 5.1 The Council could choose not to abolish its Council Tax discount for either (i) unoccupied and unfurnished properties, or (ii) vacant properties requiring or undergoing major repair or structural alteration.
- 5.2 This is not proposed because the Council is under significant financial pressure to deliver a sustainable Medium Term Financial Strategy. Abolishing the Council Tax discounts would generate substantial savings to the Council.

Remove only one of the discounts

- 5.3 Removing only the discount for unoccupied and unfurnished properties would generate an estimated saving of £341,300 per year. Removing only the discount for vacant properties requiring or undergoing major repair or structural alteration would generate an estimated saving of £121,500 per year.
- 5.4 This is not proposed because the Council is under significant financial pressure to deliver a sustainable Medium Term Financial Strategy. Abolishing both Council Tax discounts would generate substantial savings to the Council.

Extend the scope of the Discounts

- 5.5 This is not proposed as it would increase the level of funding pressures already upon the Council and would not be consistent with its policy objectives.

6. Background information

- 6.1 In 2013, Councils were given the power to set their own Council Tax discounts for (i) unoccupied and unfurnished properties and (ii) vacant properties requiring or undergoing major repair or structural alteration.

Unoccupied and unfurnished properties

- 6.2 Under the current Haringey Council Tax Discount arrangements, Council Tax payers can receive 100% Council Tax reduction for a maximum period of one month if their unoccupied property is unfurnished. If the property remains unoccupied and unfurnished after one month then the full Council Tax charge is due.
- 6.3 In the event that the property remains unoccupied and unfurnished for a period of two years, a premium of 50% becomes due and the Council Tax will increase to 150%.
- 6.4 In contrast, properties that are unoccupied and furnished do not receive a reduction in Council Tax.

Table 1.1 – Unoccupied and unfurnished properties discount – uptake and cost (2015/16-2017/18)

Year	Number of transactions	Total value of CT discount transactions granted (£)
2015/16	6,308	339,000
2016/17	5,227	308,400
2017/18	5,552	338,000

Vacant properties requiring or undergoing major repair or structural alteration

6.5 As with the unoccupied and unfurnished discount currently offered, in April 2013 the Council introduced a new local discount for vacant properties that require or are undergoing major repair and or structural alterations.

6.6 Council Tax payers can receive a 50% Council Tax reduction for a maximum period of 12 months.

Table 1.2 – Vacant properties requiring or undergoing major repair or structural alteration – uptake and cost (2015/16-2017/18)

Year	Number of transactions	Total value of CT discounts granted (£)
2015/16	1,111	135,400
2016/17	951	109,400
2017/18	859	121,200

Table 1.3 – Wider costs of administering both property discounts

Discount	Number of applications in (2017/18)	Officer time per application	Total officer time (2017/18)	Total cost (£)
100% CT reduction for a maximum period of 1 month	5,552	3 minutes	278 hours	3,330
Uninhabitable – 50% CT reduction for 12 months	150	10 minutes	25 hours	299.50

Table 1.4 – Total cost of the two discounts in 2017/18:

Discounts	Total cost (£)
Unoccupied and Unfurnished; Vacant requiring/undergoing major repair/structural alteration	462,800

7. Contribution to strategic outcomes

7.1 The proposal contributes to the Council's Medium Term Financial Strategy as it provides significant savings, which can be used to support the delivery of future services.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1 Finance

8.1.1 Abolishing the two Council Tax discounts would generate an estimated saving of £462,800 which would support the Council's Medium Term Financial Strategy and help mitigate its funding pressures.

8.2 Procurement

8.2.1 Strategic Procurement notes the contents of this report; however there are no procurement implications.

8.3 Legal

8.3.1 The Assistant Director of Corporate Governance has been consulted on this report.

8.3.2 Section 11A(4A) of the Local Government Finance Act 1992 gives the Council the power to determine council tax discounts for prescribed classes of dwellings, which may be set anywhere between 0% and 100% based on local circumstances. The Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 provide that a Class C dwelling is one that is unoccupied and substantially unfurnished. A Class D dwelling is one that is vacant and either requires or is undergoing major repair work to render it habitable; has undergone such work in the past six months; or is undergoing structural alteration.

8.3.3 This report recommends using that power to remove two discretionary discounts. Any such determination will be made by Full Council.

8.3.4 There is no statutory requirement for consultation. However, section 11A(6) of the Local Government Finance Act 1992 requires that the determination be published in a local newspaper within 21 days of the determination.

8.3.5 The Council must ensure that it has due regard to its Public Sector Equality Duty (PSED) under the Equality Act 2010 in considering whether to maintain, change or remove the discounts.

8.4 Equality

8.4.1 The Council has a public sector equality duty under the Equality Act 2010 to have due regard to the need to:

- eliminate discrimination, harassment, victimisation and other conduct prohibited by or under the Equality Act, of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- advance equality of opportunity between people who share those protected characteristics and people who do not;
- foster good relations between people who share those characteristics and people who do not.

8.4.2 The decision relates to two discretionary Council Tax discounts. For the people who currently benefit from those discounts, the Council has records only of their names and the nature of the property they are inhabiting. Therefore, the protected characteristics of those individuals receiving the discounts are currently unknown. This is because the discounts relate to the circumstances of properties in a specific time period, rather than to the circumstances of the people.

8.4.3 In relation to the nature of the property, the Council can break down current properties receiving the discounts as:

- Haringey-owned vacant properties;
- Housing Association properties;
- Private individual-owned properties; or
- Company-owned properties

8.4.4 The Council holds data on individuals and groups who share protected characteristics for the borough as a whole. This information is available publicly on the Council's website (https://www.haringey.gov.uk/sites/haringeygovuk/files/equalities_profile_of_haringey.pdf). However, a comparatively small number of individuals currently receive the discounts. Therefore, it is not considered possible to state with any reasonable degree of certainty whether or not the people currently benefitting from the discounts reflect the population as a whole.

8.4.5 It is considered reasonable to suggest that:

- a) It is unlikely that there would be many recipients under the age of eighteen who have unoccupied properties and currently benefit from the discount, therefore children are unlikely to be disproportionately impacted by the decision; and
- b) There is no reason to think that any other group who share a particular protected characteristic would be overrepresented in the cohort of recipients of the two Council Tax discounts or disproportionately impacted by their removal.

8.4.6 When administering Council Tax, the Council seeks to identify vulnerabilities and respond appropriately. The Council will continue to monitor the impact of the proposed changes.

8.4.3 As part of the Council's procedures to respond appropriately to identified vulnerabilities, it promotes and implements a range of discounts, disregards and exemptions, which seek to support residents who cannot pay the full Council Tax liability. The Council will continue to promote these relief options to maximise uptake and help residents who need additional financial support.

9. Use of Appendices

None

10. Local Government (Access to Information) Act 1985

N/A