

Leicester  
City Council

**WARDS AFFECTED  
ALL WARDS (CORPORATE ISSUE)**

<b>Resources and Corporate Issues Scrutiny Committee</b>	<b>16<sup>th</sup> November 2006</b>
<b>Housing and Community Safety Scrutiny Committee</b>	<b>7<sup>th</sup> December 2006</b>
<b>CABINET</b>	<b>11<sup>th</sup> December 2006</b>
<b>COUNCIL</b>	<b>25<sup>th</sup> January 2007</b>

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### **Local Discount for Furnished but Unoccupied Properties**

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## **REPORT OF THE CORPORATE DIRECTOR OF ADULTS AND HOUSING**

### **1. Purpose of Report**

- 1.1 This report proposes that from 1<sup>st</sup> April 2007 the Local Discount currently granted to those responsible for paying council tax on furnished but unoccupied properties be withdrawn leading to £137k additional revenue to the Council.

### **2. Summary**

- 2.1 The Local Government Act 2003 allowed local authorities to introduce local discounts. The local discount options for furnished unoccupied properties range from making no Council Tax charge to a charge of 90%. From 1<sup>st</sup> April 2004, the City Council resolved to charge 50% Council Tax instead of the minimum of no charge for the first six months that a furnished property remained unoccupied, to encourage properties to be occupied.
- 2.2 It is now considered that further incentives to bring empty properties into use are required in line with the Councils Empty Homes Strategy, which is a key CPA indicator and the full charge of 90% Council Tax is proposed by removing the 40% local discount.

### **3. RECOMMENDATIONS**

It is recommended that: -

- 3.1 the Resources and Corporate Issues and the Housing and Community Safety Scrutiny Committees note the report;

- 3.2 the Cabinet recommend to the Council that the local discount on furnished but unoccupied homes be removed from 1<sup>st</sup> April 2007; and
- 3.3 The Council determines that, for periods commencing 1<sup>st</sup> April 2007 and onwards, the local discount awarded in respect of furnished but unoccupied dwellings under the provisions of the Local Government Finance Act 1992 (Section 11A) shall be removed.

#### **4. HEADLINE FINANCIAL IMPLICATIONS (Rod Pearson)**

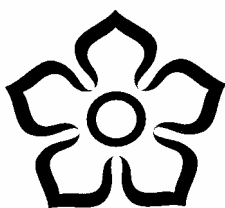
- 4.1 There are currently 1,100 empty furnished properties subject to the local discount, which results in a loss of income to the Council of £137k. It is anticipated that the removal of the local discount will help reduce the number of empty furnished properties by letting them sooner. In total, therefore, the recommendations in this report will lead to an increase in revenue, from Council Tax (at current Council Tax levels), of £137k. This will not affect the Council Tax base and will therefore have no effect on Revenue Support Grant. Government rules permit Local Authorities to keep this income, which is not subject to the usual rules, whereby tax income is 'equalised' nationally.

#### **5 HEADLINE LEGAL IMPLICATIONS (Peter Nicholls)**

- 5.1 Section 11A of the Local Government Finance Act 1992 (as inserted by Section 75 of the Local Government Act 2003) gives a local authority power to set, vary or revoke a decision to set a local discount. For the new decision (determination) to apply from 1<sup>st</sup> April 2007 it must be made before the beginning of the new financial year and sufficiently before the start of the financial year so as to allow the publication of a notice in a newspaper circulating in the area.

#### **6. REPORT AUTHOR/OFFICER TO CONTACT**

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Leicester  
City Council

**WARDS AFFECTED**

**ALL WARDS - CORPORATE ISSUE**

**Resources and Corporate Issues Scrutiny Committee**  
**Housing and Community Safety Scrutiny Committee**  
**CABINET**  
**COUNCIL**

**16<sup>th</sup> November 2006**  
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**REPORT OF THE CORPORATE DIRECTOR OF ADULTS AND HOUSING**

**SUPPORTING INFORMATION**

**1 REPORT**

- 1.1 The Local Government Act 2003 gave local authorities a number of new discretions that could affect the level of Council Tax levied in respect of certain types of unoccupied property.
- 1.2 The City Council decided to use these discretionary powers and resolved that from 1<sup>st</sup> April 2004, an unoccupied furnished property would be charged 50% Council Tax for the first 6 months (maximum discretion would allow no charge to be made in the first 6 months).
- 1.3 However, the City Council is very keen to reduce the number of unoccupied properties in the City via its Empty Homes Strategy, which is a key CPA requirement, and it has become clear since 2004 that the Council could strengthen this aim by increasing the charge to the maximum of 90% Council Tax for the first 6 months.
- 1.4 There are currently 1,100 properties receiving the benefit of the local discount (i.e. 40%) at a cost to the Council of £137,000.
- 1.5 There may be reasons why a furnished property is unoccupied including:
  - it is a persons second home or
  - the property is awaiting a new tenant.
- 1.6 While the first reason is a choice of the owner to have a second property, in the second case, the removal of the local discount will help encourage the quick letting of the property so as to pass the Council Tax cost from the landlord to the tenant.

- 1.7 When a developer has, for example, converted a factory into flats and they are empty and awaiting sale. These would only be classed as furnished if they had beds and settees as well as white goods.
- 1.8 There are a number of instances where a property may be furnished and unoccupied where a 50% charge is still appropriate and the Government recognise this. The proposed change in the operation of the scheme will not affect these cases as they are protected by statute. These cases include:
- cases where ministers of any religion are required to live elsewhere for the better performance of their duties
  - where the nature of a persons job requires them to live elsewhere for the better performance of their duties
  - Service personnel who live in accommodation provided by the Ministry of Defence

## **2 FINANCIAL IMPLICATIONS**

- 2.1 The removal of the local discount will enable the City Council to raise approximately £137,000 extra income per annum without the need to raise the overall level of Council Tax.

## **3 LEGAL IMPLICATIONS**

- 3.1 Section 11A of the Local Government Finance Act 1992 (as inserted by Section 75 of the Local Government Act 2003) gives a local authority power to set, vary or revoke a decision to set a local discount. For the new decision (determination) to apply from 1<sup>st</sup> April 2007 it must be made before the beginning of the new financial year and sufficiently before the start of the financial year so as to allow the publication of a notice in a newspaper circulating in the area.

## **4 OTHER IMPLICATIONS**

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting Information
Equal Opportunities Policy	No	
Sustainable and Environmental	Yes	1.4
Crime and Disorder	No	
Human Rights Act	No	
Elderly and People on Low Incomes	No	

## **5 BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972**

Local Government Act 2003

## **6 CONSULTATIONS**

The Corporate Director of Housing and the Head of Legal Services have supplied much of the information and have been consulted in the preparation of this report.

**7 REPORT AUTHOR/OFFICER TO CONTACT**

Alan Lemmon  
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<b>Key Decision</b>	Yes
<b>Reason</b>	Is significant in terms of its effect on communities living or working in an area comprising more than one ward. Part of the budget and policy framework.
<b>Appeared in Forward Plan</b>	Yes
<b>Executive or Council Decision</b>	Council