

ROTHERHAM MBC

TECHNICAL REFORMS OF COUNCIL TAX - CONSULTATION

Rotherham MBC welcomes the opportunity to comment on the proposals for technical reforms of the Council Tax. In particular, any measures that increase the scope for local decision making and the adaptability of local taxation are much appreciated. This is particularly important given the financial pressures currently facing local authorities.

The Council is an active member of the LGA and would broadly endorse their comments on the proposals.

Although the Council is supportive of the objectives of increasing local financial autonomy and promoting local decision making and accountability, the Council is concerned that the interaction of the current proposals with other changes currently being considered in relation to the localisation of Business Rates and to Council Tax Benefit needs to be thoroughly explored.

Q1. Do you agree with the Government's proposal to extend the range of discount available to billing authorities in respect of second homes to 0 to 50 per cent?

RMBC currently awards a 50% discount to properties that are classed as second homes and welcomes the proposal to extend the range of discount available to billing authorities.

Q2. How might authorities choosing not to offer any discount on second homes identify them in order to report second homes as necessary for formula grant purposes?

Currently in Rotherham, each property is visited every six months to ensure that there has been no change that would affect the discount that has been awarded. In addition to visits other desk based checks are undertaken. To enable the authority to continue to identify a second home if no discount was given, we would anticipate our software company (and others) would make an amendment to the software used. A periodic review of these would also still need to be undertaken to check the categorisation of a second home was still correct. Literature available for Tax Payers and data capture would also need to be made relevant for purpose.

Q3. Do you agree with the Government's proposal to abolish Class A exemption and replace it with a discount which billing authorities may set in the range 0 to 100 per cent?

The Council do not see any issue with this exemption being replaced with a discount. However, there could be problems with allowing discretion over the percentage of discount allowed if authorities set different percentages and apply different criteria. Currently customers appeal to the Valuation Tribunal if they are unhappy with local authority decisions, it is unlikely this would be possible if each authority had a different system in place.

Q4. If Class A exemption is replaced by a discount, for what period should the new discount apply before such properties are treated as long term empties? Should the one-year time limit continue to apply, or should billing authorities have any discretion about it?

We consider the current one year time limit to be reasonable. As detailed above, allowing billing authorities to give discretion will undoubtedly mean an increase in appeals if there are differences in the administration and application of this type of discount.

Q5. If Class A exemption is replaced by a discount, should billing authorities be empowered to give different levels of discount for different cases?

At present, prior to the exemption being awarded a property is visited by a Council Tax Visiting Officer who assesses whether the criteria are met – i.e. the property is undergoing major repair or structural alteration. The property is then inspected every 3 months to confirm that the exemption still applies. If authorities were given discretion to give different levels of discount this would certainly involve an increase in the administration of this discount. Revenues staff would need appropriate specialist training and guidance to ensure correct level of discount was awarded dependent on the type of repair or structural alteration. It should be noted that the extra costs incurred in administration may outweigh any extra revenue generated.

Q6. Do you agree with the Government's proposal to abolish Class C exemption and replace it with a discount which billing authorities may set in the range 0 to 100 per cent?

Rotherham Council agrees with this proposal.

Q7.If Class C exemption is replaced by a discount, for what period should the new discount apply before such properties are treated as long term empties? Should the six month time limit continue to apply, or should billing authorities have any discretion about it?

It is our opinion that if the Class C exemption is replaced by a discount, the Government should legislate allowing a 100% discount be awarded for the first six months from the date the property becomes empty. If this was not to be the case, we believe the administration and collection of liabilities would be problematic. Typically, the debts involved would be small resulting in court action possibly being taken on smaller debts than at present which may result in increased costs and reduced satisfaction with the Council's service.

If a full six months 100% discount is not awarded for an initial period, the Council anticipates seeing a trend with the creation of fictitious liabilities with tenants as a means of tax avoidance.

Q8.If Class C exemption is replaced by a discount, should billing authorities be empowered to give different levels of discount for different cases?

Discretion to award different levels of discount for different cases would allow the Council to consider the reason a property remains empty and enable targeted and focussed work to be undertaken to bring the property back into use or for the owner to sell the property. However this approach is likely to complicate administration of the discount and could lead to an increase in administration costs per case.

Also, as with other areas of the consultation allowing discretion may see an increase in appeals for which the current appeals system, under which tax payers appeal to the Valuation Tribunal, may not be appropriate as tribunals are not currently geared up to deal with local schemes.

Q9.Should Government seek to make mortgagees in possession of empty dwellings liable to council tax?

The Council believes this is a sound proposal. The administration and collection of liabilities raised to mortgagees in possession should be relatively straightforward.

Q10.Would enabling local authorities to levy an empty homes premium on council tax have a significant impact on the number of homes being left empty?

The ability to levy an empty homes premium may see a significant impact in the number of homes being left empty; however the administration of this change would increase the administration required by the authority both in ensuring accounts were being billed correctly and in collecting the ensuing liability, for example in tracing the owners of properties.

Q11. In terms of a percentage of normal council tax, what should the maximum permitted premium be?

The Council believes levying a charge above the 100% maximum Council Tax liability would be punitive.

Q12. How long should a dwelling have remained empty before the empty homes premium might be applied in respect of it?

If this proposal was introduced we do not believe the premium should be applied until 12 months has passed.

The Council would also ask that Class E and I exemptions relating to properties left empty due to the owner being in residential care or receiving care elsewhere due to illness or old age should also be reviewed on the same basis as other exemptions.

Q13. Should constraints be placed on the purposes to which the additional tax revenue generated from an empty homes premium may be devoted?

The Council believes that authorities and local communities are best placed to decide how additional tax revenues generated by an empty homes premium should be used.

Q14. What circumstances if any should be defined as being inappropriate for levying the empty homes premium, and why?

Like the Government, the Council considers that an empty homes premium should not be levied on properties that are left empty as a result of a death/probate.

Q15. What practical issues would have to be addressed if the premium were to be implemented (for example in the consistent identification of empty homes) and how should they be resolved?

Currently, RMBC visit long term empty properties on a three month rolling cycle. The proposals have the potential to make the administration of liabilities more laborious. For example, if an empty homes levy was introduced, there may be an increase in the creation of fictitious tenancies as a way of avoiding tax. Visits may have to be carried out more frequently to identify the liable person. Debt collection would be more difficult in most cases and almost impossible where properties have been abandoned. This may lead to an increase in the number of debts that have to be written off. Currently, over 22% of accounts relating to properties which have been empty for at least 2 years have reached the debt liability order stage and this proportion could increase.

Q16. Do you agree that Section 66(2C)(a) should be amended along the lines suggested?

Yes.

Q17. Do you agree that the default pattern of council tax bill instalments should be payment by 12 monthly instalments (with other arrangements to be reached by agreement between taxpayer and billing authority)?

The Council does not support this proposal. Disadvantages include the interest on cash flow lost as payments are spread over a longer period, and an increase in processing costs, i.e. more costs in cashiering, paypoint transactional costs and back office processing of payments. As the proposal states taxpayers would be given the choice of paying over 10 or 12 instalments, costs of contacting each tax payer and administering their responses must also be factored in to this proposal.

Q18. Do you agree that billing authorities should be able to discharge their duty to provide the information that must currently be supplied with demand notices by publishing it online (with the exception of information relating to penalty charges, and subject to the right of any resident to require hard copy)?

Rotherham MBC fully supports this proposal. For the sake of consistency, We believe this should also apply to major precepting authorities and to parishes. We would also welcome clarification on whether the proposal will be applied to Business Rates bills.

Q19. Do you agree that domestic scale solar photovoltaic installed on dwellings should be treated as part of those properties?

Yes.

Q20. Do you agree that domestic scale solar photovoltaic should be defined as installations having a maximum generating capacity of 10 kW?

Q21. In what circumstances if any do the rules requiring the separate banding of self contained units of accommodation within a hereditament give rise to unfairness?

For RMBC the number of exemptions awarded for unoccupied annexes is 34 and for occupied annexes is 37 - the numbers are very low as part of the overall total number of properties.

In the past the Council has received customer enquiries regarding separately banded annexes where it has been felt that the annexe should be assessed as one property. This is generally where ownership has been transferred and the annexe is no longer used for its original purpose. Such cases frequently

become appeals to the Valuation Office agency. If the Council were able to award an exemption due to planning restraints preventing the annexe being let, the problem could be resolved. However, for unoccupied annexes with no planning restraints the customer would receive two bills.

Q22. Should the Government seek to make changes to these rules, and if so, what changes?

The problems arise as detailed in Q21 and are usually centered around annexes that are no longer used for the original purpose but still have a kitchen area or bathroom facilities (even where these are not in use) it would be helpful to clarify the position in such cases.