

COUNCIL TAX DISCOUNTS FOR EMPTY AND UNINHABITABLE DWELLINGS AND EMPTY PREMIUM

Cabinet - 14 February 2019

Report of	Chief Finance Officer
Status	For Decision
Also considered by	Finance Advisory Committee - 29 January 2019 Council - 26 February 2019
Key Decision	No

Executive Summary:

The purpose of this report is to recommend amendments to the level of Council Tax discount for unoccupied and unfurnished dwellings, and dwellings undergoing or requiring major structural repair. Also to consider increasing the premium on properties that are long term empty (unoccupied and unfurnished for more than 2 years).

Members' are asked to consider the information detailed and make recommendations to amend the respective discounts and premium from 1 April 2019.

Portfolio Holder	Cllr. John Scholey
Contact Officers	Adrian Rowbotham, Chief Finance Officer Ext. 7153 Tim Dennington, Council Tax & Recovery Manager Ext. 7207

Recommendation to Finance Advisory Committee: To recommend for approval by Cabinet the amended discounts and premium detailed in this report.

Recommendation to Cabinet: To consider and agree to recommend to Council the recommendations set out below.

Recommendation to Council: That with effect from 1 April 2019

- (a) the Council Tax discount for unoccupied and unfurnished dwellings is reduced from 100% for up to 3 months to 100% for up to 2 months (Class C of the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012)
 - (b) the Council Tax discount for unoccupied dwellings undergoing or requiring major structural repair is reduced from 100% for 12 months to 0% for 12 months (Class D of the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012)
 - (c) In accordance with Section 11B of the Local Government Finance Act 1992 and
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Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 increase the additional amount payable for Council Tax from 50% to 100% for dwellings that are unoccupied and substantially unfurnished for more than two years.

Reason for recommendations: By reducing the Class C discount to 100% for 2 months, the Class D discount to 0% for 12 months and increasing the long term empty charge from 50% to 100%, it will support the Council's Empty Homes Action Plan and encourage empty dwellings to be brought back into use more quickly.

In addition, there is also the potential to derive additional Council Tax revenue and benefit from an annual income as part of the Kent County Council (KCC) Council Tax sharing agreement.

Introduction and Background

- 1 Local Authorities were given the powers and flexibility to amend certain Council Tax discounts under the Local Government Finance Act 2012, which were enacted by the Council Tax (Prescribed Classes of Dwellings (England) (Amendment) Regulations 2012 and the Council Tax (Exempt Dwellings) (England) (Amendment) Order 2012.
- 2 Section 12 of the Local Government Finance Act 2012 added section 11B to the Local Government Finance Act 1992 enabling Local Authorities to increase the charge on long term empty dwellings (unoccupied and substantially unfurnished for at least 2 years) by up to 50%. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 increased the amount local authorities can charge on long term empty dwellings up to 100%.
- 3 On 7 February 2013, Cabinet were presented with proposals to amend the level of Council Tax discount for prescribed classes of dwellings and long term empty premium with effect from 1st April 2013. These proposals were agreed and approval was given by Full Council on 19 February 2013 to implement the respective changes.
- 4 The table below details the effect of that decision and it also summarises the position across other Kent authorities - some of which are reviewing the discounts with effect from 1 April 2019.

Council	Class C discount Unoccupied/unfurnished	Class D discount Uninhabitable/major repair
Ashford	100% up to 6 weeks	100% for 12 months
Canterbury	0%	100% for 12 months
Dartford	100% up to 3 months	100% for 12 months
Dover	0%	100% for 12 months
Gravesham	100% up to 1 month	100% for 12 months
Maidstone	0%	0%
Medway	100% up to 3 months	100% for 12 months
Sevenoaks	100% up to 3 months	100% for 12 months

Shepway	0%	0%
Thanet	0%	100% for 12 months
Tonbridge & Malling	100% up to 1 month	100% for 12 months
Tunbridge Wells	0%	0%

Proposed Changes

- 5 There was an announcement in the Government's 2017 autumn budget regarding giving Council's the ability to reduce empty property discounts from 2019/20. The 10-year budget approved by Council on 20 February 2018 included an assumption that an additional £65,000 of Council Tax would be received from 2019/20 for this reason.
- 6 The legislation relating to this announcement has only recently been published and the changes proposed should deliver the additional Council Tax included in the 2019/20 budget.
- 7 The estimated additional Council Tax that can potentially be raised as a result of implementing the recommendations is as follows:
 - a. Discount for unoccupied and unfurnished dwellings (Class C) - reducing the discount from 100% for up to 3 months to 100% for up to 2 months will raise an estimated £198,000 in additional Council Tax. The current total of accounts that are either currently within the 3 month period or after the 3 months period is 649.
 - b. Discount for unoccupied dwellings undergoing or requiring major structural repair (Class D) - reducing the discount from 100% to 0% for 12 months will raise an estimated £303,000 in additional Council Tax. The current total of accounts with a discount is 92.
 - c. The estimated additional Council Tax of £501,000 would be shared between the Council and the major precepting authorities. The Council's share would be £60,000 and the preceptors share would be £441,000.
 - d. Across the county discussions are continuing with Kent County Council for a financial incentive for Billing Authorities as the county is the main beneficiaries to any additional income.
- 8 Long Term Empty Dwellings - increasing the premium to 100% will raise an estimated £63,000 in additional Council Tax. The Council's share would be £7,000. The current total of accounts with a discount is 64.
- 9 Administration of Class D discount involves visiting every application (331 in 2017/18); this is a substantial administration task but would be removed if the discount is reduced to 0% from April 2019.

Key Implications

Financial

If the revised discounts are approved there is the potential to derive additional Council Tax revenue of £67,000 for the Council. There may also be further benefit following discussions with Kent County Council.

Legal Implications and Risk Assessment Statement

There is no legal requirement to consult on the recommended changes but there is a legal requirement to publish any changes to the Council Tax regime in at least one newspaper circulating in the Billing Authority's area. This must be done within 21 days of the resolution being agreed by the Council.

Making changes to the existing level of discounts means that, as the Billing Authority, the Council will incur the additional costs associated with implementing and administering the changes.

There is also a risk to the collection of debts resulting from any changes. The recommended levels are based on the considered implications on collection whilst, at the same time, maximising the potential income opportunity for the Council.

The revised discounts may lead to some complaints and appeals.

Section 13A of the Local Government Finance Act 1992 allows for the Council to reduce or remit any amount of council tax (at the full cost of the Council). These powers can be considered in certain circumstances where a dwelling can not be occupied, such as fire or flood damage.

Equality Impact Assessment

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups.

Any amendments made to Council Tax discounts for empty, uninhabitable or long term empty dwellings are not based on individual circumstances or family characteristics. The recommendations will therefore apply equally to everyone.

**Background
Papers**

[Minutes from Cabinet meeting held on 7 February 2013](#)
[Minutes of the Council meeting held on 19 February 2013](#)

**Adrian Rowbotham
Chief Finance Officer**