

**CABINET**  
**24 JANUARY 2019**

**COUNCIL TAX DISCOUNTS FOR EMPTY AND UNINHABITABLE DWELLINGS AND EMPTY PREMIUM**

1. Summary

- 1.1 To consider 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 dwellings that are long term empty (unoccupied and unfurnished for more than 2 years).

2. RECOMMENDATIONS

- 2.1. That the Council Tax discount for unoccupied and unfurnished dwellings be reduced from 100% for three months to 100% for two months.
- 2.2. That the Council Tax discount for unoccupied dwellings undergoing or requiring major structural repair be reduced from 100% for 12 months to 0% for 12 months.
- 2.3. That the additional charge for dwellings that are unoccupied and unfurnished for 2 years or more be increased from 50% to 100%.

3. Background and Discussion

- 3.1. Local Authorities have powers and flexibility to amend certain Council Tax discounts under Section 11A of the Local Government Finance Act 1992 as amended by the Council Tax (Prescribed Classes of Dwellings (England) (Amendment) Regulations 2012 and the Council Tax (Exempt Dwellings) (England) (Amendment) Order 2012.
- 3.2. Approval was given by the General Assembly of the Council on 17 December 2012 (minute number 69) to make the following amendments to the level of Council Tax discount for prescribed classes of dwellings and long term empty premium with effect from 1 April 2013:
- Prescribed class C (unoccupied and unfurnished dwellings) be set at 100% discount for a three month period, thereafter the discount be set at 0%;
- Prescribed class D (unoccupied dwellings undergoing or requiring major structural repair) be set at 100% discount for a maximum period of 12 months;

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Section 11B of the Local Government Finance Act 1992 enables 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 GAC determined this charge from 1 April 2013.

3.3 The discounts have acted as a cushion to those owning these dwellings and mitigate against bringing the properties back into use as soon as possible. The recognition of this fact has led to a number of authorities reviewing the level of discounts. In recognition of the beneficial effects to occupation as well as the financial effects Kent County Council is also very supportive of seeing a reduction.

3.4 The table below summarises the current position across other Kent authorities – some of which are reviewing their discounts with effect from 1 April 2019

<b>Council</b>	<b>Class C discount</b> Unoccupied/unfurnished	<b>Class D discount</b> 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%

3.5 It is recommended that from 1 April 2019, the prescribed class C (unoccupied and unfurnished dwellings) be set at 100% discount for a two month period, thereafter the discount be set at 0%.

3.6 It is also recommended that from 1 April 2019, the prescribed class D (unoccupied dwellings undergoing or requiring major structural repair) be set at 0% discount for a maximum period of 12 months.

3.7 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%. It is therefore recommended that from 1 April 2019, the charge on long term empty dwellings (unoccupied and substantially unfurnished for at least 2 years) be set at 100%.

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- 3.8 Reducing the Class C discount to 100% for 2 months, the Class D discount to 0% for 12 months and increasing the longer term empty charge from 50% to 100% will support the Council's empty homes strategy.
- 3.9 In addition, there is estimated additional Council Tax that can be raised as a result of implementing the recommendations. As highlighted in the financial implications section of this report, the estimated income for Dartford Borough Council from these changes is £33.5k.
- 3.10 Kent County Council has also committed to give an incentive of 25% of the County's share of additional Council Tax proceeds where districts have reduced empty property discounts. This commitment is for the period 2017/18 to 2019/20 and is subject to review thereafter. The incentive payable to the Council for 2019/20 is estimated at £55k.

4. Relationship to the Corporate Plan

Not applicable.

5. Financial, legal, staffing and other administrative implications and risk assessments

Financial Implications	<p>The estimated additional Council Tax that can potentially be raised as a result of the recommendations is as follows:</p> <ul style="list-style-type: none"><li>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 £163,000 in additional Council Tax.</li><li>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 £144,000 in additional Council Tax.</li><li>c. Long Term Empty Dwellings – increasing the premium to</li></ul>
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	<p style="text-align: center;">100% will raise an estimated £28,000</p> <p>The estimated additional Council Tax of £335,000 would be shared between the Council and the major precepting authorities. The Council's share would be £33,500</p> <p>Kent County Council are committed to pay an incentive of 25% of their share of additional income from reductions in empty property discounts from 2017/18 to 2019/20 (subject to review thereafter). The incentive for 2019/20 for the recommendations are approved would be £55k.</p> <p>These proposals will have a negative impact on the Housing Revenue Account. The HRA will have to pay additional Council Tax on any void properties. Based on average numbers of voids, it is estimated that the extra cost to the HRA would be around £5k. This would have a minimal impact on the HRA Business Plan.</p>
<p>Legal Implications</p> <p>Public Sector Equality Duty</p>	<p>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.</p> <p>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.</p> <p>Any amendments made to Council Tax discounts for empty, uninhabitable or long term empty dwellings are not based</p>

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	on individual circumstances or family characteristics. The recommendations will therefore apply equally to everyone.
Staffing Implications	Minimal, the adjustments will be processed as part of the annual billing processes. Some complaints or appeals may increase in the short term
Administrative Implications	None
Risk Assessment	None

6. Appendices  
None

BACKGROUND PAPERS

<u>Documents consulted</u>	<u>Date</u>	<u>File Ref</u>	<u>Report Author</u>	<u>Section and Directorate</u>	<u>Exempt Information Category</u>
			Tim Dennington	Revenues & Benefits	N/A