

Meeting Date	6 February 2019
Report Title	Council Tax Long Term Empty Premium
Cabinet Member	ClIr Duncan Dewar-Whalley, Cabinet Member for Finance and Performance
SMT Lead	Nick Vickers – Chief Financial Officer
Head of Service	Nick Vickers - Chief Financial Officer
Lead Officer	Zoe Kent - Revenues and Benefits Manager
Recommendations	1. To recommend a revision to the Council Tax premium for the financial years beginning on 1 April 2019, 1 April 2020 and 1 April 2021 as per paragraph 2.4 of the report

1 Purpose of Report and Executive Summary

- 1.1 The Council currently charges a 50% Council Tax premium on properties that have been unoccupied for more than two years. New regulations have been introduced to allow authorities to vary the percentage of Council Tax premium that is charged over the next 3 financial years, 2019-20, 2020-21 and 2021-22. The charges will then continue as per the 2021-22 charges from 1 April 2022.
- 1.2 The purpose of this report is to seek approval to introduce changes for each of these financial years.

2 Background

- 2.1 In April 2015 the Council introduced a premium of 50% of the Council Tax charged on properties that have been empty for a period of more than two years. The definition of an empty property for Council Tax purposes is one that is unoccupied and is substantially unfurnished.
- 2.2 On 1 November 2018 the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act was introduced to allow authorities to vary the percentage of premium that is charged, based on the length of time that a property has been empty.
- 2.3 The premium cannot apply to homes that are empty due to the occupant living in armed forces accommodation for job-related purposes or to annexes being used as part of a main property. The Council can also choose not to charge a premium for properties that are actively being marketed for rent or for sale on a case by case basis.

2.4 From 1 April 2019 Councils may charge a premium as follows:

- Financial Year 2019/20
 - Maximum of 100% premium (currently 50%)
- Financial year 2020/21
 - Maximum of 100% premium - empty less than 5 years
 - Maximum of 200% premium - empty more than 5 years
- Financial year 2021 onwards
 - Maximum of 100% premium – empty less than 5 years
 - Maximum of 200% premium - empty at least 5 years but less than 10
 - Maximum of 300% premium – empty at least 10 years.

2.5 Any adjustment to the premium will be reflected in the Council Tax Base, increasing the amount of Council Tax to be generated by the Borough Council, Kent County Council, Kent Police, Kent Fire & Rescue and Parish Councils in line with their individual proportion of the overall Council Tax set.

2.6 In making this recommendation, the following considerations have been taken into account. The increasing pressures on housing and local government finance and the need to provide a greater incentive for empty properties to be returned to use.

2.7 Council Tax is not charged on the basis that residents or non residents will use every service and many services such as planning, highways, street cleaning, local policing and fire services are essential in maintaining the local environment for both residents and non resident owners. Those services do not stop or become cheaper when a property becomes empty with the cost of awarding discounts being subsidised by the wider Council Tax payer.

2.8 Using the current position for properties that have been empty for more than two years, the estimated additional income is shown below. In addition £65,170 will also be raised each year from the 50% premium that is already being charged.

Table 1. Increase in premium - estimated additional income

	Current numbers of Long Term Empty Premium Cases	Additional premium to be charged from April 2019	Additional premium to be charged from April 2020		Additional premium to be charged from April 2021	
100%	92	£65,170	35	£25,058	35	£25,058
200%			57	£120,333	25	£50,667
300%					32	£116,111
		£65,170		£145,391		£191,836

3 Proposal

- 3.1 To recommend a revision to the Council Tax Premium for the financial years beginning on 1 April 2019, 1 April 2020 and 1 April 2021 as per paragraph 2.4.

4 Alternative Options

- 4.1 To not increase the premium and to continue to charge a premium of 50% to properties that have been empty for more than two years. This is not recommended because it does not provide an additional incentive for owners to bring back empty properties into use.

5 Consultation Undertaken or Proposed

- 5.1 No consultation is necessary for these changes to take effect. Information will be made available on the Council's website and will be provided with the annual council tax bills. Owners of properties who will be affected will be written to before the start of the next financial year.

6 Implications

Issue	Implications
Corporate Plan	A Council to be Proud Of – a Council whose ongoing financial viability is largely independent of the decisions made by central government, which is less dependent on grant funding.
Financial, Resource and Property	Significant pressure on budgets means that the council needs to use available income generation legislation to deliver services.
Legal and Statutory	The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 amends Section 11B of the Local Government Finance Act 1992. Section 11B of the 1992 Act sets out the higher amounts of council tax payable from April 2019 for long-term empty dwellings as detailed in paragraph 2.4 above.
Crime and Disorder	None
Environmental Sustainability	None
Health and Wellbeing	None
Risk Management and Health and Safety	There is a risk of an increase in the number of appeals to the Valuation Tribunal. An appeals procedure will be put in place. The risk on current resources would be minimal. The cost of administering the premium would be minor and therefore there

	would be no impact on current budgets.
Equality and Diversity	Equalities have been considered and no impact has been identified.
Privacy and Data Protection	None

7 Appendices

7.1 None

8 Background Papers

8.1 None