

Council Tax Long Term Empty Property Premium

Final Decision-Maker	Council
Lead Head of Service/Lead Director	Stephen McGinnes Mid Kent Services Director
Lead Officer and Report Author	Sheila Coburn Head of Revenues and Benefits Shared Service
Classification	Public
Wards affected	All

Executive Summary

In general, properties that are unoccupied and substantially unfurnished do not benefit for any discount from Council Tax from the date they become unoccupied. Full Council Tax is payable.

Regulations were introduced in 2013 so councils had discretion to charge a 50% premium on properties which had been empty for more than 2 years.

Maidstone Borough Council made the decision to charge 50% Council Tax premium on properties that have been unoccupied for more than 2 years.

New regulations have now been introduced to allow authorities to vary the percentage of Council Tax premium that is charged over the next 3 years for 2019-20, 2020-21 and 2021-22.

The purpose of this report is to seek approval to introduce the new changes for each of these financial years.

This report makes the following recommendations to Committee:

That revised Council Tax premium for the financial years beginning on 1 April 2019, 1 April 2020 and 1 April 2021 be implemented.

Timetable

Meeting	Date
Policy & Resources Committee	23 January 2019
Council	27 February 2019

Council Tax Long Term Empty Property Premium

1. INTRODUCTION AND BACKGROUND

- 1.1 In April 2013 the Council introduced a premium of 50% on properties that have been empty for a period of more than 2 years.
- 1.2 The definition of an empty property for Council Tax purposes is one that is unoccupied and is substantially unfurnished.
- 1.3 New regulations have been introduced to allow authorities to vary the percentage of premium that is charged.
- 1.4 From 1 April 2019 councils may charge a 100% premium for properties that have been empty for more than 2 years.
- 1.5 From 1 April 2020 councils may charge a 100% premium for properties that have been empty more than 2 years and less than 5 years and 200% for properties empty for over 5 years.
- 1.6 From 1 April 2021 councils may charge a 100% premium for properties that have been empty for more than 2 years and less than 5 years, 200% for properties that have been empty between 5 & 10 years, and 300% for properties that have been empty for over 10 years.
- 1.7 Any adjustment of 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, Police, Fire & Rescue and Parish Councils in line with their individual proportion of the overall Council Tax set.
- 1.8 In making that decision, the following considerations were taken into account:
 - Increasing pressures on housing and local government finance
 - Providing greater incentive for empty properties to be returned to use
 - Providing an important tool to encourage the use of empty properties
- 1.9 Council Tax is not charged on the basis that residents or non resident owners 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 currently subsidised by the wider Council Tax payer
- 1.10 The Secretary of State has through regulations prescribed classes of property for which a premium cannot be charged:

- A dwelling which is the sole or main residence of a member of the armed forces, who is absent from the property as a result of such service.
- An annexe deemed unoccupied because it is being treated by the occupier of the main dwelling, as part of the main dwelling.

1.11 Although there is nothing prescribed in regulations, councils are expected to consider whether they wish to charge a premium for properties that are being actively marketed for sale.

1.12 If the council did choose to do this, it would increase administration in checking how long a property had been up for sale and whether the sale price had been reduced to try and effect a sale.

1.13 Using the current position for properties that have been empty for more than 2 years, the additional income per band is shown below for 2019-20, 2020-21 and 2021-22:

	Current numbers of Long Term Empty Premium Cases	Additional premium to be charged at 100% from 1 April 2019	Additional premium to be charged April 2020		Additional premium to be charged April 2021	
100%	143	£231,522	86	£139,234	86	£139,234
200%			57	£184,566	31	£150,567
300%					26	£126,282
Total		£231,522		£323,800		£416,083

2 AVAILABLE OPTIONS

2.1 Option 1 – Do nothing. Do not implement any changes and leave the Long Term Empty premium as it currently is at 50%. This would mean there is no additional incentive for owners to bring back empty properties into use or further income generated.

2.2 Option 2 – Implement the changes, except for those owners who are actively marketing their property for sale. This option would require investigation as to how long properties have been on the market and a judgement as to whether the sale price and steps taken to sell the property were reasonable. This would be complex and administratively onerous.

2.3 Option 3 – Implement the changes outlined in 1.4, 1.5 and 1.6 by introducing the addition premiums on 1 April 2019, 1 April 2020 and 1 April 2021.

3 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 The preferred option is Option 3. By introducing the changes, this will be an important tool to encourage owners to bring empty homes back into use.
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4 RISK

- 4.1 The risks associated with this proposal, including the risks if the council does not act as recommended, have been considered in line with the Council's Risk Management Framework.
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5 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 No consultation is necessary for these changes to take effect. However, a consultation that took place in 2012 as a wider review of Council Tax discounts supported the introduction to introduce a premium for empty properties.
- 5.2 The Policy and Resources Committee considered this item at its meeting of 23 January 2019. An extract from the minutes of the meeting are attached as Appendix 2 to this report.
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6 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 Information will be made available on the Council's website and with the Council Tax bills that will be sent in March each year. We will also write to those owners where their properties will have been empty for 2 years in advance of the next financial year to advise them of the changes.
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7 CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Securing a successful economy for Maidstone Borough – a home for everyone	Sheila Coburn, Head of Revenues and Benefits Partnership
Risk Management	Behavioural change – owners changing the way they leave properties empty	Sheila Coburn, Head of Revenues

		and Benefits Partnership
Financial	Significant pressure on budgets means that the council needs to use available income generation legislation to deliver the services desired by the residents of the borough.	Finance Team
Staffing	No impact	Sheila Coburn, Head of Revenues and Benefits Partnership
Legal	The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 came into force on 1 November 2018 and 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 paragraphs 1.4 to 1.6 above.	Keith Trowell, Team Leader (Corporate Governance), Legal Services
Privacy and Data Protection	Accepting the recommendation may increase the volume of data held by the Council. All data will be held and processed in accordance with the data protection principles contained in the Data Protection Act 2018 and in line with the Data Quality Policy, which sets out the requirement for ensuring data quality.	Keith Trowell, Team Leader (Corporate Governance), Legal Services
Equalities	Equalities have been considered and no impact has been identified.	Equalities and Corporate Policy Officer
Crime and Disorder	No impact	Sheila Coburn, Head of Revenues and Benefits Partnership

Procurement	No impact	Sheila Coburn, Head of Revenues and Benefits Partnership
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8 REPORT APPENDICES

Appendix 1 – Council Tax Empty Property Policy

Appendix 2 – Extract of Minutes of the Policy and Resources Committee held on
23 January 2019

9 BACKGROUND PAPERS

None