

MAIDSTONE BOROUGH COUNCIL

COUNCIL

1 MARCH 2017

REPORT OF THE POLICY AND RESOURCES COMMITTEE HELD ON
18 JANUARY 2017

COUNCIL TAX EMPTY PROPERTY DISCOUNTS

Issue for Decision

To consider the Council Tax Empty Property Discount Policy.

Recommendation Made

That the Council Tax Empty Property Discount Policy as attached at Appendix B be approved.

Reasons for Recommendation

The Policy and Resources Committee, at its meeting held on 18 January 2017 considered the report of the Mid Kent Services Director on Council Tax Empty Property Discounts (copy attached at Appendix A). It was noted that:-

- The Local Government Finance Act 2012 introduced discretion for Councils to vary the Council Tax discounts for certain categories of empty properties, whilst maintaining a range of mandatory discounts and exemptions.
- The discretions allow the Council to vary the exemption and replace it with a local discount where:-
 - a property becomes unoccupied and is left substantially unfurnished (6 month exemption); or
 - a property is vacant and it requires or is undergoing major repair works to render it habitable; it is undergoing structural alteration; or less than 6 months have elapsed since the date on which such work was substantially completed (12 month exemption).
- The Council exercised its discretion with effect from April 2013 in removing the exemption for properties that are unoccupied and unfurnished and replaced it with a local discount for 1 month.

- In making such a change the cost of the exemption was reduced substantially. However, with 4,287 properties continuing to receive the reduced 1 month discount the cost remains high.
- The Council has not exercised its discretion to remove the exemption for properties requiring/undergoing major works. 308 properties in 2015/16 received such a discount at a total cost of £199,000. The average reduction per property was £646.00 representing the charge for 145 days.
- Given the increasing pressures on housing and local government finance it is proposed that these discounts are further amended, with the existing discretionary discounts removed.
- The Revenues and Benefits Shared Service employs 3 FTE Property Inspectors. If the discretionary discounts were removed, the Council Tax Inspector's workload would be reduced through not having to inspect and verify entitlement to discounts, providing the opportunity to reduce the resources by 1 FTE and saving £20,000 in administration. Such a saving would be dependent on Tunbridge Wells Borough Council making a similar change to their empty property discounts.

The Committee noted that where there was a natural disaster, a fire or flood, or malicious damage which left a property uninhabitable, officers would have discretion to award a discount of up to 12 months in these circumstances.

Alternatives Considered and Why Not Recommended

1. Do nothing. This would mean discounts are awarded as they are now and no additional Council Tax would be generated.
2. The Council could choose to only remove the one month discount for unoccupied and unfurnished properties, this would generate an estimated £289,000 in additional council tax, providing the Council with £43,350 based on its share of the precept. The reduction in workload would not be sufficient to reduce staffing.
3. The main disadvantage with removing the one month discount would be for landlords where they are looking to carry out minor repairs and re-decorate properties before the start of a new tenancy. The landlord would immediately become liable to pay full Council Tax in between tenancies whereas currently they benefit from up to one month discount. However, many other councils have now removed the one month empty discount and have found that this discretion has now been accepted. The current demand for rented accommodation means that landlords can expect to be able to re-let property promptly, and this demand unlikely to diminish in

the foreseeable future.

4. If the Council chose to remove the 12 month discount for properties under major works, this would generate an estimated £199,000 in additional council tax, providing the Council with £29,850 based on its share of the precept.

In the case of removal of the uninhabitable discount, there is likely to be resistance from owners who are unable to occupy their properties because they need major repair works or structural alterations to make the property habitable. However, removal of this discount may encourage owners to bring their properties back into use and support the Council's wider aims to reduce the number of empty properties in the borough. Other Councils have found that where this discount has been removed, this discretion has now been accepted.

Appendices

Appendix A - Report of the Director of Mid Kent Services on Council Tax Empty Property Discounts to Policy and Resources Committee

Appendix B - Council Tax Empty Property Discount Policy