

TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE and PROPERTY ADVISORY BOARD

13 July 2005

Report of the Director of Finance

Part 1- Public

Matters for Recommendation to Cabinet - Council Decision

1 COUNCIL TAX IN RESPECT OF FORMER POLICE HOUSES

A report informing Members of a request, from Kent Police Authority, that this Council decreases the council tax levied, in respect of unoccupied, former police-houses, from 90% of the occupied rate charge to 50% of the occupied rate charge. The report proposes that Members recommend to Cabinet that no variation to the rate of council tax levied should be made.

1.1 Introduction

- 1.1.1 Members might recall that, in November 2003, I reported to your Board on certain provisions of the Local Government Act 2003. That Act amended the Local Government Finance Act 1992. The 1992 Act is the Act that introduced the council tax.
- 1.1.2 In particular, the 2003 Act inserted Sections 11A and 13A into the 1992 Act. Section 11A, and regulations made under that section, permits billing authorities to reduce the rate of discount that is applicable to the council tax due in respect of 'second homes' and 'long-term empty' properties, thereby increasing the amount payable by the owners of such properties. Prior to the passing of the 2003 Act, billing authorities were required to discount the amount of council tax levied in respect of such properties by 50%.
- 1.1.3 This Council resolved (Decision No: 031126 CAB123) that the discount applicable to both second homes and long-term empty properties should be 10%, instead of 50%, with effect from 1 April 2004. Thus 90% of the council tax levied on a property that is occupied is payable when a property is a second home or long-term empty property.
- 1.1.4 In reaching the decision referred to above, Members noted the aim of the Council's Empty Homes Strategy to bring empty homes back into use.
- 1.1.5 I would point out, as I did in my report to your Board in November 2003, that, in respect of long-term empty properties, the benefit accruing to a billing authority from a lower rate of discount is taken into account in the tax base for council tax

setting purposes. However, the tax base for revenue support grant purposes is also increased thereby reducing revenue support grant.

- 1.1.6 Although, as was expected, there were some negative comments made by owners of long-term properties regarding the lower rate of discount, the lower rate has now been generally accepted. It should be noted that the term 'long-term empty' refers to a property that has been unfurnished and unoccupied for more than six months. No council tax is payable by the owner of such a property during the first six months that it is empty.

1.2 The request from Kent Police Authority

- 1.2.1 Kent Police Authority owns a number of properties in this Borough that were previously police-houses but are now unoccupied. Some of these houses have been unoccupied for more than six months and are therefore subject to an 'empty' charge equivalent to 90% of the charge for an occupied property. As the owner, the Police Authority is liable to pay the charges.
- 1.2.2 The Police Authority has written to me and requested that the rate of discount for long-term empty police-houses be restored to 50%. This would place it in the position it was in prior to the passing of the 2003 Act (see above).
- 1.2.3 The Police Authority has explained its justification for such a request in the following terms:

"The policy of the Police Authority has, for some years, been to sell police houses as and when they are vacated by police officers, usually upon the officer's retirement, and to apply the receipts to the authority's capital programme. However, it is not always possible to sell houses within the six month nil charge period.

[We] would welcome the chance to let our vacant stock on assured shorthold tenancies as this would relieve us of security issues and the vacant property charges that we incur, reduce deterioration and, indeed, may result in an income stream to the Authority. However, as you will be well aware Local Housing Authorities (of which this Authority is one) are not able to let properties on assured shorthold tenancies. Thus our only option for allowing the reoccupation of our vacant houses would be by means of a secure local authority tenancy which would very likely frustrate the Authority's capital programme by preventing the release of capital assets of this type due to the tenant's security of tenure.

The Authority does not seek to keep houses empty as a matter of policy ... The imposition of 100% rates will not have any affect on the speed with which these houses are returned to residential use but simply represents an unnecessary diversion of public funds ... "

1.3 Variation of the discount

1.3.1 Under the provisions of Section 13A of the Local Government Finance Act 1992, the billing authority has power to reduce the amount of council tax that a person is liable to pay in respect of a property either:

- 1) on a case by case basis; or
- 2) in respect of a class of case.

In each of the above cases, the billing authority is required to fund the cost of the reduction.

1.4 Financial considerations

1.4.1 As Members will see from the above, were the level of discount in respect of long-term empty police houses to be varied, the cost of the council tax would, in effect, be transferred from Kent Police Authority to this Council.

1.4.2 In addition to the above, the reduction in expenditure by the Police Authority would reduce their overall budget and thus their precept requirement (if all other matters remained equal). However, the benefit of the reduced precept would be felt by all council tax payers in the Police Authority's area and not just those taxpayers in Tonbridge and Malling.

1.5 Other considerations

1.5.1 Although I understand the points made by the Police Authority in support of their case, I am sure that there are other landlords of long-term empty properties who could make equally cogent cases for the discount to be increased in respect of their council tax liability.

1.5.2 I have consulted the Director of Health and Housing over this matter, bearing in mind his interest in the Council's Empty Homes Strategy. He has commented that it is widely acknowledged that empty homes are a magnet for crime and vandalism. Indeed the Association of Chief Police Officers has called empty homes "honey pots for crime". In the spirit of the Empty Homes Strategy the council expects all of its key partners to lead by example, where they hold stock in the Borough. It would therefore be contrary to the thrust of the strategy and inequitable to grant the lower rate of relief to Kent Police when others have accepted the higher rate and their responsibilities for empty homes. Furthermore, the council is working with its many partners to increase the supply of much needed affordable housing in the Borough. This includes working with employers and housing associations to help address the shortage of available, affordable homes for key workers in the public sector. It would be contradictory to that partnership working to offer to an employer any incentive to keep empty the housing they own in the Borough.

1.5.3 I have also consulted my colleagues in Kent to ascertain whether they have received similar requests from the Police Authority. Two other authorities have been approached but both have declined the request, from the Police Authority, to vary the level of discount.

1.6 Recommendation

1.6.1 Members are requested to **RECOMMEND** that the level of discount in respect of long-term empty police houses be retained at its current level.

Background papers:

Correspondence from and to Kent Police Authority during the period March to May 2005.
Correspondence held within Financial Services.

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