

**TONBRIDGE & MALLING BOROUGH COUNCIL**  
**FINANCE, INNOVATION and PROPERTY ADVISORY BOARD**

**17 September 2018**

**Report of the Director of Finance and Transformation**

**Part 1- Public**

**Matters for Recommendation to Cabinet - Key Decision**

**1 CLASS C EMPTY PROPERTY COUNCIL TAX DISCOUNT AND LONG TERM EMPTY HOMES PREMIUM**

**A report to consider whether there should be a change to the Class C empty property council tax discount and whether a 100% long term empty homes premium should be applied, both with effect 1 April 2019 where Regulations allow.**

**1.1 Background**

1.1.1 Councils have the power to amend the level of certain discounts that may be granted to those liable to pay council tax.

1.1.2 Empty property discounts were originally considered in November 2012 and Council resolved that the level of discount should be set at 100% for a maximum period of three months with effect 1 April 2013. The level of discount was further considered by Cabinet on 9 October 2013 and it was resolved that no changes be made to the current discounts and exemptions in preparation for the new financial year 2014/15 but the possibility of further amendments be considered in due course [Decision D130130CAB].

1.1.3 Further consideration was given on 23 July 2014 and 24 September 2014 as to whether there should be any change to the empty property discount. Council subsequently resolved on 4 November 2014 that the period of 100% discount for vacant and unfurnished properties be reduced from three months to two months and a long term empty homes premium of 50% applied to properties that had been empty for more than two years with effect from 1 April 2015 [Decision C14/75].

1.1.4 On 20 September 2017, the discount period was reduced to 1 month with effect from 1 April 2018 [Decision D170059MEM]. Members also requested the experience of other authorities offering no discount period be investigated for report back and consideration of that option in due course.

## **1.2 Class C (Empty Property) Discount**

- 1.2.1 All bar two authorities in Kent have now committed to reducing the Class C empty property discount to 1 month or even less as shown at **[ANNEX 1]**.
- 1.2.2 The authorities that removed the discount have not reported many problems other than queries over tenancy end dates and criticism from landlords that they are not given time to turn a property around before their next tenant moves in. Some small debts have also been written off as it is uneconomical to pursue them through the Magistrates' Court.
- 1.2.3 A reduction in the Class C empty property discount will have a negative financial effect on those liable to pay council tax. There could also be an increase in the number of queries or complaints from affected owners/landlords. This could potentially impact on the Revenues team, especially when there is already a high demand on limited resources.
- 1.2.4 If the Class C discount is removed, the number of accounts with small balances (e.g. where an owner is liable for a few days in between tenants) will increase. It may prove uneconomical to recover such debts, which could increase the amount being written off.
- 1.2.5 Members' instructions are requested as to whether this discount should remain at 1 month as was the decision in September 2017.

## **1.3 Class D (Uninhabitable) Discount**

- 1.3.1 With regard to the Class D discount (for properties classed as uninhabitable) Members will see that the majority of authorities still give the maximum 100% discount for 12 months. Reducing this discount could have a detrimental effect on owners of properties that have, for example, been damaged by fire or flood. I therefore retain the view that this discount remains appropriate.

## **1.4 Long Term Empty Homes Premium**

- 1.4.1 With regards to the premium applied to long term empty properties, as Members may be aware, the Government is considering changes to the amount levied to tackle the 200,000 empty homes in England. This was originally highlighted in the Chancellor's Autumn Budget Statement in 2017.
- 1.4.2 The Rating (Property In Common Occupation) and Council Tax (Empty Dwellings) Bill will be going to the Commons for consideration of Lords amendments in due course. The amendments proposed are:
- For the financial year beginning 1 April 2019 to charge a maximum 100% premium on long term empty homes
  - For the financial year beginning 1 April 2020 to charge a maximum 100% premium on long term empty homes that have been empty for less than 5

years and for homes that have been empty for at least 5 years to charge a 200% premium

- For the financial year beginning 1 April 2021 to charge a maximum 100% premium on long term empty homes that have been empty for less than 5 years and for homes that have been empty for at least 5 years but less than 10 years to charge a 200% premium and for homes that have been empty for at least 10 years to charge a 300% premium

1.4.3 The number of long term empty homes in the Borough impacts on the Council's key corporate priorities and has a detrimental effect on residents who live next to them. Therefore, increasing the premium may provide an incentive to owners of these properties to bring them back into use more quickly.

1.4.4 Members are asked to consider increasing the long term empty homes premium to 100% from 1 April 2019 and, if minded to do so, to grant delegated authority to the Director of Finance and Transformation in liaison with the Cabinet Member for Finance, Innovation and Property to apply a 100% premium if Regulations allow.

## 1.5 Legal Implications

1.5.1 Section 11A(4) of the Local Government Finance Act 1992 states that an English billing authority may determine that the council tax discounts applicable where there is no resident of a dwelling shall be replaced by a lower discount or no discount at all.

## 1.6 Financial and Value for Money Considerations

1.6.1 Removing the 1 month Class C empty property discount and increasing the premium on long term empty homes would increase the council tax base and, in turn, increase council tax yield.

1.6.2 An initial review of the council tax base suggests an increase in the tax base of 223.5 (Band D equivalents) on the removal of the Class C empty property discount and increasing the premium on long term empty homes to 100% (subject to the Bill receiving Royal Assent) and an increase in council tax yield for this Council of circa £45,000 - see **[ANNEX 2]**.

## 1.7 Risk Assessment

1.7.1 A decision to remove the Class C empty property discount and/or increase the premium percentage will have a negative financial impact on those liable to pay council tax. There could also be an increase in the number of queries or complaints from affected owners/landlords.

1.7.2 If the Class C discount is removed, the number of accounts with small balances (e.g. where an owner is liable for a few days in between tenants) will increase. It

may prove uneconomical to recover such debts, which could increase the amount being written off.

## 1.8 Equality Impact Assessment

1.8.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

## 1.9 Recommendation

1.9.1 Members are requested to consider **whether** a change to the Class C empty property discount is appropriate, and if so, **RECOMMEND** to Cabinet that any proposed change take effect from 1 April 2019.

1.9.2 Members are asked to **RECOMMEND** to Cabinet that delegated authority be granted to the Director of Finance and Transformation in liaison with the Cabinet Member for Finance, Innovation and Property to apply a long term empty homes premium of 100% from April 2019 if Regulations allow.

The Director of Finance & Transformation confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and Policy Framework.

Background papers:

Lords Amendment to the Empty Dwellings Bill

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