

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

08 January 2020

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet - Council Decision

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

A report to consider whether to increase the Council Tax long term empty premium from 1 April 2020 and 1 April 2021 and to continue with the removal of the Class C empty property discount.

1.1 Class C Empty Property Discount

1.1.1 At the 17 September 2018 meeting of this Board it was recommended (and subsequently agreed by Cabinet on 10 October 2018) that:

- the Class C empty property discount be removed with effect from 1 April 2019 for a trial period of one year with a report back on any implications; and,
- 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.

1.1.2 Further to regulations receiving Royal Assent, Full Council approved the recommendations from 1 April 2019.

1.1.3 As Members are aware, 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, it was felt that increasing the premium could provide an incentive to owners of these properties to bring them back into use more quickly; meeting the 'empty homes' strategy objectives.

1.1.4 Since introducing the change from April, there has been limited comment from property owners who have had to pay the additional premium; and there have been no instances of disputes being referred to the Valuation Tribunal.

1.1.5 It is my opinion, therefore, that the removal of the Class C empty property discount and increasing the premium to 100% has been a success, and that there is no need to continue the trial.

1.2 Long Term Empty Homes Premium

1.2.1 In respect of the long term empty homes premium, Members are advised that regulations allow the percentage to be increased for the 2020/21 and 2021/22 financial years as follows:

- For the financial year beginning on 1 April 2020, if a property has been empty for at least 5 years, 200% be charged and
- For the financial year beginning on 1 April 2021, if a property has been empty for at least 10 years, 300% be charged

1.2.2 For example, if a property has been empty for at least 5 years as at 1 April 2020, the owner will be liable to pay 300% of that year's council tax charge (being the standard 100% council tax charge plus a premium of 200%).

1.2.3 As at 1 November 2019, there were 137 properties being charged the 100% premium. If Members recommended the increased premium charges outlined above, 43 of these 137 properties would be charged the 200% premium from 1 April 2020 and 10 of these 137 properties would be charged the 300% premium from 1 April 2021.

1.2.4 Increasing the premium charge from 1 April 2020 will have a positive effect, increasing the taxbase by an additional 43 properties, equating to 40.56 Band D equivalent properties.

1.2.5 The Revenues Manager has also been advised by the other Kent authorities that they will be implementing these increased premium charges and so this recommendation will allow consistency across Kent.

1.3 Legal Implications

1.3.1 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.

1.3.2 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 makes provision for a billing authority to increase the percentage for the council tax payable in respect of a long term empty dwelling.

1.4 Financial and Value for Money Considerations

1.4.1 The continuation of the removal of 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. Major precepting authorities (primarily KCC) would of course benefit from this as well, and in accordance with previous agreements, KCC have been advised of this recommendation in order to recalculate any improved taxbase sharing arrangements.

- 1.4.2 An initial review of the council tax base suggests an increase of 40.56 (Band D equivalents) by increasing the premium on long term empty homes to 200% from 1 April 2020, increasing the council tax yield for this Council of circa £8,500.

1.5 Risk Assessment

- 1.5.1 A decision to increase the long term empty 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.

1.6 Equality Impact Assessment

- 1.6.1 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.

1.7 Policy Considerations

- 1.7.1 Community

1.8 Recommendations

- 1.8.1 Members are asked to **RECOMMEND** to Cabinet that:

- 1) the change to the Class C discount is continued from 1 April 2020; and
- 2) The long term empty homes premium of 200% is applied from 1 April 2020 and 300% is applied from 1 April 2021.

Background papers:

None.

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