

CABINET
24 February 2022

GENERAL ASSEMBLY OF THE COUNCIL
28 February 2022

COUNCIL TAX DISCOUNTS FOR UNOCCUPIED AND UNFURNISHED DWELLINGS AND LONG TERM EMPTY PREMIUM

1. Summary

- 1.1 To consider the level of Council Tax discount for unoccupied and unfurnished dwellings and to consider increasing the premium on dwellings that are long term empty (unoccupied and unfurnished for more than 2 years).

2. RECOMMENDATIONS

To Cabinet:

- 2.1. That Cabinet recommend to the General Assembly of the Council that the Council Tax discount for unoccupied and unfurnished dwellings, be changed from 100% for one month to 0%.
- 2.2. That Cabinet recommend to the General Assembly of the Council that the additional charge for dwellings that are unoccupied and unfurnished for 5 years to one day less than 10 years, be increased from 100% to 200% and dwellings that are unoccupied and unfurnished for 10 years or more, be increased to 300%

To the General Assembly of the Council:

- 2.3. That the discount for unoccupied and unfurnished dwellings be changed from 100% for one month to 0%.
- 2.4. That the additional charge for dwellings that are unoccupied and unfurnished for 5 years to one day less than 10 years, be increased from 100% to 200% and dwellings that are unoccupied and unfurnished for 10 years or more, be increased to 300%.

3. Background and Discussion

- 3.1. Local Authorities were given powers and flexibility to amend certain Council Tax discounts under Section 11A of the Local Government Finance Act 1992, which were enacted by the Council Tax (Prescribed Classes of Dwellings (England) (Amendment) Regulations 2012 and The Council Tax (Exempt Dwellings) (England) (Amendment) Order 2012.

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- 3.2. Approval was given by the General Assembly of the Council (GAC) on 17 December 2012 (minute number 69) to make the following amendments to the level of Council Tax discount for prescribed classes of dwellings and long term empty premium with effect from 1 April 2013:

Prescribed class C (unoccupied and unfurnished dwellings) be set at 100% discount for a three-month period, thereafter the discount be set at 0%.

Section 12 of the Local Government Finance Act 2012 added section 11B to the Local Government Finance Act 1992 enabling Local Authorities to increase the charge on long term empty dwellings (unoccupied and substantially unfurnished for at least 2 years) by up to 50%. The GAC determined this charge from 1 April 2013.

- 3.3. Further approval was given by the GAC on 25 February 2019 (minute number 8) to make the following amendments to the level of Council Tax discount for prescribed classes of dwellings and long term empty premium with effect from 1 April 2019:

Prescribed class C (unoccupied and unfurnished dwellings) be set at 100% discount for a one-month period, thereafter the discount be set at 0%;

- 3.4. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 increased the amount local authorities can charge on long term empty dwellings up to 100%. The GAC determined this charge from 1 April 2019.

- 3.5. The table below summarises the current position across other Kent authorities with effect from 1 April 2021.

3.6.

Council	Class C discount Unoccupied/unfurnished	Premium Unoccupied/unfurnished for 2 years or more
Ashford	100% up to 6 weeks	100% for 2-5 years 200% for 5-10 years 300% for 10 years +
Canterbury	0%	100% for 2-5 years 200% for 5-10 years 300% for 10 years +
Dartford	100% up to 1 month	100% for 2 years+
Dover	0%	100% for 2-5 years 200% for 5-10 years 300% for 10 years +
Gravesham	100% up to 1 month	100% for 2-5 years 200% for 5-10 years 300% for 10 years +

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Maidstone	0%	100% for 2-5 years 200% for 5-10 years 300% for 10 years +
Medway	100% up to 3 months	100% for 2-5 years 200% for 5-10 years 300% for 10 years +
Sevenoaks	0%	100% for 2-5 years 200% for 5-10 years 300% for 10 years +
Shepway	0%	100% for 2-5 years 200% for 5-10 years 300% for 10 years +
Thanet	0%	100% for 2-5 years 200% for 5-10 years 300% for 10 years +
Tonbridge & Malling	0%	100% for 2-5 years 200% for 5-10 years 300% for 10 years +
Tunbridge Wells	0%	100% for 2-5 years 200% for 5-10 years 300% for 10 years +

- 3.7. It is recommended that from 1 April 2022, the prescribed class C (unoccupied and unfurnished dwellings) be set at 0%
- 3.8. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 increased the amount local authorities can charge on long term empty dwellings from 1 April 2019, 1 April 2020 and 1 April 2022. It is therefore recommended that from 1 April 2022, the charge on long-term empty dwellings (unoccupied and substantially unfurnished for at least 2 years) be set at 100% for 2 years to one day less than 5 years. 200% from 5 years to one day less than 10 years. 300% for 10 years+
- 3.9. Reducing the Class C discount to 0% and increasing the long-term empty charge from 100% to 200% for 5 years to one day less than 10 year and 300% for 10 years+ will support the Council's empty homes plan and encourage empty dwellings to be brought back into use more quickly.
- 3.10. In addition, there is estimated additional Council Tax that can be raised as a result of implementing the recommendations. As highlighted in the financial implications section of this report, the estimated income for Dartford Borough Council from these changes is £38k.
- 3.11. Kent County Council has also committed to give an incentive of 25% of the County's share of additional Council Tax proceeds where

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districts have reduced empty property discounts. The incentive payable to the Council for 2022/23 is estimated at £69k.

4. Relationship to the Corporate Plan

Not applicable.

5. Financial, legal, staffing and other administrative implications and risk assessments

Financial Implications	<p>The estimated additional Council Tax that can potentially be raised as a result of the recommendations is as follows:</p> <p>a. Discount for unoccupied and unfurnished dwellings (Class C) – reducing the discount from 0% will raise an estimated £350,000 in additional Council Tax.</p> <p>b. Long Term Empty Dwellings – increasing the premium to 200% for five years to one day less than ten years and 300% for ten years+ will raise an estimated £30,000.</p> <p>The estimated additional Council Tax of £380,000 would be shared between the Council and the major precepting authorities. The Council's share would be around £38,000.</p> <p>Kent County Council is committed to pay an incentive of 25% of their share of additional income from reductions in empty property discounts. The incentive for 2022/23 if the recommendations are approved would be around £69,000.</p> <p>These proposals will have a negative impact on the Housing Revenue Account. The HRA will have to pay additional Council Tax on any void properties. Based on average numbers of voids, it is estimated that the extra cost to the HRA would be around £56,000. This would have a minimal</p>
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	impact on the HRA Business Plan.
Legal Implications	There is no legal requirement to consult on the recommended changes but there is a legal requirement to publish any changes to the Council Tax regime in at least one newspaper circulating in the Billing Authority's area. This must be done within 21 days' of the resolution being agreed by the GAC.
Public Sector Equality Duty	Section 13A of the Local Government Finance Act 1992 allows the Council to reduce or remit any amount of council tax (at the full cost of the Council). These powers can be considered in certain circumstances. Any amendments made to Council Tax discounts for empty or long-term empty dwellings are not based on individual circumstances or family characteristics. The recommendations will therefore apply equally to everyone.
Staffing Implications	Minimal, the adjustments will be processed as part of the annual billing processes. Some complaints or appeals may increase in the short term.
Administrative Implications	None
Risk Assessment	None

6. Appendices

None

BACKGROUND PAPERS

<u>Documents consulted</u>	<u>Date</u>	<u>File Ref</u>	<u>Report Author</u>	<u>Section and Directorate</u>	<u>Exempt Information Category</u>
			Tim Dennington	Revenues & Benefits	N/A