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## **COUNCIL TAX – EMPTY HOMES PREMIUM**

To: **Cabinet – 20<sup>th</sup> January 2015**

Main Portfolio Area: **Financial Services and Estates**

By: **Cllr Rick Everitt, Cabinet Member for Financial Services and Estates**

Classification: **Unrestricted**

Ward: **All**

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**Summary:** **This report outlines proposals to introduce a council tax empty homes premium from 1 April 2015. This will result in council tax of 150 per cent being charged for properties that have been empty and substantially unfurnished for more than two years. This report gives details of the outcome of the consultation exercise which was undertaken following the Cabinet meeting on 13<sup>th</sup> November 2014.**

### **For Decision**

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#### **1.0 Introduction and Background**

The Council Tax (Administration and Enforcement) (Amendment) (No.2) (England) Regulations 2012 give billing authorities the discretion to levy an empty homes premium of up to 50% on council tax payable in respect of dwellings that have been left empty and substantially unfurnished for two years or more.

There are two exceptions:

- Where the property is left empty by a serving member of the armed forces, who is living elsewhere in accommodation provided by the Secretary of State for Defence; or where the property is the sole or main residence of a serving member of the armed forces, who is subject to a job related discount at an alternative address provided by the Secretary of State for Defence.
- Empty Annexes

The option of introducing a premium links to the Council's objectives which aim to reduce the number of empty properties in the area and should minimise the likelihood that properties become long-term empties.

After two years of remaining empty, properties may start to deteriorate and impact negatively on neighbourhoods which the Council are trying hard to avoid.

As at September 2014, 229 properties had remained empty for in excess of two years.

The New Homes Bonus is a grant paid by central government to local councils for increasing the number of homes and their use.

The New Homes Bonus is paid each year for 6 years. It's based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. Introducing a long term empty premium could incentivise owners to bring properties back into use and therefore increase the New Homes Bonus payable to the council.

If the Council chose to adopt a 50% premium the properties identified above could theoretically generate up to an additional £140,000 of potential income per annum at current council tax levels. This represents the additional 50% which will be charged.

However, raising the charge does not guarantee collecting the monies due. Many of the older cases may have absent owners or unresolved probate issues. Tax avoidance tactics could also have a major impact on the level of potential income generated.

### Consultation

Following the Cabinet meeting of 13<sup>th</sup> November a consultation exercise was undertaken to seek views on whether to introduce the premium or not. The consultation ran for just over a month and was publicised on the website, through social media and the local media.

The consultation closed on Monday 15<sup>th</sup> December and the results were analysed shortly afterwards.

The question which was asked is detailed below:

***Do you agree with Thanet District Council introducing a 50% additional Council Tax charge from 1st April 2015, for properties that have been empty and substantially unfurnished for two years or more?***

Overall, 52 people replied to the consultation. 46 people (88.5%) agreed with the proposal and 6 people (11.5%) disagreed with the proposal. There were a number of additional comments made which have been collated and included as an appendix to this report.

From those that replied there is a clear overall majority agreeing with the proposal – albeit the overall number who replied wasn't substantial.

## **3.0 Options**

- 3.1 Introduce a "long term empty" premium for Council Tax from 1<sup>st</sup> April 2015. From those that replied to the consultation this reflects the majority view. This option is recommended.
- 3.2 Do not introduce a "long term empty" premium for Council Tax. From those that replied to the consultation this reflects the minority view.

## **4.0 Next Steps**

- 4.1 If the recommendation is agreed EK Services will work with the Council to introduce the Council Tax "long term empty" premium from 1<sup>st</sup> April 2015.

## **5.0 Corporate Implications**

### **5.1 Financial and VAT**

- 5.1.1 The additional income generated by the “long term empty” premium is shared amongst the Council and major precepting authorities proportionate to their share of the Council Tax.
- 5.1.2 The additional council tax that could be theoretically generated by introducing the premium is up to £140,000 per year. As mentioned previously there are unavoidable difficulties in collecting some of this money and tax avoidance tactics have to be carefully monitored.
- 5.1.3 The basic Council share could be up to £19,600. Additionally under an agreement with Kent County Council, 25% of their gain would be transferred to Thanet in recompense for making the change which is considerably to their advantage. This could bring Thanet up to an additional £24,850.

### **5.2 Legal**

- 5.2.1 Section 12(2) of the Local Government Finance Act 2012 and the regulations cited in this report allow local authorities in England to set a council tax rate for long-term empty properties of up to 150% of the normal liability.

### **5.3 Corporate**

EK Services are tasked to administer the Council Tax scheme in line with national legislation.

### **5.4 Equity and Equalities**

Data is not kept or requested from owners of empty properties other than name and address. Information on age, race, religion, disability, sexual orientation etc is not needed to administer the Council Tax scheme (apart from very few exceptions) so is not requested.

## **6.0 Recommendation**

- 6.1 Cabinet approve the introduction of the Council Tax “long term empty” premium from 1<sup>st</sup> April 2015.

## **7.0 Decision Making Process**

- 7.1 This is a key decision.

Contact Officer:	Andrew Stevens, Assistant Director, EK Services
Reporting to:	Paul Cook, Director of Corporate & Regulatory Services & Deputy 151 Officer

## **Annex List**

Annex 1	“Additional comments” received during the consultation period.
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## Background Papers

Title	Details of where to access copy
None	N/A

## Corporate Consultation Undertaken

Finance	Paul Cook, Director of Corporate Resources and s151 officer
Legal	