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

To: **Cabinet – 13 November 2014**

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 consult on introducing 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 unfurnished for more than two years.**

### **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 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.

The introduction of a long term empty premium would need to be consulted upon and Cabinet are asked to give approval to starting a consultation on this issue lasting a month.

At the end of the consultation period a further report will be brought to Cabinet which provides details of the outcome and recommending next steps.

### **3.0 Options**

- 3.1 Do not go out to consultation on introducing a "long term empty" premium for Council Tax. This means the Council could not charge the premium from April 2015.
- 3.2 Go out to consultation on introducing a "long term empty" premium for Council Tax. Officers will then report back on the outcome of this consultation when it ends and the results have been analysed. This option is recommended.

### **4.0 Next Steps**

- 4.1 If the recommendation is agreed EK Services will work with the Council to launch a consultation on introducing the "long term empty" premium. The consultation will last for a month.

### **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 going out to consultation for a month on introducing a “long term empty” premium for Council Tax. A report will be produced at the end of the period setting out the results and recommended next steps.

## 7.0 Decision Making Process

- 7.1 This is a key decision.

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

## Annex List

None	N/A
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## Background Papers

Title	Details of where to access copy
None	N/A

## Corporate Consultation Undertaken

Finance	Paul Cook, Interim Director of Corporate Resources & S151 officer
Legal	Steven Boyle, Interim Legal Services Manager & Monitoring Officer