



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
10 September 2019
Agenda Item 7

Key Decision: No

Ward(s) Affected: all

Reconsideration of the locally-determined Council Tax “long-term empty” premium and discounts

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

- 1.1. Since 1 April 2013 local authorities have been able to charge an additional fifty percent Council Tax in respect of properties that have been unfurnished and unoccupied for more than two years. This is known as the “long-term empty premium”.
- 1.2. Legislation has now been introduced allowing local authorities the ability to increase the premium to one hundred percent from 1 April 2019, thereby charging two-hundred percent of the Council Tax that would otherwise be due.
- 1.3. This report invites Members to consider whether they wish to increase the long-term empty premium, and also whether they wish to amend the periods when no Council Tax is payable in respect of properties that are
 - Unoccupied and unfurnished
 - Undergoing or requiring structural alteration or major repair

2. Recommendations

The Joint Strategic Committee is asked to

- (i) Note the content of this report

- (ii) Consider whether public consultations should be conducted in respect of the “long-term empty premium”, the local discount in respect of properties undergoing structural alterations or major repairs and the local discount in respect of unoccupied & unfurnished properties for
 - a) Adur District Council
 - b) Worthing Borough Council
- (iii) Delegate authority to the Head of Revenues & Benefits in consultation with the respective Executive Members for Customer Services to conduct a public consultation if Members wish to conduct a consultation, with the results and any recommendations to be reported back to a future meeting of the Joint Strategic Committee.

3. Context

- 3.1 Since 1 April 2013 local authorities have been able to determine certain reductions in Council Tax bills in respect of unoccupied properties that had previously been statutory discounts or exemptions that were defined in legislation.
- 3.2 Following the “Outline 3-Year Forecast And Savings Proposals” report that the Joint Strategic Committee considered on 29 November 2012, both Adur and Worthing Councils determined that
 - 1. The previous 10% discount in respect of “second homes” (i.e. properties that are furnished but not someone’s main residence) should be ended
 - 2. The previous Class A exemption in respect of properties undergoing structural alterations or major repairs that lasted for up to twelve months should be replaced with a local discount of 100% lasting for a maximum period of three months
 - 3. The previous Class C exemption in respect of unoccupied and unfurnished properties that lasted for up to six months should be replaced with a local discount of 100% lasting for a maximum period of one month
- 3.3 Additionally, local authorities have been able to introduce a “long-term empty premium” such that 150% of the usual Council Tax liability was payable in respect of unfurnished properties that had been unoccupied for at least two years. Both Adur and Worthing determined that the additional premium should be introduced from 1 April 2013.

- 3.4 These changes mean that, currently, throughout Adur and Worthing the Council Tax liability in respect of properties that are unoccupied and unfurnished is
- £nil in respect of the first month
 - The usual charge from month two to month twenty-four
 - 150% of the usual charge from month twenty-four onwards
- 3.5 On 1 November 2018 the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 received Royal Assent and as a result local authorities are able to consider increasing the “long-term empty premium” in respect of unfurnished and unoccupied properties such that with effect from
- 1 April 2019, the premium can be increased from 50% to 100% (meaning that 200% of the usual Council Tax liability is payable) in respect of properties that have been unoccupied for at least two years
 - 1 April 2020, the premium can be increased to 200% (meaning that 300% of the usual Council Tax liability is payable) in respect of properties that have been unoccupied for at least five years
 - 1 April 2021, the premium can be increased to 300% (meaning that 400% of the usual Council Tax liability is payable) in respect of properties that have been unoccupied for at least ten years
- 3.6 The changes detailed in paragraph 3.5 take effect from 1 April 2019, 1 April 2020 or 1 April 2021 irrespective of whether the date when the property initially became unfurnished and unoccupied was before or after the three effective dates.
- 3.7 This report therefore invites Members to consider revising
1. The “long-term empty premium” in respect of unoccupied and unfurnished properties; and
 2. The local discount of 100% that lasts for a maximum period of three months in respect of properties undergoing structural alterations or major repairs; and
 3. The local discount of 100% that lasts for a maximum period of one month in respect of unoccupied and unfurnished properties.

4. Issues for consideration

4.1 Long-term empty premium

4.1.1 As at 20 May 2019 there were 21 properties in Adur and 59 properties in Worthing that were subject to the premium as detailed below

Council Tax Property Band	Adur		Worthing	
	Number of properties	Additional annual Council Tax due @50%	Number of properties	Additional annual Council Tax due @ 50%
Band A	3	£1,909	20	£12,075
Band B	5	£3,712	17	£11,974
Band C	8	£6,788	8	£6,440
Band D	2	£1,909	10	£9,056
Band E	2	£2,333	1	£1,107
Band F	0	£nil	1	£1,308
Band G	0	£nil	2	£3,019
Band H	1	£1,909	0	£nil
Total	21	£18,560	59	£44,979

4.1.2 Therefore, based on the position as 20 May 2019, an additional £18,560 and £44,979 Council Council Tax would become due in Adur and Worthing respectively if the premium was increased from 50% to 100%.

4.1.3 An analysis of the premiums that were charged throughout the course of 2018/19 is shown in appendix A.

4.1.4 Members should nevertheless be mindful that the district/borough elements (precepts) of the Council Tax charge relate to approximately 17% of the total liabilities, with the remainder relating to West Sussex County Council and the Sussex Police and Crime Commissioner (and in some areas of Adur, parish councils). Consequently, if the premium was increased to 100% this would result in approximately £3,155 and £7,646 additional income per annum for Adur and Worthing Councils respectively.

4.1.5 The financial gain to the Councils is therefore modest but Members may consider that in the context of the pressures on the local housing supply, the additional charges may encourage Council Tax payers to bring these properties back into use.

4.1.6 Members may wish to be aware that other neighbouring local authorities charge the following premiums from 1 April 2019

	Premium	Total charge
Arun	50%	150%
Chichester	100%	200%
Crawley	50%	150%
Horsham	50%	150%
Mid Sussex	100%	200%
Brighton & Hove	100%	200%

4.2 Properties undergoing structural alterations or major repairs

4.2.1 The local discount of 100% currently lasts for a maximum period of three months (although if the repairs or alterations are completed before the end of this period a normal charge will become due).

4.2.2 As at 20 May 2019 there were no properties in either Adur or Worthing that were subject to this reduction but awards are constantly changing and an analysis of the discounts awarded from 1 April 2018 to 31 March 2019 is shown in appendix B.

4.2.3 In the context of the 17% value of the district/borough precept detailed in paragraph 4.1.4 of this report, if the discounted period was abolished this would result in very little additional income for Adur and Worthing respectively.

4.2.4 However, Members may consider that in the context of the pressures on the local housing supply, the abolition of the discount may encourage Council Tax payers to complete the alterations/repairs promptly, thereby bringing these properties back into use more quickly. It would also simplify the administration of Council Tax.

4.2.5 Members may wish to be aware that other neighbouring local authorities provide the following discounted periods from 1 April 2019

	Discount
Arun	50% discount for a maximum period of twelve months
Chichester	No discount
Crawley	No discount
Horsham	No discount
Mid Sussex	No discount
Brighton & Hove	No discount

4.3 Unoccupied and unfurnished properties

4.3.1 This discount is most commonly awarded in respect of rented properties during the period when one tenancy ends (and the former tenant vacates) and a new tenancy starts. However, it is also awarded when properties are sold and either the former owner vacates the property prior to the completion date or the new owner doesn't immediately occupy after the date of completion. There can only ever be a single one-month discounted period.

4.3.2 In respect of rented properties, the landlord/owner becomes liable for Council Tax during periods between tenancies and the discount is typically applied to their account. However, it is not uncommon for the former tenant to vacate the property shortly before the end of the tenancy and in these circumstances

- The former tenant is awarded the discount from their date of vacation until the end of the tenancy
- The landlord is awarded the balance of the one-month discounted period

4.3.3 This can result in uncertainty about the Council Tax to be charged to landlords/owners and challenges are frequently received about whether the former tenant vacated prior to their tenancy end date.

4.3.4 The local discount of 100% currently lasts for a maximum period of one month and thereafter the full Council Tax charge becomes payable. As at 20 May 2019 there were

- 394 unoccupied and unfurnished properties in Adur of which 36 were in receipt of the 100% discount (with the remaining 358 subject to the full charge); and

- 835 unoccupied and unfurnished properties in Worthing of which 64 were in receipt of the 100% discount (with the remaining 771 subject to the full charge)

4.3.4 Details of those properties that were subject to the one-month 100% discount reduction are shown below

Property Band	Number of properties in Adur	Value ¹ of Council Tax discounts	Number of properties in Worthing	Value ¹ of Council Tax discounts
Band A	11	£1,167	24	£2,415
Band B	9	£1,114	18	£2,113
Band C	13	£1,838	17	£2,281
Band D	3	£477	3	£453
Band E	0	£nil	2	£369
Band F	0	£nil	0	£nil
Band G	0	£nil	0	£nil
Band H	0	£nil	0	£nil
Total	36	£4,596	64	£7,631

Note 1: the value is an approximation because Council Tax is a daily charge and there are a variable number of days in each month

4.3.5 The totals shown above assume that the 100% discount is awarded for a full one-month period although if the property is re-occupied before the end of this period a normal charge will become due. As with the discount in respect of properties undergoing structural alterations or major repairs, properties subject to the “unoccupied and unfurnished” discount constantly change but an analysis of the discounts awarded from 1 April 2018 to 31 March 2019 is shown in appendix C.

4.3.6 In the context of the 17% value of the district/borough precept detailed in paragraph 4.1.4 of this report, if the discounted period was abolished this would result in approximately £781 and £1,297 additional income per annum for Adur and Worthing respectively.

4.3.7 Again, whilst the financial gain to the Councils is modest, Members may consider that in the context of the pressures on the local housing supply the abolition of the discount may encourage Council Tax payers to bring these properties back into use more quickly. It would also simplify the administration of Council Tax because disputes about the date on which a property became unoccupied would be removed.

4.3.8 Members may wish to be aware that other neighbouring local authorities provide the following discounted periods from 1 April 2019

	Discount
Arun	50% discount for a maximum period of three months
Chichester	No discount
Crawley	100% discount for a maximum period of seven days
Horsham	No discount
Mid Sussex	No discount
Brighton & Hove	No discount

5. Engagement and Communication

5.1 If Members wish to consider amending the “long-term empty premium” and the local discounts in respect of unoccupied & unfurnished properties and properties undergoing structural alterations or major repairs, it will be appropriate to undertake public consultations with Council Tax payers throughout Adur and Worthing.

5.2 The consultations would be made available online and in paper format, and will be publicised widely.

5.3 The results from the consultation would be reported back to the Joint Strategic Committee in order that formal recommendations can be made to the Joint Strategic Committee to determine any changes that should be made.

6. Financial Implications

Finance Officer:

Date:

7. Legal Implications

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings Act 2018 allows the councils to charge an additional premium in respect of empty properties as set out in this report.

Background Papers

The “Outline 3-Year Forecast And Savings Proposals” report that the Joint Strategic Committee considered on 29 November 2012

Minutes of the Joint Overview and Scrutiny “Council Tax Freedoms Working Group” meeting held on 24 September 2012

Minutes of the Joint Strategic Committee meeting held on 29 November 2012 (page 3)

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018

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Sustainability & Risk Assessment

1. Economic

Income from Council Tax represents an important source of income to the Councils. The additional income that would be received if the local discounts were abolished and the “long term empty premium” was increased are modest, but they may encourage properties to be brought back into use more quickly.

2. Social

2.1 Social Value

Matter considered and no issues identified.

2.2 Equality Issues

Matter considered and no issues identified.

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified.

2.4 Human Rights Issues

Matter considered and no issues identified.

3. Environmental

Matter considered and no issues identified.

4. Governance

Matter considered and no issues identified.

Appendix A - analysis of unfurnished and unoccupied properties that were subject to a long-term empty premium between 1 April 2018 and 31 March 2019

Adur - eighteen properties

Property Band	Empty since	Date from	Date to	Value of premium
A	01.04.1993	01.04.2018	31.03.2019	£604.28
A	01.03.2017	01.03.2019	31.03.2019	£51.32
A	05.09.2016	05.09.2018	31.03.2019	£343.83
B	19.12.2016	19.12.2018	31.03.2019	£195.33
B	08.10.2015	01.04.2018	31.03.2019	£692.18
B	19.01.2017	19.01.2019	31.03.2019	£139.07
B	03.07.2014	01.04.2018	31.03.2019	£703.90
C	01.12.2013	01.04.2018	31.03.2019	£791.06
C	20.02.2016	01.04.2018	31.03.2019	£791.06
C	12.11.2010	01.04.2018	31.03.2019	£791.06
C	28.02.2013	01.04.2018	31.03.2019	£791.06
C	11.07.2016	11.07.2018	31.03.2019	£582.76
C	02.04.2016	02.04.2018	31.03.2019	£802.26
D	09.02.2017	09.02.2019	31.03.2019	£126.65
D	15.01.2013	01.04.2018	31.03.2019	£906.41
E	05.04.2015	01.04.2018	31.03.2019	£1,087.71
E	10.12.2014	01.04.2018	31.03.2019	£1,107.84
H	29.06.2007	01.04.2018	31.03.2019	£1,779.88
			Total	£12,287.66

Average time since properties were last occupied: 5 years, 210 days

Worthing - fifty five properties

Property Band	Empty since	Date from	Date to	Value of premium
A	11.03.2017	11.03.2019	31.03.2019	£32.89
A	07.02.2017	07.02.2019	31.03.2019	£83.01
A	17.02.2017	17.02.2019	31.03.2019	£67.35
A	19.06.2015	01.04.2018	31.03.2019	£571.67
A	10.08.2016	10.08.2018	31.03.2019	£366.49
A	01.04.1993	01.04.2018	31.03.2019	£571.67
A	05.02.2005	01.04.2018	31.03.2019	£571.67
A	27.03.2017	27.03.2019	31.03.2019	£7.83
A	04.09.2010	01.04.2018	31.03.2019	£571.67
A	01.11.2010	01.04.2018	31.03.2019	£571.67
A	10.07.2016	10.07.2018	31.03.2019	£415.05
A	03.07.2016	03.07.2018	31.03.2019	£426.01
A	31.10.2016	31.10.2018	31.03.2019	£238.07
A	14.09.2015	01.04.2018	31.03.2019	£571.67
A	12.07.2016	12.07.2018	31.03.2019	£411.91
A	10.12.2015	01.04.2018	31.03.2019	£571.67
A	19.10.2003	01.04.2018	31.03.2019	£571.67
A	01.12.2004	01.04.2018	31.03.2019	£571.67
A	21.12.2015	01.04.2018	31.03.2019	£571.67
A	19.08.2010	01.04.2018	31.03.2019	£571.67
A	09.01.2016	01.04.2018	31.03.2019	£571.67
B	31.01.2013	01.04.2018	31.03.2019	£666.94
B	30.04.2016	30.04.2018	31.03.2019	£599.33
B	01.04.1989	01.04.2018	31.03.2019	£666.94

B	06.12.2014	01.04.2018	31.03.2019	£666.94
B	20.02.2017	20.02.2019	31.03.2019	£73.09
B	13.10.2015	01.04.2018	31.03.2019	£666.94
B	30.05.2015	01.04.2018	31.03.2019	£666.94
B	06.12.2013	01.04.2018	31.03.2019	£666.94
B	21.12.2016	21.12.2018	31.03.2019	£184.55
B	01.06.2009	01.04.2018	31.03.2019	£666.94
B	16.02.2016	01.04.2018	22.05.2018	£95.02
B	26.09.2011	01.04.2018	31.03.2019	£666.94
B	08.06.2015	01.04.2018	31.03.2019	£666.94
B	24.01.1998	01.04.2018	31.03.2019	£666.94
B	14.02.2017	14.02.2019	31.03.2019	£65.78
B	07.12.2015	01.04.2018	31.03.2019	£666.94
C	18.12.2013	01.04.2018	31.03.2019	£762.22
C	31.08.2014	01.04.2018	31.03.2019	£762.22
C	08.08.2012	01.04.2018	31.03.2019	£762.22
C	23.01.2017	23.01.2019	31.03.2019	£142.01
D	31.03.2017	31.03.2019	31.03.2019	£2.35
D	16.12.2016	16.12.2018	31.03.2018	£249.03
D	09.12.2016	09.12.2018	31.03.2018	£258.43
D	12.09.2016	12.09.2018	31.03.2019	£472.21
D	08.06.2016	08.06.2018	31.03.2019	£486.31
D	08.09.2015	01.04.2018	31.03.2019	£857.50
D	04.11.2016	04.11.2018	31.03.2019	£347.70
D	25.08.2009	01.04.2018	31.03.2019	£857.50
D	23.03.2016	01.04.2018	31.03.2019	£857.50
D	05.12.2016	05.12.2018	31.03.2019	£63.43

E	09.11.2012	01.04.2018	31.03.2019	£1,048.05
F	18.11.2016	04.03.2019	31.03.2019	£95.02
G	04.11.2016	04.11.2018	31.03.2019	£579.50
G	16.08.2016	16.08.2018	31.03.2019	£892.74
			Total	£26,758.70

Average time since properties were last occupied: 5 years, 259 days

Appendix B - analysis of properties undergoing structural alterations or major repairs that were awarded a discount between 1 April 2018 and 31 March 2019

Adur - twelve properties

Property Band	Date from	Date to	Value of discount
A	15.01.2018	15.04.2018	£285.99
B	26.09.2018	26.12.2018	£351.53
C	16.10.2018	16.01.2019	£398.78
C	05.02.2018	14.04.2018	£288.46
C	16.03.2018	16.06.2018	£402.74
C	15.08.2018	15.11.2018	£406.16
C	26.01.2018	26.04.2018	£383.64
D	17.04.2018	01.07.2018	£365.73
D	23.02.2018	23.05.2018	£425.62
D	31.01.2018	30.04.2018	£420.42
D	04.05.2018	04.08.2018	£456.93
D	19.07.2018	19.10.2018	£456.93
		Total	£4,642.93

Average length of discount award: 87.7 days

Worthing - sixteen properties

Property Band	Date from	Date to	Value of discount
A	07.02.2018	01.03.2018	£68.91
A	11.08.2018	11.11.2018	£288.18
A	10.09.2018	25.09.2018	£46.99
A	08.04.2018	24.05.2018	£168.13
A	23.03.2018	01.11.2018	£286.85
A	01.06.2018	17.08.2018	£241.20
A	12.02.2018	12.05.2018	£271.70
B	01.07.2018	01.10.2018	£427.57
B	28.02.2018	28.05.2018	£319.73
B	19.06.2018	19.09.2018	£336.21
B	23.04.2018	23.07.2018	£412.98
C	04.08.2018	04.11.2018	£384.24
D	24.03.2018	24.06.2018	£448.41
D	12.06.2018	12.09.2018	£432.27
D	18.04.2018	18.07.2018	£427.57
E	24.07.2018	24.10.2018	£528.33
		Total	5,089.27

Average length of discount award: 78.5 days

Appendix C - analysis of unfurnished and unoccupied properties that were awarded a discount between 1 April 2018 and 31 March 2019

Adur - 1,502 awards

Property Band	Number of discounts awarded	Average number of days that the discounted period was awarded for	Total value of discounts
A	320	25	£22,480
B	407	23	£30,779
C	488	23	£39,824
D	200	22	£16,121
E	52	21	£5,137
F	26	24	£3,908
G	8	20	£504
H	1	31	£298
Total	1,502	N/A	£119,051

Average length of award for all Council Tax Bands: 23.24 days.

Worthing - 3,659 awards

Property Band	Number of discounts awarded	Average number of days that the discounted period was awarded for	Total value of discounts
A	1,288	23	£79,321
B	1,071	23	£77,021
C	706	23	£56,354
D	388	22	£32,120
E	145	22	£14,288
F	41	25	£4,893
G	20	27	£3,234
H	0	N/A	£nil
Total	3,659	N/A	£267,231

Average length of award for all Council Tax Bands: 22.77 days.