



Key Decision: No  
Ward(s) Affected: All  
Portfolio: Citizen Services

**Outcome of the public consultation in respect of the locally-determined 100% one-month Council Tax discount in respect of unoccupied & substantially unfurnished properties**

**Report by the Director for Digital, Sustainability & Resources**

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**Executive Summary**

**1. Purpose**

- 1.1 At the meeting of the Worthing Joint Strategic Committee Sub-Committee meeting held on 8 November 2022 it was determined that a public consultation should be undertaken by Worthing Borough Council with a view to ending the one-month 100% Council Tax discount in respect of unoccupied and substantially unfurnished properties.
- 1.2 This report details the consultation responses that have been received and recommends that the one-month 100% discount should end from 1 April 2023.

**2. Recommendations**

- 2.1 The Worthing Joint Strategic Sub-Committee is asked to note the content of this report and recommend to the Full Council that with effect from 1 April 2023 the one-month 100% discount should be discontinued.

### **3. Context**

- 3.1 Since 1 April 2013, local authorities have been able to amend the period when no Council Tax is payable in respect of properties that are unoccupied and substantially unfurnished.
- 3.2 In November 2012, the Joint Strategic Committee determined that the statutory 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 In September 2019 and January 2020, the Joint Strategic Committee considered further reports:
- Recommending to Full Council that “Long-term empty premiums” should be introduced (whereby additional Council Tax becomes payable) in respect of unfurnished properties that have been unoccupied for at least two years
  - Determining that the one-month 100% discount in respect of unoccupied and unfurnished properties should be retained for properties in the Worthing area.
- 3.4 These changes mean that since 1 April 2021, unless a property meets the criteria for a statutory exemption, the Council Tax liability within Worthing in respect of properties that are unoccupied and unfurnished is:
- £nil in respect of the first month
  - The usual charge (based on the property Band) from month two to month twenty-three
  - 200% of the usual charge from years two to year five
  - 300% of the usual charge from years five to year ten
  - 400% of the usual charge where the property remains empty for ten years or more
- 3.5 On 8 November 2022 the Worthing Joint Strategic Sub-Committee considered a report about the 100% discount in respect of the first month that a property is unoccupied and unfurnished.
- 3.6 The Sub-Committee determined that a public consultation should be held in the context of Worthing having a shortage of homes and that this policy change will encourage a quicker turnaround between one occupant and the next, supporting the administration's aims of tackling the housing crisis.
- 3.7 Delegated authority was given to the Head of Revenues & Benefits, in consultation with the Cabinet Member for Citizen Services, to finalise the consultation content, with the results and any recommendations to be reported back to a future meeting of the Joint Strategic Sub-Committee.
- 3.8 The consultation was open for just under six weeks between 23 November 2022 and 2 January 2023 with 54 responses received. A summary of the responses is detailed in Appendix A.

3.9 In response to the consultation this additional comment was received from a resident who is the owner of a property in Worthing:

*I very much understand the council's concerns about the lack of housing in Worthing. Working as I do with many people on the margins of society, I too am concerned by this situation. However, I would suggest that in order to try to remedy this, the council really needs to target owners of properties which have been unnecessarily vacant for a significant period of time.*

*In regard to the specific proposal to remove the exemption from council tax for one month for empty properties, I would just like to point out that when a tenancy comes to an end, it usually takes at least a month to be able to find a new tenant and to settle them in the property. The month's exemption from council tax is therefore a welcome relief for those, like myself, who are dependent upon a very modest rental income for our day-to-day living (I'm sure very few landlords in the town have multi-property portfolios which they operate as a business).*

*Moreover, in my experience, I have had no problems in regard to calculation of periods of exemption; indeed, I have always found the Worthing Borough Council council tax team to be exceedingly helpful and efficient. I would therefore respectfully ask that the council retain the exemption.*

#### **4. Issues for consideration**

- 4.1 The one-month 100% 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.
- 4.2 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 their 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 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 actually vacated prior to their tenancy end date. Removing the discount would simplify the administrative process because the liability start and end dates (based on sale completion or tenancy start/end dates) are rarely disputed.

4.4 The local discount of 100% currently lasts for a maximum period of one month and thereafter the full Council Tax charge becomes payable. The number of unoccupied properties as at October 2022 (together with comparable figures from 2019 when the discount was last considered) was:

|  | May 2019       | October 2022   |
|--|----------------|----------------|
| Total number of Council Tax properties                     | 50,547         | 51,530         |
| Total number (and percentage) of empty properties          | 835<br>(1.65%) | 764<br>(1.48%) |
| Number (and percentage) of properties with a 100% discount | 64<br>(0.13%)  | 38<br>(0.07%)  |

The number of empty properties is constantly changing as residents buy and sell properties and tenancies commence and end.

4.5 The following table shows the number of properties that were subject to the one-month 100% discount reduction using one day in October 2022 as an example:

| Property Band | Number of properties | Total value <sup>1</sup> of Council Tax discounts |
|---------------|----------------------|---|
| Band A        | 18                   | £2,033.01   |
| Band B        | 10                   | £1,317.69   |
| Band C        | 5                    | £752.97   |
| Band D        | 5                    | £847.09   |
| Band E        | 0                    | £nil  |
| Band F        | 0                    | £nil  |
| Band G        | 0                    | £nil  |
| Band H        | 0                    | £nil  |
| <b>Total</b>  | <b>38</b>            | <b>£4,950.76</b>                                  |

*Note 1: the value is an approximation because Council Tax is a daily charge, there are a variable number of days in each month and each discounted period does not necessarily last for a full month*

4.6 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 time the normal Council Tax charge will become due.

- 4.7 For the current financial year only 12.41% of the total value of Council Tax that is charged for relates to the borough council precept (with the remaining 87.59% relating to the West Sussex County Council and the Sussex Police & Crime Commissioner precepts), if the discounted period was abolished this would result in a maximum additional income of £7,450 per annum for Worthing Borough Council.
- 4.8 Whilst the financial gain to the Councils is modest, Members may consider that in the context of the continued 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.
- 4.9 Ending the discount would also simplify the administration of Council Tax because disputes about the date on which a property became unoccupied would become irrelevant. In turn this will provide officers with more time to focus on utilising their skills to provide help and support to residents.
- 4.10 Members may wish to be aware that other neighbouring local authorities provide the following discounted periods from 1 April 2022

|                 | Discount  |
|-----------------|---|
| Adur            | No 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                                       |

- 4.11 If the 100% one-month discount is abolished, this will not affect the other statutory exemptions that are awarded in respect of unoccupied properties, for example:
- Certain properties owned or rented by a charity
  - When the Council Tax payer has passed away and the executors are awaiting the grant of probate
  - Properties kept empty for a minister of religion
  - Repossessed properties

## **5. Engagement and Communication**

- 5.1 The consultation was widely publicised via the Councils' website, social media and other communication channels to maximise the number of responses. Consultations have also been undertaken with the major precepting authorities (West Sussex County Council and the Sussex Police & Crime Commissioner).

## **6. Financial Implications**

- 6.1 If members approve the removal of the discount, this will generate additional income to the Collection Fund, albeit the financial gain is likely to be marginal in the region of £60,000. The Council benefits from 12.41% of any tax generated and so this would increase income by £7,450 per year.

## **7. Legal Implications**

- 7.1 Section 11 of The Local Government Finance Act 2012 amended the Local Government Finance Act 1992 by inserting sections 11A & 11B enabling the Council to abolish Council Tax exemptions for certain empty dwellings and increasing local authorities' discretion over discounts for empty dwellings. The Act also gave local authorities a new discretion to increase the Council Tax for certain empty dwellings.
- 7.2 The exemption for dwellings which are unoccupied and substantially unfurnished (Class C of The Council Tax (Prescribed Classes of Dwellings)(England) Regulations 2003, as amended by The Council Tax (Prescribed Classes of dwellings)(England)(Amendment) Regulations 2012) was abolished with effect from 1 April 2013.
- 7.3 Under s.11B of the Local Government Finance Act 1992 (as inserted by the Local Government Finance Act 2012), from 1 April 2013, where a dwelling remains unoccupied and substantially unfurnished for a period of two years or more, the Council has discretion to charge an empty homes premium in addition to the full Council Tax charge.
- 7.4 s3(2)(a) of the Local Government Act 1999 places a general duty on the Council to consult representatives of persons liable to pay any tax, precept or levy to or in respect of the authority.

## **Background Papers**

Minutes of the Joint Strategic Committee meetings held on 10 September 2019 and 14 January 2020

Minutes of the meeting of Worthing Borough Council held on 18 February 2020

Minutes of the Worthing Joint Strategic Committee Sub-Committee meeting held on 8 November 2022

## **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 discount were to be abolished is 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.

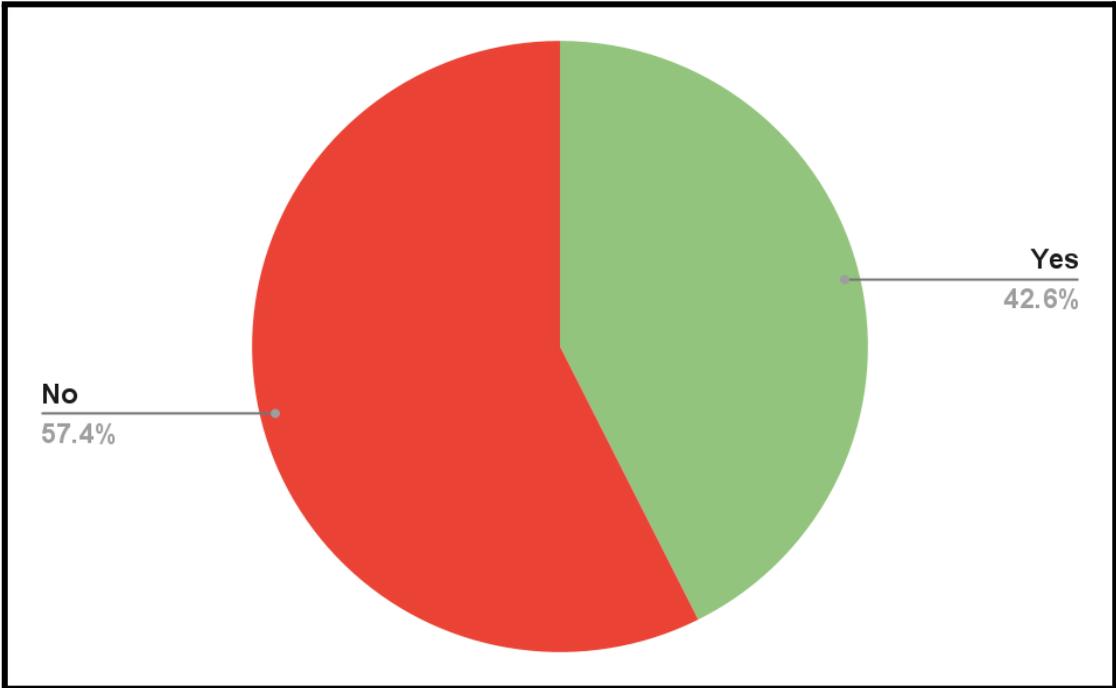
### **4. Governance**

Matter considered and no issues identified.

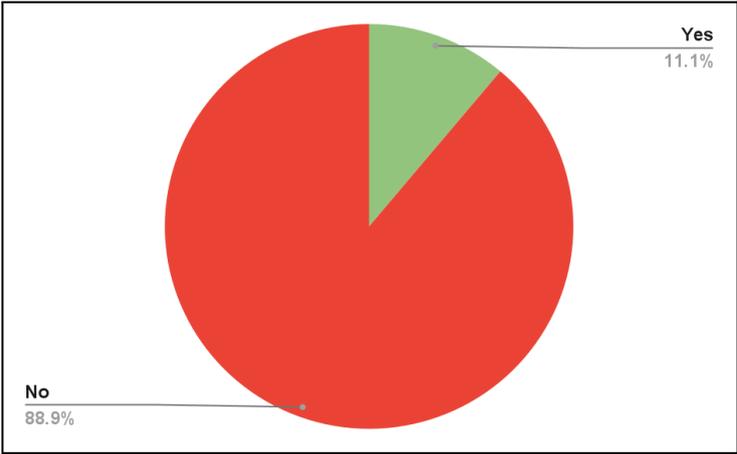
**Appendix A - responses to the public consultation**

Total number of responses received: 54

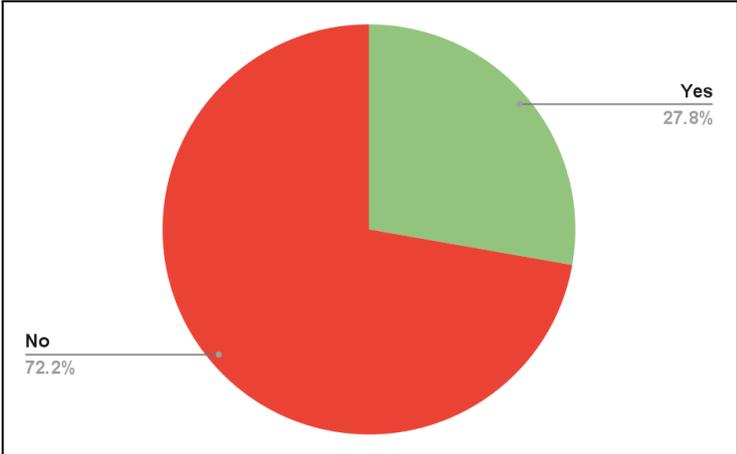
Should the one-month Council Tax discount for empty properties be abolished from 1 April 2023?



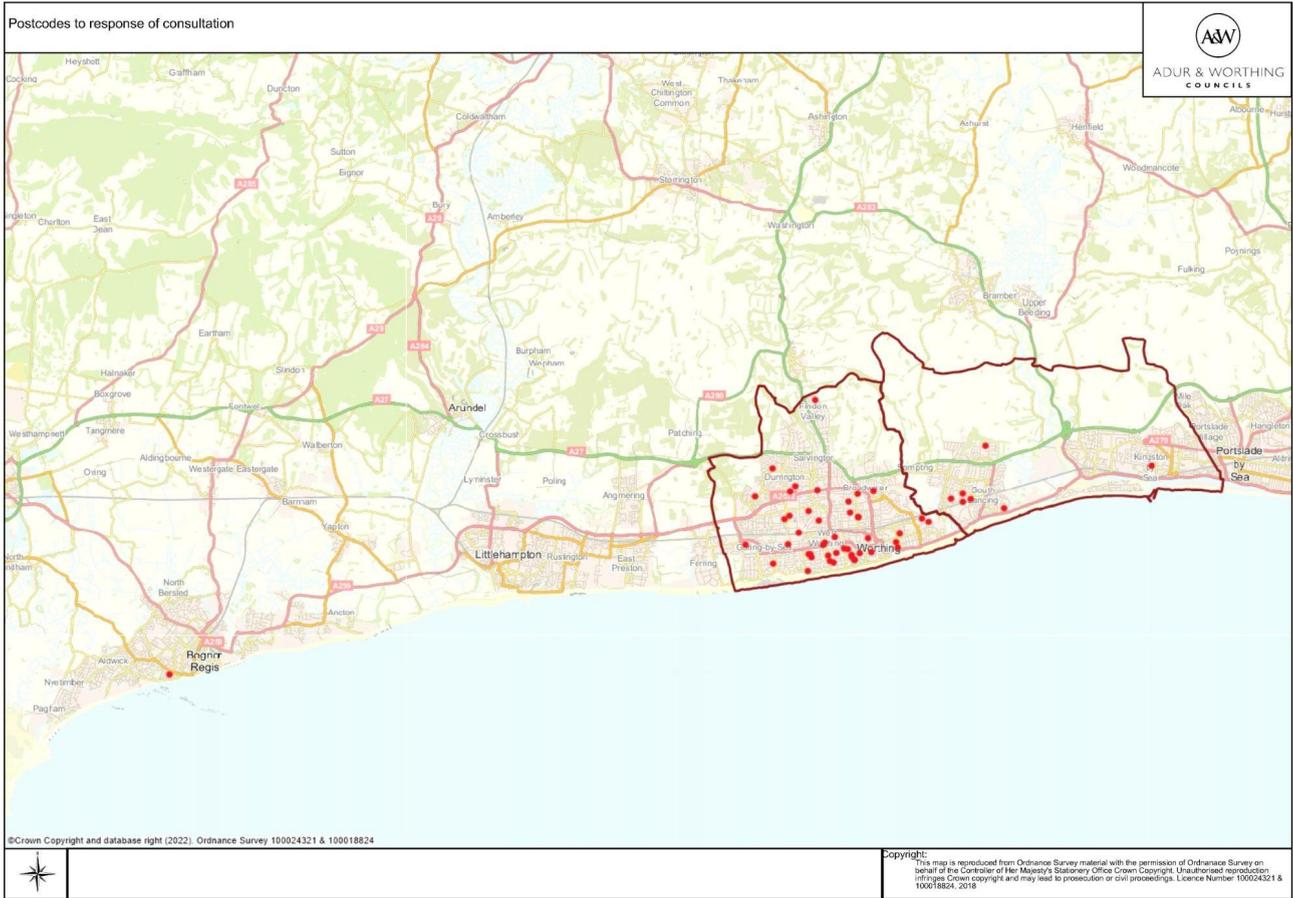
Responses from tenants



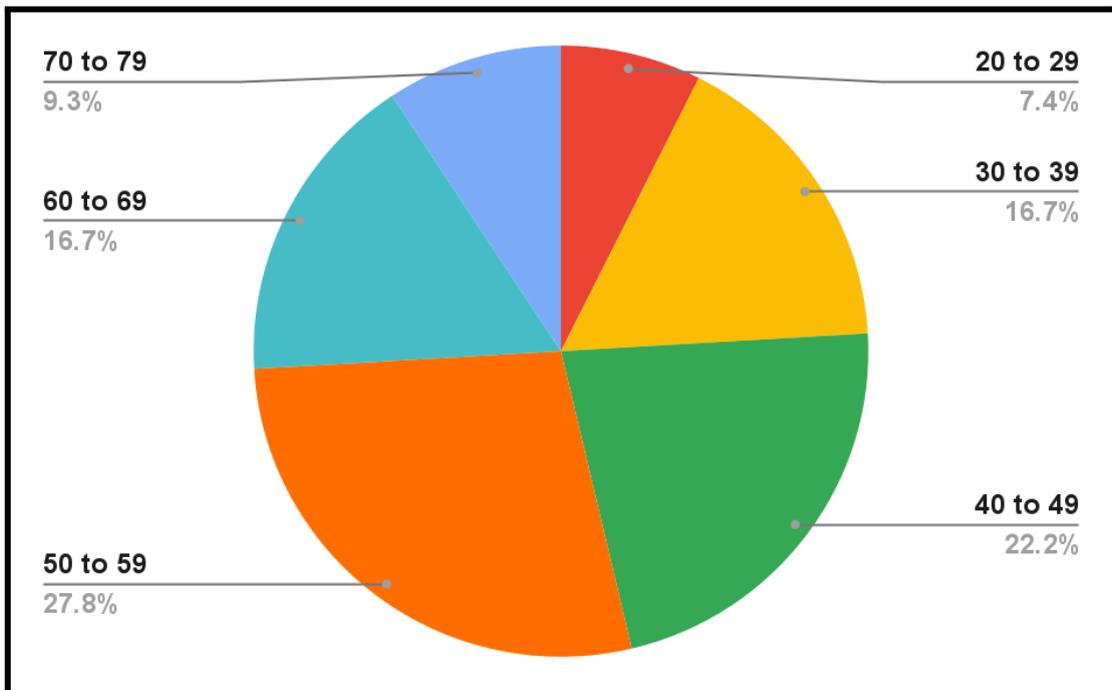
Responses from landlords



Map of the respondents' postcode



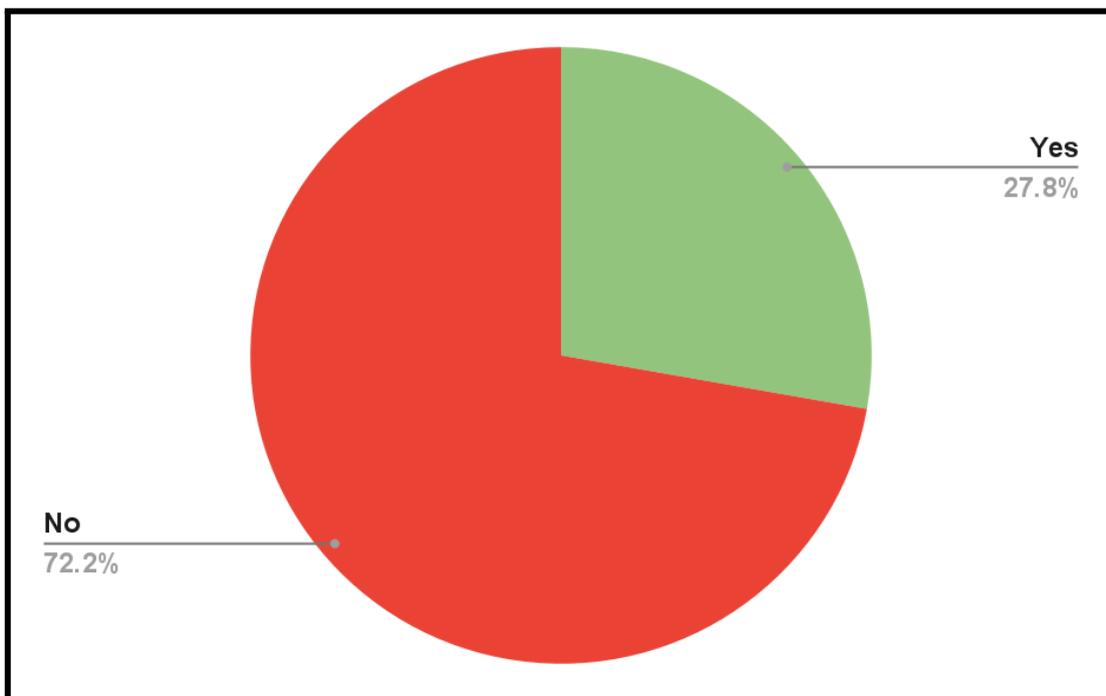
How old are you?



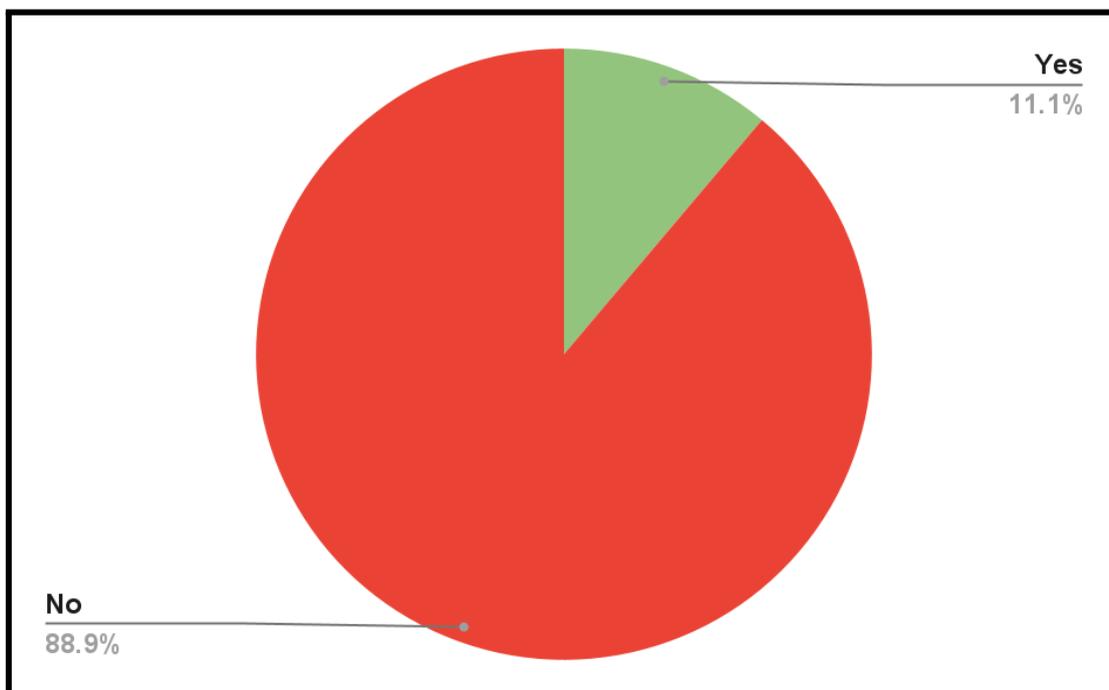
Do you

- Live in Worthing = 49
- Work in Worthing = 16
- Run a business in Worthing = 4

Are you the landlord of a property in Worthing?



Are you the tenant of a property in Worthing?



Are you disabled?

