

**REPORT TO: CORPORATE SERVICES SCRUTINY COMMITTEE**  
**Date of Meeting: 22 NOVEMBER 2018**

**REPORT TO: EXECUTIVE**  
**Date of Meeting: 11 DECEMBER 2018**

**REPORT TO: COUNCIL**  
**Date of Meeting: 18 DECEMBER 2018**

**Report of: Bindu Arjoon - Director**  
**Title: Council Tax Long Term Empty Premium 2019/20**

**Is this a Key Decision?**

No

\* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

**Is this an Executive or Council Function?**

Council

**1. What is the report about?**

This report is presented to seek members' views on the Government proposal to allow Local Authorities to increase the Council Tax Long-Term Empty Premium from a maximum of 50% to a maximum of 100%. This will affect properties that have been empty for 2 or more years.

**2. Recommendations:**

- 2.1 That Corporate Services Scrutiny supports the adoption of the increase in the Council Tax Long-Term Empty Premium from 50% to 100% from the 1 April 2019 assuming the relevant primary legislation is in place.
- 2.2 That Executive supports the adoption of the increase in the Council Tax Long-Term Empty Premium from 50% to 100% from the 1 April 2019 assuming the relevant primary legislation is in place.
- 2.3 That Council adopts the increase in the Council Tax Long-Term Empty Premium from 50% to 100% from the 1 April 2019 assuming the relevant primary legislation is in place.

**3. Reasons for the recommendation:**

- 3.1 The Council is committed to reducing the number of empty homes. The 100% premium could be an important tool in achieving this aim. Although the increase in income to the Council through increasing the premium from 50% to 100%, would be negligible (< £5,000), the focus of this initiative is to encourage owners of empty homes to bring their properties back into use.
- 3.2 There are currently just over 200,000 long-term empty dwellings in England, compared to 300,000 in 2010. The number has reduced since 2013, when councils were given

powers to charge a 50% premium, indicating that applying a premium has been a successful incentive in tackling empty homes.

- 3.3 Through the New Homes Bonus scheme introduced in 2011, the Council can earn the same financial reward for bringing an empty home back into use as for building a new one. Therefore this initiative could assist in attracting more New Homes Bonus if it is successful in bringing more empty homes back into use.

**4. What are the resource implications including non-financial resources.**

Any increase to the premium could generate additional correspondence and telephone calls from those customers affected. However, it is expected that this work would be absorbed within the general work of the Council Tax Section. Capita, the software providers for the Council Tax System, will carry out the required changes to allow the increased premium to be applied. The increase in income to the Council, should a 100% premium be agreed, will be approximately £4,230.

**5. Section 151 Officer comments:**

The proposal is noted, although the financial benefit to the Council is small. Clearly there are other non-financial benefits to this proposal, which raises no issues of concern for the section 151 Officer.

**6. What are the legal aspects?**

The administration and collection of Council Tax is a statutory function of the Council. The level of premium available to local authorities is set down in primary legislation and can be changed only through primary legislation. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill was introduced on 28 March 2018 and is currently making its way through Parliament and will enable this change. Clause 2 of the Bill makes amendments to section 11B of the Local Government Finance Act 1992. Subsection (2) specifies that the change will take effect from 1 April 2019.

**7. Monitoring Officer's comments:**

This report raises no issues for the Monitoring Officer

**8. Report details:**

- 8.1 Since 1 April 2013, local authorities in England have been able to charge a premium of up to 50% on long-term empty properties, which are defined as properties which have been unoccupied and substantially unfurnished for over two years. The premium is in addition to the usual council tax charge that applies to the property.

- 8.2 In the 2017 Autumn Budget, the Government promised to legislate to give local authorities the power to charge a premium up to 100% on long-term empty properties, and the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill is the result of this promise. The Bill increases the premium's maximum level to 100%, however decisions on whether to apply a premium, and the exact rates to be charged, will remain a matter for individual local authorities, taking into account local circumstances, such as the number of empty properties and housing supply and demand.

- 8.3 The drivers behind the Bill are:
1. There are currently more than 200,000 properties standing empty in England.
  2. Empty properties attract squatters, vandalism and anti-social behaviour; can be a blight on the local community; and can affect the value of the properties around them.
  3. When 1.6 million households are on social housing waiting lists, long-term empty properties are a wasted resource.
- 8.4 Recognising that a one-size-fits-all approach is inappropriate, given that different areas will have different housing needs and different numbers of long-term empty homes, the Government's intention is to keep the premium as a discretionary discount, allowing local authorities to decide whether it is appropriate for their areas, and what level of premium should be charged.
- 8.5 Doubling the amount of the premium will allow local authorities to strengthen the incentive for owners of empty homes to bring them back into use. However guidance published in 2013, reminds local authorities to take into account the reasons why a property is empty, making clear that the premium should not be used to penalise owners of homes that are genuinely on the market for rent or sale.
- 8.6 The Government do not propose to change the qualifying period of two years believing it strikes a balance between providing a strong incentive for bringing empty homes back into use, and giving home-owners sufficient opportunity to sell or rent out their properties, or to complete any major renovations that might be required.
- 8.7 The Council Tax system provides statutory exemptions for properties left empty for a specific purpose such as when a person goes into care. Local Authorities also have powers to apply discretionary discounts in cases where homes are empty due to special circumstances such as fire, flooding or hardship. By law, the premium cannot apply to homes that are empty due to the occupant being in armed forces accommodation for job-related purposes, or to annexes being used as part of a main property. Members may wish to consider whether there are other circumstances in which they would not wish to levy the premium.
- 8.8 When the premium was first introduced in April 2013, the Council had 223 long term empty properties and of these 61 had been empty for more than 2 years. There are currently 71 properties that are subject to the 50% Premium for being empty for more than 2 years:

Band A - 21  
Band B - 26  
Band C - 13  
Band D - 3  
Band E - 2  
Band F - 3  
Band G - 1  
Band H - 2

As the Council's share of Council Tax income is only 8.56%, the increase in income to the Council, should a 100% premium be agreed, will be approximately £4,230.

## **9. How does the decision contribute to the Council's Corporate Plan?**

Through contributing to building great neighbourhoods. This initiative could assist in achieving the goal of a home for every resident. It also contributes to the Empty Homes Strategy of bringing back into use long-term empty properties.

**10. What risks are there and how can they be reduced?**

The Bill will not bring any additional properties within scope of a long-term empty homes premium. The only change is that these properties could be subject to a premium of up to 100% rather than 50%. The qualifying period remains at two years.

Only 71 properties are currently subject to a Long-Term Empty Premium. It could reasonably be expected that some of those owners affected by the increase would contact the Council because of potential financial issues in paying the Council Tax due. However, this could be an opportunity to engage with them regarding how the property could be brought back into use.

**11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**

The intention of raising the premium that can be applied to long-term empty homes, is to bring more empty homes back into use, which will have a positive impact on community safety and the environment.

**12. Are there any other options?**

As the decision on whether to apply a premium, and the exact rates to be charged, is for the Council to decide, the Long Term Empty Premium could remain at 50% or be applied at a different rate up to a maximum of 100%.

**Bindu Arjoon**  
**Director**

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

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