

REPORT TO: EXECUTIVE

Date of Meeting: 10 DECEMBER 2019

REPORT TO: COUNCIL

Date of Meeting: 17 DECEMBER 2019

Report of: Bindu Arjoon - Director
Title: Council Tax Long Term Empty Premium for the 2020 and 2021 financial years

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 seeks members' views on increasing the current 100% Council Tax Long-Term Empty Premium applied to properties that are empty for more than 2 years.

2. Recommendations:

- 2.1 That Executive supports an increase in the Council Tax Long-Term Empty Premium from 100% to 200% from 1 April 2020 for properties empty for 5 years or more, and from 200% to 300% from 1 April 2021 for properties empty for 10 years or more.
- 2.2 That Executive recommends to Council, the adoption of an increase in the Council Tax Long-Term Empty Premium from 100% to 200% from 1 April 2020 for properties empty for 5 years or more, and from 200% to 300% from 1 April 2021 for properties empty for 10 years or more.

3. Reasons for the recommendation:

- 3.1 The Council is committed to reducing the number of empty homes. The 2019 – 2022 Empty Homes Strategy's over-arching aim is to bring Exeter's empty homes back into use for Exeter residents. With approximately 1,000 householders registered on Devon Home Choice looking for accommodation in Exeter, the increases in the Premium could be an important tool in achieving the Strategy's aim by encouraging owners of empty homes to bring their properties back into use.
- 3.2 Through the New Homes Bonus scheme introduced in 2011, the Council can gain the same financial reward for bringing an empty home back into use as for building a new one.

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

- 4.1 Applying the increases could generate additional correspondence and telephone calls from those customers affected, and additional work in collecting and recovering the council tax due; however it is expected that this work would be absorbed within the general work of the Council Tax Section.

4.2 There are currently 78 properties in Exeter that are subject to the current 100% Premium for being empty for more than 2 years, in the following bands:

- Band A - 17
- Band B - 27
- Band C - 22
- Band D - 5
- Band E - 1
- Band F - 2
- Band G - 1
- Band H – 3

Of those, 24 have been empty for 5 years or more (Band A = 5, Band B = 5, Band C = 8, Band D = 2, Band E = 1, Band F = 1, Band G = 0 and Band H = 2)

Of those 24, 5 have been empty for 10 years or more (Band C = 3, Band D = 1, Band H = 1)

4.3 Should the proposals be agreed, in 2020, a band D property subject to the new 200% premium for being empty more than 5 years would pay £5,514 per year as opposed to the current £3,676.

In 2021, a band D property subject to the new 300% premium for being empty more than 10 years would pay £7,352 per year as opposed to £5,514 payable in 2020-21 (an increase in £3,676 per year from the current 2019-20 annual charge).

4.4 The overall increase in income for 2020/21, based on council tax charges for the 2019/20 financial year, would be approximately £52,693. This would increase by a further £42,277 in 2021/22.

4.5 As the Council's share of Council Tax income is only 8.44%, the increase in income to the Council, should the proposed increases to the Premium for the 2020/21 and 2021/22 financial years be agreed, (based on the council tax charges for the 2019/20 financial year) will be approximately as follows;.

- 2020/21 – £3,568
- 2021/22 - £4,447

5. Section 151 Officer Comments:

5.1 Whilst the overall benefit to the Council in financial terms is small, there are many other benefits to bringing empty properties back into use. The section 151 Officer therefore supports the proposal.

6. What are the legal aspects?

The administration and collection of Council Tax is a statutory function of the Council. The legislation enabling these increases is contained within the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 which received Royal Assent on the 1 November 2018.

7. Monitoring Officer's comments:

The increases proposed may result in an increase in failure to pay the outstanding council tax but this possibility should not discourage Members from pursuing the aim of bringing these empty homes back into use.

8. Report details:

- 8.1 Since 1 April 2019, local authorities in England have been able to charge a Premium of up to 100% 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. The Premium was previously 50% and the report seeking members' views to increase from 50% to 100% from 1 April 2019 was presented to Corporate Services Scrutiny Committee on 22 November 2018 and Executive on 11 December 2018. The increase was adopted by Council on 18 December 2018.
- 8.2 The purpose in enabling local authorities to charge a premium is to address the issues relating to:
1. More than 200,000 properties standing empty in England.
 2. Empty properties attracting squatters, vandalism and anti-social behaviour; being a blight on the local community; and affecting 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.
- 8.3 The Premium is a discretionary discount, allowing local authorities to decide whether it is appropriate for their areas, and what level of premium should be charged.
- 8.4 The increases to the Premium allows 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.
- 8.5 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.
- 8.6 The Council Tax system provides statutory exemptions for properties left empty for a specific purpose such as when a person goes into care. By law, the Premium cannot apply to homes that are empty due to the occupant being in the armed forces, accommodation for job-related purposes or to annexes being used as part of a main property.
- 8.7 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. When applying the Premium we will be mindful of any mitigating personal circumstances such as mental health issues or bereavement and use our discretion accordingly. Members may wish to consider whether there are other circumstances in which they would not wish to levy the Premium.

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

Through contributing to building great neighbourhoods. . This initiative contributes to achieving the Empty Homes Strategy of bringing back into use long-term empty properties. 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 homes available for residents as well as on community safety and the environment.

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

- 10.1 There is a risk that this approach does not bring any additional properties within scope of the Long-Term Empty Premium. The only change is that properties empty for more than 5 years and empty for more than 10 years will be subject to the increases in the Premium for the 2020/21 and 2021/22 financial years. The long-term empty qualifying period remains at two years.
- 10.2 Only 78 properties are currently subject to a Long-Term Empty Premium. Of those 78, 24 have been empty for more than 5 years and of those 5 have been empty for more than 10 years. It could reasonably be expected that some of those owners affected by the increases 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.
- 10.3 Owners may move furniture in to avoid the premium, but the property would then count as a second home which then attracts New Homes Bonus.

11. Equality Act 2010 (The Act)

- 11.1 Under the Act's Public Sector Equality Duty, decision makers are required to consider the need to:
 - eliminate discrimination, harassment, victimisation and any other prohibited conduct;
 - advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
 - foster good relations between people by tackling prejudice and promoting understanding.
- 11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.
- 11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.
- 11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because the proposed changes to the Premium only affects 78 properties spread throughout the City. Of the 78 properties, 38 of them are owned by developers or other businesses, with the remainder owned by members of the public. The Council does not have data on the

characteristics of the owners or any evidence to suggest an impact on any particular group.

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 its current level of 100% irrespective of the length of time it has been empty.

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

Background papers used in compiling this report:-

None

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