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| REPORT OF: | DIRECTOR OF FINANCE & IT |
| TO: | COUNCIL FORUM |
| ON: | 24th JANUARY 2019 |

SUBJECT: Council Tax Empty Property Premium 2019/20

1. PURPOSE OF THE REPORT

1.1 To seek approval for the introduction of an increased Council Tax premium charge for long term empty properties from 1st April 2019.

2. RECOMMENDATIONS

- a) That the contents of the report are noted, and;
- b) That the Council adopts the new powers concerning empty property premiums and increases the rate from 50% to 100%.

3. BACKGROUND

Following the Government granting flexibility on the amount of discounts awarded to empty properties in 2013, the Council after due consultation with members and residents of the Borough, chose to introduce a premium charge of 50% on properties that had been empty for more than 2 years.

The main driver for the introduction of the premium was to incentivise owners of long term empty properties to bring them back into use. Any property that is brought back into use will provide financial benefits in the form of additional Council Tax income and new homes bonus.

With effect from 1st April 2019 councils have been given further flexibility to increase the premium charge from 50% to 100% for properties that have been empty for more than 2 years. In addition, from 2020/21 councils will also be able to increase the premium for properties which have been vacant for five years or more to 200%, and from 2021/22, increase the premium for properties which have been vacant for ten years or more to 300%.

4. KEY ISSUES

Empty Property Premium criteria

For the empty property premium to apply, properties must have been empty and substantially unfurnished for at least two years, excluding any occupation for less than six weeks. The liability for the empty homes premium is determined by the length of time that a property has been empty, irrespective of any change in ownership.

The government is able to prescribe classes of properties where the premium should not apply. At present, this includes Armed Forces personnel who are absent for job-related purposes.

Empty property analysis

The Council Tax database was examined in November to review the number of long term properties that would be affected by the increased flexibility. Based on the current data, the borough has 477 properties that have been empty for more than 2 years. A split by band is shown below:

| Band A | Band B | Band C | Band D | Band E | Band F | Band G | Band H |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 353 | 65 | 22 | 17 | 10 | 5 | 4 | 1 |

Of the 477 properties that have remained empty over two years, 129 have remained empty for more than five years, with a further 62 empty for more than 10 years.

5. POLICY IMPLICATIONS

As this proposed policy change will take effect from the 1st April 2019, all Council Tax payers affected will receive appropriate notification prior to commencement of the change.

6. FINANCIAL IMPLICATIONS

Whilst this policy change to increase the premium for empty properties does increase the collectable debit, it is not possible to estimate if additional council Tax that will be collected. It is widely expected that avoidance measures will be adopted by some Council Tax payers, namely, the claiming of occupation in the property or simply moving furniture into the property for it to be classed as a 2nd home.

7. LEGAL IMPLICATIONS

The ability to increase the premium rate from 50% to 100% is contained in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018. This bill received royal assent on the 1st November 2018.

8. RESOURCE IMPLICATIONS

It is expected that throughout a full financial year up to 550-600 properties could be

affected by the change to the premium rate. Whilst the full impact on resources cannot be accurately detailed, it is widely expected that the change will increase customer contact and result in additional recovery activity. The additional pressure on the Council Tax team from this and other changes in 2019/20 has been documented, and a request for further resources has been made.

9. EQUALITY IMPLICATIONS

The recommendation to increase the premium, will impact upon empty property owners and/or major landlords from across all protected characteristics, as such, it was deemed that a full Equality Impact Assessment was not required.

10. CONSULTATIONS

There is no requirement to consult on this change.

Chief Officer/Member

Contact Officer: Louise Mattinson, Director of Finance & Customer Services

Date: 24th January 2019

Background Papers: