

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	31 January 2018
Subject:	Council Tax – Empty Homes Premium
Report of:	Graeme Simpson, Head of Corporate Services
Corporate Lead:	Mike Dawson, Chief Executive
Lead Member:	Lead Member for Finance and Asset Management
Number of Appendices:	None

Executive Summary:

The purpose of this report is to recommend the introduction of a Council Tax Empty Homes Premium of 50% effective from 1 April 2018. It will apply to properties that have been unoccupied and substantially unfurnished for more than two years.

Recommendation:

To RECOMMEND TO COUNCIL that a Council Tax Empty Homes Premium of 50% is implemented from 1 April 2018 in respect of properties that have been unoccupied and substantially unfurnished for more than two years.

Reasons for Recommendation:

To implement a Council Tax Empty Homes Premium.

Resource Implications:

It is estimated that introducing an Empty Homes Premium will result in additional Council Tax income of £66,255.59. Tewkesbury Borough Council will retain approximately £4,637.89 of this with Gloucestershire County Council and Gloucestershire Police Crime Commissioner benefiting from the rest. If this strategy causes more long term empty properties to be brought back into use it will also have a beneficial impact on the level of New Homes Bonus we are able to retain with an average payment of £1,591 per property.

Legal Implications:

Section 12 of the Local Government Finance Act 2012 inserted a new Section 11B into the Local Government Finance Act 1992 allowing billing authorities, in relation to a dwelling which has been unoccupied and substantially unfurnished for over two years, to charge a premium 50% of the Council Tax which would have been payable if the dwelling were occupied by two adults and no discounts were applicable.

Risk Management Implications:

It may become difficult to collect the increased Council Tax due, but all available remedies will be used to mitigate this risk.

Performance Management Follow-up:

The impact of these changes will be closely monitored and will be reported back to Members as part of a wider review of Council Tax discounts scheduled to take place in 2018 for

implementation in the 2019-2020 financial year.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 Members will be aware of the key changes affecting local government finance from 1 April 2013. Section 12 of the Local Government Finance Act 2012 amended Section 11B of the Local Government Finance Act 1992 to allow local authorities in England to set a Council Tax rate for long term empty properties of up to 150% of the normal liability. A 'long-term empty property' must have been unoccupied and substantially unfurnished for at least two years. This has become known as 'Empty Homes Premium'.

2.0 BACKGROUND

2.1 Prior to April 2013 billing authorities could charge up to a maximum of 100% Council Tax on dwellings that had been empty for more than two years. From April 2013 billing authorities were given powers to charge a premium of up to 50% of the Council Tax payable in these circumstances. At the November 2017 Budget the Chancellor announced that the government was proposing to increase the amount from 50% to 100%, but this will need primary legislation to implement which is not expected until April 2019 at the earliest.

2.2 Prior to legislating, government consulted on the circumstances in which the 50% premium would not be applicable. The three circumstances were:

1. A dwelling which is the sole or main residence of a member of the armed forces who is absent from the property as a result of such service.
2. An annexe deemed unoccupied because it is being treated by the occupier of the main dwelling as part of that main dwelling.
3. A dwelling which is genuinely on the market for sale or letting.

2.3 Government subsequently legislated for the first two circumstances, but decided not to do so in the case of a dwelling which is genuinely for sale or for letting. It is still believed, however, that dwellings in such circumstances should not be subject to a premium and they issued guidance to assist authorities in their decision-making.

2.4 The guidance (Council Tax empty homes premium: guidance for properties for sale and letting) was issued in May 2013 and states:

This guidance paper should not be treated as an interpretation of the legislation or as statutory guidance. Billing authorities are free to make their own decisions when administering the premium.

The government expects billing authorities to consider the reasons why properties are unoccupied and unfurnished, including whether they are available for sale or rent, and decide whether they want such properties to be included in their determination. When considering the reasons an authority may want to take account of the following:

- *On average, how long have properties in their area been available for sale or rent before completion/occupation.*
- *What is the average price/rent in the local area?*

2.5 The premium may be applied when a property has been empty for two years irrespective of how long its current owner has owned it. It is possible, therefore, for an individual to buy a property which has already been empty for two years and be liable for the premium immediately. This scenario may occur if, for instance, the purchaser does not occupy the property immediately as they wish to extend or renovate the property. If the property is occupied for a period of six weeks or less it is regarded as not having been occupied for the purposes of the two year period. Occupancy of a long term empty property for more than six weeks 'resets the clock' for this purpose.

2.6 The Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 (as amended) specify that the premium cannot apply to homes that are empty due to the owner living in armed forces accommodation for job-related purposes or annexes being used as part of a main property.

2.7 A certain level of empty homes is inevitable; however, long term empty properties are more likely to deteriorate and may result in associated anti-social behaviour in an area. There are a variety of reasons why properties remain empty, but it is important to try and encourage homeowners to bring empty properties back into use particularly with the current pressure on finding housing for residents. There are currently 88 properties which have been unoccupied and unfurnished for more than two years and therefore would be subject to an Empty Homes Premium. If we were to charge Empty Homes Premium this would bring in additional income of £66,255.59 of which we would keep approximately 7% or £4,637.89. The remaining additional income will benefit Gloucestershire County Council and Gloucestershire PCC. We would also expect to improve the New Homes Bonus position through long term empty properties being brought back into use based on an approximate figure of £1,591 per property.

2.8 At present in Gloucestershire, only Stroud District Council and Cotswold District Council charge Empty Homes Premium although it is being introduced by Cheltenham Borough Council from April 2018. On a national level the latest available figures show that 287 out of 326 billing authorities charge Empty Homes Premium.

3.0 OTHER OPTIONS CONSIDERED

3.1 Members could choose not to introduce an Empty Homes Premium, but this would not provide any incentive for owners to bring properties back into use.

4.0 CONSULTATION

4.1 There is no statutory requirement to consult on these proposals; however, the Revenues team will be contacting all Council Tax payers likely to be subject to Empty Homes Premium prior to annual bills being issued in March 2018.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 Housing Strategy Action Plan 2017-2021 which was approved at Executive Committee on 3 January 2018.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 Legislation was drafted with an express intention to use Empty Homes Premium as a tool to support the encouragement of bringing empty properties back into use.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 None directly associated with this report other than officer time.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 None.

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

9.1 None.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None.

Background Papers: None.

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Appendices: None.