

Report to: **Hub Committee**

Date: **15th September 2020**

Title: **Council Tax Premium for Long-term Empty Property**

Portfolio Area: **Homes – Cllr Sellis**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y / N**

Date next steps can be taken: **Council 22 September 2020**

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Recommendations:

That the HUB Committee RECOMMENDS to Council:

- (a) an increase in the Council Tax long-term empty property Premium from the current 50% to the relevant maximums set out in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018
- (b) that, from 1st April 2021 onwards, to increase the Council Tax long-term empty property Premium to 100% for properties that have been empty for 2 years or more*
- (c) that, from 1st April 2021 onwards, to increase the Council Tax long-term empty property Premium to 200% for properties that have been empty for 5 years or more*
- (d) that, from 1st April 2021 onwards to increase the Council Tax long-term empty property Premium to 300% for properties that have been empty for 10 years or more*

(* Any period not exceeding six weeks, where the property is not empty, shall be disregarded for the purposes of calculating the two, five or ten year empty period).

1. Executive summary

1.1 The report informs Members of an increase to the Council Tax long-term empty property Premium that can be levied. This increase is to encourage owners of long-term empty property to take action to bring them back in to use and increase the availability of housing stock within the West Devon Borough Council area.

2. Background

2.1 The Council has, since 1st April 2013, charged an additional Premium of 50% on the full Council Tax charge for a long-term empty property. A long-term empty property is a property that is unoccupied (i.e. not the sole or main residence of any person aged 18 or over) and has been substantially unfurnished for a period of at least two years. A property that is entitled to an Exemption under the existing legislation, such as a property where the owner is a resident in a Nursing Home, are not subject to the Premium after the two year period. The legislation, also, will not allow a Premium to be applied where the property is an annexe, or where the Council Tax payer is residing in armed forces accommodation.

2.2 As at August 2020 the Council had 47 properties subject to the long-term empty property Premium out of a total of 26,051 properties banded for Council Tax.

2.3 On 1st April 2021, of these 47 properties, 4 will have been 'long-term empty' for longer than 5 years, with a further 8 reaching 5 years during the 2021 financial year.

2.4 On 1st April 2021, of these 47 properties, 4 will have been 'long-term empty' for longer than 10 years, with 3 of the 4 property mentioned in 2.3 reaching 10 years during the 2021 financial year.

Table 1 (Appendix 1) at the end of the report shows the bandings and length of time property currently subject to the Premium will have been empty for on 1st April 2021.

3. Outcomes/outputs

3.1 The increase in the Council Tax Premium for long-term empty property is not about increased income, but a means to encourage empty properties to be brought back in to use. The increased Council Tax Premium due for 2021/22, would be in the region of £7,786 (WDBC share of Council Tax income), but significantly less if the properties that have been empty the longest are brought back in to use. There would also be additional Council Tax Premium costs to the Council of £4,532, which would reduce any increased income that would be received. There would also be additional Council costs incurred in implementing and collecting any Council Tax long-term empty property Premium increase.

3.2 Should the Premium increase be approved, the Council will write to all affected Council Tax payers and at the same time provide them with information and advice regarding bringing the property back in to use and how the Council might be able to assist them, such as:

- Assistance in financing of works to empty homes to bring them back in to use
- Enforcement action that the Council can take against problematic empty homes
- Signposting to SeaMoor lettings and other agencies

3.3 Should the Council Tax payer have a genuine reason why the long-term empty property Premium cannot be avoided or suffer financial hardship due to the Premium, the Council does have the discretion to consider reducing/removing it. This will be done by way of a written application to the Rate Relief Panel. The application should give full reasons as to why the property has not been brought back in to use, and what actions are being taken to do so. The Rate Relief Panel will then decide whether, in those circumstances, they agree to part or all of the Premium being waived and for what period of time. The cost of any reduction would fall upon the Collection Fund in the same proportion as the Council Tax bills.

4. Options available and consideration of risk

4.1 The decision to increase the Council Tax Premium on long-term empty property for the 2021/22 financial year must be approved during the 2020/21 financial year. (i.e. the decision to increase the Premium must be made prior to the financial year the Premium is to begin).

4.2 Once approved, the Premium on long-term empty property would start from 1st April 2021, irrespective of the COVID-19 pandemic situation at that time.

4.3 There is a risk of non-payment of any increased Premium amount, however recovery action against any unpaid monies would take place in accordance with The Council Tax (Administration and Enforcement) Regulations 1992.

4.4 The risk of hardship to a Council Tax payer is mitigated by the option for the Rate Relief Panel to decide to not collect a part or all of the Premium amount.

5. Proposed Way Forward

5.1 The Committee recommends approval of the increase in the Council Tax long-term empty property Premium to the maximum Premium allowed from the 2021/22 financial year and onwards (as set out in the recommendations above).

6. Implications

Implications	Relevant to proposals Y/N	The approval for an increase in a Premium needs to be made during a financial year prior to which the Premium will become due.
Legal/Governance		The relevant powers for this report are contained within the following legislation; Section 11B Local Government Finance Act 1992 Section 67(2) Local Government Finance Act 1992 Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 The decision is one reserved to the Council

Financial implications to include reference to value for money		<p>Should all property remain empty, and the Premium amounts paid, the additional income to the Council would be around £7,786 as shown in Table 2 in 2021/22 for a full year (WDBC share of the Council Tax bill equates to 11% of the overall bill). This would be in part offset by the Council's additional Premium costs which would be £4,532.</p> <p>Table 2 below shows the increased Council Tax from an increase to the Premium. However, should this measure successfully reduce the number of long-term property, there may be a decrease in the income from the premium.</p>
Risk		<p>Any risk to reputation will be mitigated by taking proactive action with Council Tax payers to bring their property back in to use and not be subject to the Premium.</p> <p>The risk of hardship to Council Tax payers who genuinely cannot avoid the Premium on their long-term empty property will be addressed through applications to the Rate Relief Panel.</p>
Supporting Corporate Strategy		<p>Delivering efficient and effective services Enabling homes that meet the needs of all</p>
Climate Change - Carbon / Biodiversity Impact		No direct carbon/biodiversity impact arising from the recommendations
Comprehensive Impact Assessment Implications		
Equality and Diversity		None
Safeguarding		None
Community Safety, Crime and Disorder		Property brought back in to use may reduce the likelihood of vandalism
Health, Safety and Wellbeing		None
Other implications		None

Supporting Information

Appendices:

Table 1: Number of property currently subject to the Premium, by band and age on 1st April 2021

Table 2: Additional Council Tax received from an increased Council Tax Premium on long-term empty property for 2021/22 and onwards

Background Papers:

Section 11B Local Government Finance Act 1992
 Section 67(2) Local Government Finance Act 1992
 Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Heads of Practice sign off (draft)	Yes
Data protection issues considered	Yes
Accessibility checked	Yes

Table 1: Number of property currently subject to the Premium, by band and age on 1st April 2021

Council Tax Band	2-5 years	5-10 years	10 years +	<i>Total</i>
A	17	2	3	22
B	9			9
C	2	1	1	4
D	3	1		4
E	4			4
F	2			2
G	2			2
H				
<i>Total</i>	39	4	4	47

Table 2: Additional Council Tax received from an increased Council Tax Premium on long-term empty property for 2021/22 and onwards

Year	Additional Council Tax	West Devon share (at 11%)
2021/22	£70,782	£7,786

Above figures are based on 2020/21 Council Tax charges for property shown in Table 1