

NON EXEMPT

HAVANT BOROUGH COUNCIL

Cabinet

18th December 2019

Council Tax Empty Homes Premium

Brian Wood – Head of Customer Services

FOR RECOMMENDATION TO COUNCIL

Portfolio: Cabinet Lead for People and Communications – Cllr Lulu Bowerman

Head of Service: Brian Wood, Head of Customer Services

Key Decision: No

1.0 Purpose of Report

1.1 The purpose of this report is to consider adopting new premiums for residential properties empty and unfurnished for two years or more under new powers provided by the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 which come into force from April 2019.

1.2 Currently, Long Term Empty properties (empty more than two years) attract a Premium of 50% - thus paying 150% Council Tax.

1.3 These measures support the Council's 'Empty Property Strategy' to encourage the occupation of long-term empties that have been empty for over two years.

2.0 Recommendation

2.1 That Cabinet recommends to Council:

That the level of Empty Homes Premium on dwellings that have been unoccupied for more than two years, be applied as follows:

1) From 1 April 2020, 100% premium in addition to the full council tax charge for each dwelling unoccupied and unfurnished between two and five years, and 200% premium for dwellings unoccupied for more than five years; and

2) From 1 April 2021, 100% premium in addition to the full council tax charge for each dwelling unoccupied and unfurnished between two and five years, 200% for dwellings unoccupied between five and ten years, and 300% for properties unoccupied for more than ten years.

3) That in co-ordination with the Private Sector Housing Team, owners of dwellings that would be affected by the above changes are contacted during 2019, to encourage occupation and are informed of the changes to the level of premium.

3.0 Executive Summary

3.1 Section 12 of the Local Government Finance Act 2012 introduced a new Section 11B into the original 1992 Act giving local authorities the power to levy extra council tax of not more than 50% on long-term empty homes, known as the empty homes premium. The Council has used this power since April 2013 and imposed the maximum premium of 50% over and above the charge which would apply if the domestic property was occupied.

3.2 For the empty home 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 government can prescribe classes of properties where the premium should not apply and has prescribed an exemption for occupants serving in the Armed Forces absent for job-related purposes. Liability for the empty homes premium is determined by the length of time that the property has been empty, irrespective of any change in ownership, and includes any period the property may be in probate

3.3 The Rating (Property in Common occupation) and Council Tax (Empty Dwellings) Act 2018 provided for the premium to be increased from 1st April 2019 as follows

Length of time empty	Current	From April 2019	From April 2020	From April 2021
2 years + to 5 years	50%	100%	100%	100%
5 years + to 10 years	50%	100%	200%	200%
10 years +	50%	100%	200%	300%

3.4 Since the introduction of the Empty Homes Premium the number of properties in Havant empty for more than two years has reduced from approx. 300 at 1 April 2013 to 101 as at August 2019.

3.5 The breakdown of properties in Havant, empty for more than two years at August 2019 is:

Between 2 – 5 years	73
Over 5 and up to 10 years	22
Over 10 years	6
Total	101

Band	A	B	C	D	E	F	G	H	total
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Number	21	25	22	16	13	4	0	0	101
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3.6 Based on the 101 properties and the Council Tax level for 2019/20 increasing the premium would increase Council Tax income approximately as follows:

Financial Year	2020/21	2021/22
Overall Increase	£119,272	£128,484
HBC element 11.95%	£14,253	£15,353

3.7 It should be noted when considering the extra revenue raised, that should this legislation have the desired effect, i.e. the number of properties empty for more than two years reduces, therefore any extra revenue raised will eventually reduce. Based on the experience since the introduction of the empty homes premium in 2013 it is expected that this outcome will be likely.

3.8 This report is specifically mentioned in the Empty Homes Strategy (section 12) as an enabler to meet the strategies objectives.

4.0 Additional Budgetary Implications

4.1. The Billing, Collection and Recovery of any extra Council Tax will be absorbed within the current Capita contract.

5.0 Background and relationship to the Corporate Strategy and Directorate Business Plan/s

5.1 This report supports the Business Plan to develop and introduce policy around the Management of Empty Properties, led by the Private Sector Housing Manager.

6.0 Options considered and reasons for the recommendation

6.1 Option 1 – To leave the empty Homes Premium at 50%. This does not provide any further incentive for property owners to bring properties back into use but would reduce the risks outlined in 9.0.

6.2 Option 2 – To increase the premium to 100% from 2020/21 onwards. Although this would provide a short-term incentive to encourage properties to be brought back into use, it does not differentiate between empty properties that have been vacant for more than 5 or 10 years.

6.3 Option 3 - To apply all three of the increased premiums. This is the recommended option. It will not solve the issue of empty homes on its own but provides an important part of an Empty Home strategy that also includes incentives and enforcement. At the very least it provides a relatively small amount of increased revenue for the council.

7.0 Resource Implications

7.1 Financial Implications - The potential additional revenue is set out within the report. If the legislation has the desired effect the number of properties empty over two years will reduce so the potential additional revenue received because of increasing the empty homes premium will eventually be reduced.

7.2 Initial dialogue with Capita to introduce any changes to Council Tax premiums indicate that the Billing, Collection and Recovery of any extra Council Tax will be absorbed within the current contract price.

7.3 Human Resources Implications – None

7.4 Information Governance Implications - None

7.5 Other Resource Implication - Additional communications focusing on changes to The Empty Rate Premium.

8.0 Legal Implications

8.1 Section 11B of the Local Government Finance Act 1992 has been amended by the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 to allow for the maximum percentage by which Council Tax may be increased to change to 100% from the financial year beginning 1st April 2019 and then to be further increased each financial year up to 2021 to a maximum of 300% as described in the main body of the report.

9.0 Risks

9.1 There is a risk that raising additional charges on empty properties could lead to an increase in tax avoidance tactics. This could include the creation of fictitious tenancies, increased claims for single person discount and claims for exemption from premium payments. Although steps can be taken to mitigate the risks through on-site inspections it not always possible to establish if a property is empty. Please see 11.1 Partnership Working.

9.2 There are instances where the Premium has made it difficult for charge-payers to pay their arrears, especially if they are paying a full Council Tax on another property. The debt recovery arising from the Premium places a demand on staff time.

10.0 Consultation

10.1 There is no statutory requirement to consult on these proposals. However, The Empty Homes Team welcome additional measures to support bringing empty properties back in to use.

10.2 The Housing Team will be integral to enabling the 'Empty Homes Strategy' therefore this report has been shared with Tracey Wood, Head of Housing and Community Engagement.

11.0 Partnership Working

11.1 The subject of empty homes is one that spans multiple teams across the local authority, as well as other partner organisations. The Private Sector Housing Team will be assisting with verification of information provided to Council Tax and in the interests of enabling the 'Empty Homes Strategy' the council is committed to sharing information between relevant council departments and on occasion external partners where appropriate and in line with data protection legislation.

12.0 Communication

12.1 If Council approves the recommendation the Revenues team will contact all council tax payers at annual billing stage likely to be subject to the premium from April 2020 to advise them of the change.

Appendices: *None*

Background Papers:

Link to legislation –

<http://www.legislation.gov.uk/ukpga/2018/25/section/2/enacted>

Agreed and signed off by:

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S151 Officer: (30th September) Lydia Morrison

Director: (30th September) Lydia Morrison

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