

Report To:	CABINET	Date:	10TH SEPTEMBER 2018
Heading:	COUNCIL TAX - EMPTY PROPERTY PREMIUM		
Portfolio Holder:	COUNCILLOR ROBERT SEARS-PICCAVEY – CABINET MEMBER (INWARD)		
Ward/s:	ALL		
Key Decision:	NO		
Subject to Call-In:	YES		

Purpose of Report

In the November 2017 budget the Government announced its intention to allow Local Authorities to increase the level of council tax premium on empty properties over 2 years, from 50% to 100%. This change required new legislation to be passed by parliament but no indication was given as to when this would be completed through the parliamentary process.

The Government's stated reason for allowing councils to increase the empty property premiums is to help reduce the number of empty domestic properties by forcing owners to allow the properties to be occupied and increase the availability of housing stock for occupation.

Recommendation(s)

That Cabinet agree to Ashfield District Council implementing the changes provided in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill (once enacted), which will give the Council power to:-

- 1. Apply a 100% Premium to the total annual Council Tax bill on unoccupied dwellings that have stood empty for over 2 years but less than 5 years.**
- 2. Apply a 200% council tax Premium to the total annual Council Tax bill on dwellings that have been continuously unoccupied between 5 and 10 years.**
- 3. Apply a 300% council tax Premium to the total annual Council Tax bill on properties that have been continuously unoccupied for a period exceeding 10 years.**

Reasons for Recommendation(s)

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill has almost completed its passage through the House of Parliament and the House of Lords, and is due to receive Royal Assent shortly. Originally, this bill was designed to allow councils to increase the empty property

premium chargeable on dwellings that have stood empty for more than 2 years, from 50% to 100%. A recent amendment to this bill was agreed by parliament which will allow councils to increase the premium to 200% for properties that have been empty over 5 years, and to 300% for properties that have been empty for more than 10 years.

The legislation will allow the new empty property premiums to be implemented from 1st April 2019.

The decision to apply or not apply the new Council Tax Empty Premiums falls within the powers of the council, the new legislation does not give Local Authorities the power to increase the % Empty Property Premiums above those specified in the Council Tax (Empty Dwellings) Bill.

Alternative Options Considered

If the new powers are not applied the council tax empty property premium would simply remain at the current 50% rate and the potential additional council tax income would be foregone.

Detailed Information

The main driver for implementing this change is to reduce the number of unoccupied domestic properties in the district. By applying a higher level of Empty Property Premium, this should have the effect of increasing the number of homes available for occupation.

Implementing this change is unlikely to yield significant additional income for Ashfield District Council, as shown in the table below. Council Tax premium income from the properties that become occupied will actually fall from 150% to 100%, or even 75% in the case of properties with 1 adult occupant.

Implementing the new Empty Property Premiums from 1st April 2019

If the Cabinet agrees to implement the change then the following actions are proposed.

- The Council Tax system parameters will be updated during the 2019-20 annual billing process so that the new premiums will be included in the 2019-20 Council Tax annual bills.
- The Council Tax service will send a notice to the owners of all unoccupied dwellings (empty over 2 years (including those over 5 years and those over 10 years) in January 2019 to let them know about the forthcoming change.
- The Council Tax service will monitor the number of empty properties, prior to and after the change is implemented, in order to monitor the effect of the change on the numbers of empty properties in the District.
- The Council Tax service will consider any appeals against the premium, on a case by case basis, to ensure that the premium is not applied where it would be inappropriate to do so, for example where the property is being actively marketed for sale.

Implications

Estimating the number of properties that will remain unoccupied following this change is difficult. It is reasonable to suggest that if landlords are currently happy to pay a 50% premium for empty properties over 2 years then many will probably be equally willing to pay a 100% premium.

It is therefore simply not possible to make a sound assessment of any potential additional income the additional Council Tax Premiums may create. It is intended that the effects of the new Empty Property

The Council Tax Premiums will be closely monitored during 2018-19 and any additional income raised will be reported to Cabinet through the normal financial reporting. If the additional income is material then this will be included in future MTFS setting.

Corporate Plan:

Change in Council Tax legislation

Legal:

The details of the proposed legislation are set out in the report.

Final amendments were made to the Bill during the third reading in the House of Lords on 18 July. The Bill will now go to the House of Commons for consideration of the Lords' amendments prior to receiving Royal Assent at a future date (as yet unknown).

Finance:

Budget Area	Implication
General Fund – Revenue Budget	No assessment can be made of the potential income these new premiums may generate once applied. This is a new Government Policy nationally and therefore there is no historic data on which to base any estimates.
General Fund – Capital Programme	N/A
Housing Revenue Account – Revenue Budget	N/A
Housing Revenue Account – Capital Programme	N/A

Risk:

Risk	Mitigation
We would expect challenges to the Council's decision to apply the new premiums to individual properties.	Each challenge would be assessed on its merits and the decision would be conveyed to the property owner. If still dissatisfied then the taxpayer does have the right of appeal to a Valuation Tribunal.

Human Resources: There are no HR implications contained within the report.

Equalities: It is considered that there are no adverse equality/diversity implications contained in these proposals.

Other Implications:
(if applicable)

Reason(s) for Urgency

(if applicable)

Reason(s) for Exemption

(if applicable)

Background Papers

(if applicable)

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