

# Council Tax Technical Changes – Including Empty Property Reliefs and Premiums Changes

<b>Report No:</b>	<b>CAB/WS/19/044</b>	
<b>Report to and dates:</b>	<b>Cabinet</b>	26 November 2019
	<b>Council</b>	17 December 2019
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**Decisions Plan:**            **It is not a Key Decision.**

**The decision made as a result of this report will usually be published within 48 hours. This decision is not subject to call-in, as the decision is being recommended onto Council. This item is included on the Decisions Plan.**

**Wards impacted:**        **All wards**



**Recommendation:** It is **RECOMMENDED** that Cabinet, subject to approval by Council:

- a) Approves the continuation of the West Suffolk Council Tax Technical Changes set out in Section 2 of the report;
- b) Approves a Council Tax premium of 200% for properties that have been long term empty and unfurnished for 5 years and over from 1 April 2020;
- c) Approves a Council Tax premium of 300% for properties that have been long term empty and unfurnished 10 years and over from 1 April 2021; and
- d) Approves that properties that fall into the classes set out in section 3 of this report will not attract the Long Term Empty Premium for the period(s) detailed.



## **1. Background / Context**

- 1.1 Since April 2013, Councils have the discretion to charge up to 100% for some previously exempt properties, to charge up to 100% in respect of furnished empty properties (usually referred to as holiday homes), to charge up to 100% in respect of second homes and to charge up to 50% (100% from April 2019) empty homes premium for properties that had been empty for over 2 years. These discretions are described in this and previous council reports as the 'Council Tax Technical Changes'.
- 1.2 In offering these new powers Government was seeking to influence owners to bring empty homes back in to use as well as the ability for councils to increase council tax income.
- 1.3 This reports provides an overview of the current Council Tax technical changes for continuation from April 2020, alongside proposed changes to the long term empty property premium scheme from April 2020 in line with recent changes in legislation.

### **Background / Context – Long term empty property premium**

- 1.4 New legislation came into effect from 1 April 2019 that provides local authorities with the ability to implement a scheme that enables a 200% Council Tax charge on properties that have been empty for longer than 2 years. The charge rises to 400% Council Tax on properties that have been empty longer than 10 years from 1 April 2021.
- 1.5 On 17 July 2018 West Suffolk Shadow Council made the decision to charge the 200% for properties that have been empty for more than 2 years from 1 April 2019 (EXC/SA/18/004). At that stage the details regarding the additional premium at years 5 and 10 were unknown.
- 1.6 As at the beginning of November 2019, there are currently around 180 properties in West Suffolk that have been empty over 2 years and to which the current 200% Council Tax charge applies.
- 1.7 Using the same data, 92 properties within West Suffolk would be subject to the proposed 300% Council Tax charge (200% Premium for being empty for more than 5 years) from April 2020 if they remained empty. Of those 92, 34 properties would be subject to 400% Council Tax charge (300% Premium for being empty for more than 10 years) from April 2021 if they remained empty.



## 2. Scheme Proposals – Council Tax Technical Changes

- 2.1 The following table sets out the current schemes (excluding long term empty property premiums as detailed further in the report) for West Suffolk Council, for continuation from April 2020.

	West Suffolk scheme
Empty, substantially unfurnished	100% discount for 1 week
Empty, unfurnished and undergoing major repairs to render habitable	10% discount for 12 months
Second homes	0% discount

### Scheme Proposals – Long Term Empty Property Premium

- 2.2 The extension of the long term empty property premium scheme is intended to incentivise landlords to bring long term empty properties back into use. It is focussed on those properties that have been, and continue to be, empty for more than 5 years in the first instance and increases again for those properties that have been empty for more than 10 years.
- 2.3 Bringing empty properties back into use forms a key part of the West Suffolk Housing Strategy 2018-2023. This is priority 2.2 of the Strategy and is supported by the specific action to 'Provide support, encouragement and funding to help owners of empty homes bring them back into use. Use enforcement powers as an option if negotiations fail.'
- 2.4 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 allows councils to charge 'premiums' on top of existing Council Tax as set out below. The table shows both the existing premium that is already charged (in the first row) and the additional premiums that have been introduced in legislation:

Properties affected	Premium rate	Overall charge (original Council Tax charge plus premium)	Date from
Properties empty for two years but less than five years (as at April 2019)*	100%	200%	April 2019
Properties empty for five years but less than ten years (at April 2020)	200%	300%	April 2020



Properties empty for ten years or more (at April 2021)	300%	400%	April 2021
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*\*i.e. same as existing scheme, but ending at 5 years*

### **3. Scheme discretion – Long Term Empty Property Premiums**

3.1 It is recommended that the following classes of properties do not attract the long term empty property premium:

- A property which is purchased through land registry at market value and where the new owners are unable to reside in the property due to its condition, where evidence of this situation by the new owners is produced – the premium will be waived for a maximum of 12 months from the date of purchase before reverting back to the appropriate level of premium prior to the waiver period.
- Where a property is actively being marketed for sale at market value the premium will be waived for a maximum of 24 months.
- Where a property has been inherited and the new owners are unable to reside in the property due to its condition, where evidence of this situation by the new owners is produced – the premium will be waived for a maximum of 12 months from the date of ownership before reverting back to the appropriate level of premium prior to the waiver period.

3.2 It should be stressed that existing exemptions will remain in place that relate to properties that are empty because of specific circumstances such as the owner being in care, prison or being the executor of an estate where probate has been granted (time limited).

### **4. Communication and engagement**

4.1 There is no statutory requirement to consult on these proposals for long term empty property premium changes. However, the Council's Empty Properties/Housing Standard team has written to all Council Tax payers likely to be subject to the changes (if their properties remain empty) prior to annual bills being issued in March 2020. The letter included information for property owners on how to access help and support in bringing their properties back into use, so as to avoid the additional premiums.

4.2 The Council has written to both major preceptors, Suffolk County Council and Suffolk Police, both have responded positively to the scheme.

### **5. Alternative Options**

5.1 The Council could consider not implementing the additional premiums that have been introduced in legislation. However, this would mean that we had not taken advantage of a significant policy instrument designed to encourage empty properties to be brought back into use. Given the level of housing need in West Suffolk, this would be a missed opportunity to increase the level of available housing. Not to implement the proposals would also mean that West



Suffolk was out of step with surrounding local authorities who have already implemented the proposals.

## **6. Risks**

- 6.1 There is a risk that introducing the new premiums will place an unaffordable financial burden on the owners of empty properties in West Suffolk. As well as potentially causing distress, this could lead to expensive proceedings to recoup unpaid council tax. However, the small number of properties involved, the existing exemptions and proposed discretions should guard against these circumstances arising.

## **7. Implications arising from the proposal**

### Financial

- 7.1 If introduced, the changes to the scheme would result in a small revenue increase to the Council of around £20,000 (based on our share) if none of the properties were brought back into use.
- 7.2 Where the implementation of the changes resulted in empty property owners bringing their properties back into use, this would result in a reduced burden on the Empty Properties/Housing Standard Team in the long run, albeit with an increase in activity in the short term.
- 7.3 Separately, there could be costs to Anglia Revenues Partnership associated with pursuing non-payment of Council Tax where the premiums were applied.

### Legal Compliance

- 7.4 The proposals have already been introduced in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018

### Personal Data Processing

- 7.5 The introduction of the changes would not impact on the personal data already held about Council Tax payers.

### Equalities

- 7.6 No data are available on the protected characteristics of the owners of empty properties, in order to carry out an assessment. However, it is not anticipated that the proposals should impact on any one particular group, instead being intended to increase the availability of housing, which benefits all groups.

### Crime and Disorder

- 7.7 No impact

### Environmental or sustainability

- 7.8 This is a positive measure intended to increase housing supply without the need for the construction of new homes.



HR / Staffing

- 7.9 No impact

Changes to existing policy

- 7.10 If introduced, the proposals would change the existing Council Tax scheme for West Suffolk Council.

Impact on other organisations (e.g. community groups, businesses, partner organisations)

- 7.11 The changes would impact on property owners, many of whom own property as a business. The intention is that by bringing empty properties back into use, the owners would be able to benefit from a rental income on the dwellings.

**8. Background documents**

- 8.1 Shadow Council: 17 July 2018; Report No: COU/SA/18/007 - [Report Link](#)

