

Council Tax Empty Homes Premium

The Reason for the Decision	<p>This report outlines proposals for Allerdale Borough Council's application of the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.</p> <p>These proposals will provide an incentive to owners to bring empty properties into occupation therefore increasing the availability of accommodation either to buy and/or rent.</p>
Summary of options considered	<p>Allerdale Borough Council has a number of options which include the following suggested options: -</p> <ol style="list-style-type: none">1 Not to increase the premium above the existing 50% as agreed in 2013.2 To increase the premium to 100% for 2019/2020 onwards.3 To apply all 3 of the increased premiums.
Recommendations	<p>Executive are asked to agree the recommendation to set the higher amount of Council Tax payable for prescribed dwelling 'Class C' (or equivalent as amended by the Local Government Finance Act 2012), i.e. standard empty and unfurnished properties that have remained so for a continuous period of:</p> <ol style="list-style-type: none">a) least 2 years, at a level of 100% with effect from 1 April 2019b) at least 5 years, at a level of 200% with effect from 1 April 2020c) at least 10 years, at a level of 300% with effect from 1 April 2021
Financial / Resource Implications	Contained within the body of the report
Legal Implications	The Local Government Finance Act sets out the statutory duties on billing authorities.
Community Safety Implications	N/A

Health and Safety and Risk Management Implications	None identified
Equality Duty considered / Impact Assessment completed	There are no equality implications arising from this decision
Wards Affected	All
The contribution this decision would make to the Council's priorities	The scheme will contribute towards enhancing our towns by taking action on derelict and empty properties and helping to bring empty properties back into habitation
Is this a Key Decision	No
Portfolio Holder	Councillor Barbara Cannon
Lead Officer	Paul Wood Head of Customer Operations and Transformation 01900 702889 paul.wood@alldale.gov.uk

Report Implications (Please delete where applicable).

Community Safety	N	Employment (external to the Council)	N
Financial	Y	Employment (internal)	N
Legal	Y	Partnership	N
Social Inclusion	N	Asset Management	N
Equality Duty	N	Health and Safety	N

Background papers: Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018

1.0 Introduction

- 1.1 Since 2013, billing authorities in England have had the discretion to charge a premium of up to 50% on 'long-term empty dwellings' – that is, homes that have been unoccupied and substantially unfurnished for at least two years. The premium is in addition to the usual council tax charge that applies to the property.
- 1.2 With effect from 1 April 2013, Allerdale Borough Council introduced a premium for all long-term empty dwellings. This meant that a 50% premium would be applied to the council tax payable in respect of all dwellings which had been empty for more than 2 years.
- 1.3 The premium does not apply to:
 - 1.3.1 homes that are empty due to the occupant living in armed forces accommodation for job-related purposes, or

- 1.3.2 annexes being used as part of a main property.
- 1.4 On 22 November 2017, the chancellor announced his intention to introduce legislation which would allow billing authorities to increase the maximum level of premium which could be applied from 50% to 100%.
- 1.5 The 2018-19 Budget consultation held between 14th December 2017 and 19th January 2018 included a question regarding the option of changing the empty homes premium.
- 1.6 The majority of the responses to the budget consultation were in favour of the proposal put forward with approximately two thirds (66.7%) of respondents in favour of increasing the Council Tax empty homes premium from 50% to 100%.
- 1.7 During the Bill's passage through parliament, the House of Lords introduced an amendment which would allow billing authorities to apply additional premiums up to the following levels:
- 1.7.1 with effect from 1 April 2019, a premium of 100% for all properties which have been empty for more than 2 years
 - 1.7.2 with effect from 1 April 2020, a premium of 200% for all properties which have been empty for more than 5 years
 - 1.7.3 with effect from 1 April 2021, a premium of 300% for all properties which have been empty for more than 10 years
- 1.8 On 1 November 2018, the amended Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 received Royal Assent.
- 1.9 The Act amended section 11B of the Local Government Finance Act 1992 which allows billing authorities the discretion to increase the percentage by which a billing authority in England may increase the council tax payable in respect of a long-term empty dwelling as shown in section 1.5.
- 2.0 Long Term Empty Premium – Unoccupied and unfurnished properties that have been empty for a period of 2 years or more.**
- 2.1 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 allows each billing authority the discretion to increase the premium's maximum level to 100% from 1 April 2019 (200% from 1 April 2020, 300% from 1 April 2021).
- 2.2 Decisions on whether to apply a premium, and the exact rates to be charged, will remain a matter for individual billing authorities, which will take into account local circumstances.
- 2.3 Currently long term empty properties face a 50% premium in Council Tax liability. This is in addition to the standard charge for the property. This results in a charge of 150% of the council tax.

- 2.4 As of 1 October 2018, there were 357 long term empty properties within the Allerdale Borough Council area. This figure has steadily increased since 2013.

Date	Number of properties subject to the premium
1 October 2013	302
1 October 2014	312
1 October 2015	313
1 October 2016	317
1 October 2017	341
1 October 2018	357

- 2.5 By increasing the premium charge, it is intended that this would encourage owners to bring properties back into use therefore increasing stock available for sale or rental.

3.0 Impact

- 3.1 Billing authorities are required to make a determination setting out their policy.

- 3.2 It should be noted that the Act would not bring any additional properties within the scope of an empty homes premium. Only properties that would already have been liable for a premium would be affected.

- 3.3 In such cases, the only change is that these properties could be subject to a premium of up to 100%, rather than 50% after the qualifying period of two years.

- 3.4 This would be followed

3.4.1 on 1 April 2020 by a premium of up to 200% for properties which have been empty for 5 years or more

3.4.2 on 1 April 2021 by a premium of up to 300% for properties which have been empty for 10 years or more

- 3.5 Based upon 1 October 2018 figures, the breakdown of affected properties are as follows (please note that only town/parish councils that are affected have been shown – all other areas do not have any long term empty properties as at 1 October 2018).

	More than 2 years	More than 5 years	More than 10 years
Above Derwent	2	1	0
Aikton	1	0	0
Allhallows	5	2	2
Allonby	8	3	1
Aspatria	10	2	1
Bassenthwaite	1	0	0

	More than 2 years	More than 5 years	More than 10 years
Blennerhasset & Torpenhow	1	0	0
Blindcrake	3	2	0
Boltons	4	3	2
Borrowdale	1	0	0
Bothel & Threapland	1	1	0
Bowness	9	2	1
Bridekirk	1	0	0
Brigham	1	1	0
Bromfield	3	0	0
Broughton	3	1	0
Broughton Moor	4	4	4
Buttermere	1	0	0
Caldbeck	6	1	0
Camerton	1	0	0
Cockermouth	23	4	1
Crosscanonby	6	4	2
Dean	4	1	0
Dearham	7	6	2
Gilcrux	2	2	1
Great Clifton	4	2	2
Greysouthen	1	1	0
Hayton & Mealo	1	1	1
Holme Abbey	3	0	0
Holme Low	2	2	1
Ireby & Uldale	3	2	2
Keswick	29	4	4
Kirkbampton	3	0	0
Kirkbride	3	1	0
Little Clifton	2	1	0
Lorton	3	0	0
Maryport	49	13	2
Plumbland	3	1	0
Seaton	6	2	0
Sebergham	2	0	0
Setmurthy	2	0	0
Silloth	14	9	4
Thursby	1	1	1

Underskiddaw	1	0	0
Waverton	2	0	0

	More than 2 years	More than 5 years	More than 10 years
Westward	2	0	0
Wigton	17	5	2
Workington	94	26	15
Wythop	2	2	2

3.6 The split between council tax bandings are as follows:

	More than 2 Years	More than 5 years	More than 10 years
Band A	228	72	32
Band B	66	23	13
Band C	26	6	2
Band D	25	10	6
Band E	10	2	0
Band F	1	0	0
Band G	1	0	0
Band H	0	0	0
All Bands	357	113	53

4.0 Financial Impact

- 4.1 Under the provisions of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. Allerdale Borough Council has the responsibility for determining the council tax base for the borough.
- 4.2 The tax base is an estimate of the taxable resources for the borough and determines the amount of council tax that can be brought into the budget (by applying the Band D council tax charge to the council tax base).
- 4.3 There were 357 properties which had the empty property premium applied as of October 2018. These properties are a mixture of council tax bands, these are converted to a band D equivalent for the purpose of calculating the Council Tax Base. The impact on the Council Tax Base of increasing the premium from 50% to 100% would be an increase of 131 Band D equivalents.
- 4.4 Based upon the number of empty properties as of 1 October 2018 and the 2018/19 actual council tax charge (as the 2019/20 has not yet been approved) the maximum amount that would be raised, if premium were all set to the maximum levels set by legislation would be as shown on next page:

Financial Year	Cumbria County Council	Allerdale Borough Council	Police and Crime Commissioner
2019/2020	175,025	22,072	30,581
2020/2021	284,809	35,916	49,762
2021/2022	336,274	42,406	58,754

4.5 The Council should have regard to financial, economic and wider community impact when determining the level of premium to implement.

5.0 Risks

5.1 It will be difficult to accurately predict the additional income that will be generated from the proposals. This will depend on the number of discounts granted in any one year and the number of properties brought back into occupation as a result of the measures taken.

5.2 There is a risk that we may experience more challenges against the higher level of premium. This may result in difficulties in maintaining collection levels.

5.3 Where a property requires substantial works to make it habitable, a council tax discount of 75% may be awarded for a maximum period of 12 months.

5.4 Where a long term empty property is habitable, and the owner does not want to sell it or is unable to in the current housing market, the premium will provide an incentive to let the property. This would bring the property back into occupation whilst providing a rental income for the owner.

6.0 Options

6.1 Allerdale Borough Council has a number of options which include the following suggested options: -

6.1.1 Not to increase the premium above the existing 50% as agreed in 2013. This is not a recommended option as the Table in 2.4 demonstrates that the number of empty homes is increasing annually.

6.1.2 To increase the premium to 100% for 2019/2020 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.

6.1.3 To apply all 3 of the increased premiums. This is the recommended option as it provides a greater incentive to owners to bring properties into occupation, which will increase for those properties which have been vacant for several years

6.2 The Executive is asked to consider the appropriate level of premium to apply. The recommendation is to apply the maximum premiums permitted as set out in option 7.1.

7.0 Recommendation

7.1 Executive are asked to agree the recommendation to set the higher amount of Council Tax payable for prescribed dwelling 'Class C' (or equivalent as amended by the Local Government Finance Act 2012), i.e. standard empty and unfurnished properties that have remained so for a continuous period of:

- a) least 2 years, at a level of 100% with effect from 1 April 2019
- b) at least 5 years, at a level of 200% with effect from 1 April 2020
- c) at least 10 years, at a level of 300% with effect from 1 April 2021

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