

BRECKLAND DISTRICT COUNCIL

Report of: Councillor Paul Claussen, Executive Member Place

To: Cabinet, 16 October 2018

Author: Christine Marshall, Executive Director Commercialisation

Subject: Council Tax – Long Term Empty Property Premiums

Purpose: To agree the Council Tax Long Term Empty Property Premiums with effect from 1 April 2019

Recommendation(s):

- 1) That, subject to the relevant legislation coming into force and subject to following any guidelines issued, Cabinet approves an additional 50% Council Tax premium on Long Term Empty properties longer than 2 years, raising the Council Tax to 200%, from 1 April 2019.
- 2) That, subject to the relevant legislation coming into force and subject to following any guidelines issued, Cabinet approves an additional 100% Council Tax premium on Long Term Empty properties longer than 5 years, raising the Council Tax to 300%, from 1 April 2020.
- 3) That, subject to the relevant legislation coming into force and subject to following any guidelines issued, Cabinet approves an additional 100% Council Tax premium on Long Term Empty properties longer than 10 years, raising the Council Tax to 400%, from 1 April 2021.
- 4) That, subject to recommendations 1-3 being agreed, the Long Term Empty Premium will not apply where a property already subject to a Long Term Empty Premium changes ownership until a further 2 years has passed. At which time the 100% Long Term Empty Premium will apply and this will increase in line with normal progression of the Premium.

1.0 BACKGROUND

- 1.1 Since April 2013 Councils have the discretion to charge up to 50% empty homes premium for properties that have been empty for over 2 years. In offering these new powers the Government were seeking to influence owners to bring empty homes back into use as well as the ability for councils to increase Council Tax income.
- 1.2 As part of the 2017 Budget it was announced that the Government would be implementing new flexibilities in respect of charging an additional 50% Council Tax premium on Long Term Empty properties, bringing the total Council Tax to 200%. In addition further premiums of 100% for Long Term Empty properties of greater than 5 years from 1 April 2020 and a further additional premium of 100% for Long Term Empty Properties of greater than 10 years from 1 April 2021. Whilst this flexibility is not yet in place, the Legislation has had its third reading in the House of Lords and it is anticipated that this will come into effect from 1 April 2019. Once in force these powers would provide Local Authorities with the ability to implement a scheme that would enable 200% Council Tax charge on properties that have been empty for longer than 2 years rising to 400% Council Tax charge on properties that have been empty longer than 10 years from 1 April 2021. The guidelines have not yet been issued but once issued this scheme will need to follow those guidelines.
- 1.3 The number of Long Term Empty properties in the Breckland area has reduced by around a third from October 2012 to date, bringing vital properties back into use in the area. There are around 150 properties currently paying the long term empty council tax

premium. The current additional income raised from the 50% premium is around £93k for the current year. As this relates to Council Tax, the majority is retained by Norfolk County Council, however Breckland retain around £4k to £9k per year. In addition to the Council Tax income, under the current New Homes Bonus scheme, funding is received for Long Term Empty Properties brought back into use and Breckland receive around £1.2k for each property for four years and this is reinvested back into the Communities Reserve.

- 1.4 The Council does not wish to discourage long term empty properties being purchased for improvements which will bring them back into use. Therefore this report proposes that where a property is already subject to the Long Term Empty Premium and there is a change of ownership, the 'clock' will be reset to day 1 and the new owners will then benefit from a further 2 years before the Long Term Empty Premium becomes payable again. This will allow the new owner's time to bring the property back into use without being penalised by additional Council Tax costs. This process will involve some manual intervention on the Council Tax software system (Capita) as it cannot be automated currently.
- 1.5 The Council continues to have discretion to award individual discounts or waive the Long Term Empty Premium for specific cases that require individual consideration. Under current legislation protected properties include annexes, armed forces accommodation and caravans. Guidance issued in 2013 states that Government expects authorities to consider the reasons why properties remain empty and may wish to take account of those factors (for example, exclude properties actively marketed for sale).

2.0 **OPTIONS**

- 2.1 That subject to the relevant legislation coming into force and subject to following any guidelines issued, Cabinet approves an additional 50% Council Tax premium on Long Term Empty properties longer than 2 years, raising the Council Tax to 200%, from 1 April 2019; and
That subject to the relevant legislation coming into force and subject to following any guidelines issued, Cabinet approves an additional 100% Council Tax premium on Long Term Empty properties longer than 5 years, raising the Council Tax to 300%, from 1 April 2020; and
That subject to the relevant legislation coming into force and subject to following any guidelines issued, Cabinet approves an additional 100% Council Tax premium on Long Term Empty properties longer than 10 years, raising the Council Tax to 400%, from 1 April 2021; and
That subject to recommendations 1-3 being agreed, the Long Term Empty Premium will not apply where a property already subject to a Long Term Empty Premium changes ownership until a further 2 years has passed. At which time the 100% Long Term Empty Premium will apply and this will increase in line with normal progression of the Premium.

- 2.2 That subject to the relevant legislation coming into force some but not all of the options are approved by Cabinet.

- 2.3 Do nothing.

3.0 **REASONS FOR RECOMMENDATION(S)**

- 3.1 To bring long term empty properties back into use as soon as possible and to incentivise this by adding penalties through the additional Council tax premium charged.

4.0 **EXPECTED BENEFITS**

4.1 The number of long term empty properties in the Breckland area reduces through homes being brought back into use.

4.2 A small level of additional income to the Council of around £4k-£9k and additional New Homes Bonus income which would be reinvested in to the Communities Reserve.

5.0 **IMPLICATIONS**

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

5.1 **Corporate Priorities**

5.1.1 Bringing empty homes back into use supports the Councils priorities.

5.2 **Financial**

5.2.1 The direct financial benefits from Council Tax income for this proposal are small for Breckland (around £4k to £9k per year) and if this proposal is approved this will be included in the budget estimates. The main benefits are non-financial, to encourage homes back into use.

5.3 **Risk Management**

5.9.1 There is a risk that properties may be brought back into use at a substandard level if this is done at speed to avoid payment of the Council Tax premium.

5.9.2 There may be additional administrative costs of collecting this additional Council Tax premium, however these should be manageable.

5.4 **Stakeholders / Consultation / Timescales**

5.12.1 Under the current legislation there is no requirement for a consultation on these changes

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 All.

7.0 **ACRONYMS**

7.1 N/A.

Background papers:-

[See The Committee Report Guide for guidance on how to complete this section](#)

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Key Decision: Yes

Exempt Decision: No

This report refers to a Discretionary Service