

Report to the Cabinet

Report reference: C-035-2018/19
Date of meeting: 7th February 2019



Portfolio: Customer Services
Subject: Council Tax Empty Dwellings Premium
Responsible Officer: Rob Pavey (01992 564246).
Democratic Services: Adrian Hendry (01992 564470).

Recommendations/Decisions Required:

- (1) That with effect from 1 April 2019 properties that are long-term empty dwellings for over two years, under Section 11B of the Local Government Finance Act 1992, will be charged a Council Tax premium of 100%.**
- (2) That with effect from 1 April 2020 properties that are long-term empty dwellings for over five years, under Section 11B of the Local Government Finance Act 1992, will be charged a Council Tax premium of 200%; and**
- (3) That with effect from 1 April 2021 properties that are long-term empty dwellings for over ten years, under Section 11B of the Local Government Finance Act 1992, will be charged a Council Tax premium of 300%.**

Executive Summary:

Billing authorities currently have the power to increase council tax by a maximum premium of 50% on long-term empty dwellings. Therefore, in England, billing authorities can charge up to 150% on properties empty for more than 2 years. With effect from 1 April 2019 this premium is to increase to an additional maximum of 100%, meaning that up to 200% Council Tax can be levied on long-term empty dwellings.

Reasons for Proposed Decision:

The Government has provided additional discretion for local authorities to help incentivise owners to bring empty dwellings back into use through the levying of additional Council Tax premiums. Through the additional premiums the intention is that the number of dwellings that remain empty for a substantial period of time is further minimised.

Other Options for Action:

To not implement the additional Council Tax premiums as laid out.

Report:

1. On 1 November 2018 the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 came into force. This gave billing authorities in England powers to increase the premium charge to an additional maximum of 100%, from 1 April 2019,

meaning that up to 200% the council tax will be levied on long-term empty dwellings. Empty dwellings are defined as unoccupied and substantially unfurnished.

2. The Act included additional provisions covering properties empty dwellings for very long periods. The new maximum additional rates are:

- 100% extra for long-term empty dwellings (2-5 years) [commencing 1 April 2019]
- 200% extra for long-term empty dwellings (5—10 years) [commencing 1 April 2020]
- 300% extra for long-term empty dwellings (over 10 years) [commencing 1 April 2021]

In effect this means that the liable person(s) of an empty dwelling can be facing bills of up to 200% of the standard council tax after two years, 300% after five years and 400% after 10 years.

3. Currently there are approximately 130 long-term empty dwellings within the Epping Forest district. The key driver behind the legislation is to ensure that properties do not remain empty for long periods and that the additional Council Tax charged will incentivise owners to bring properties back into use. The additional Council Tax charged will however give rise to a potential additional income for the financial year 2019/20 of around £12,000 for the district council and £95,000 for Essex County Council, if the additional premium is raised from 50% to 100% from 1 April 2019.

4. It is recommended that the Council adopt the new provisions to further incentivise owners of empty properties to ensure their properties are brought back into occupation.

Resource Implications:

The additional administration, billing and collection costs incurred by raising the premium charge is borne by the Epping Forest District Council, whilst the lion's share of the additional income derived is to the benefit of Essex County Council. As such, we believe the additional income to the district council is not sufficient to cover the risks associated with the additional costs of billing and collecting the premium charge unless the major preceptors, particularly the county council, agree to share a proportion of their additional income.

It should be noted that the district council has had such an arrangement with the county council since 1 April 2013, when the Local Government Finance Act 2012 gave Billing Authorities the powers to levy premium charges against long-term empty dwellings (over 2 years) under Section 11B of the Local Government Finance Act 1992 and there is no reason to assume this will not continue.

Legal and Governance Implications:

Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

None

Background Papers:

None

Risk Management:

None

