



**Report to: Policy and Resources Committee, 5<sup>th</sup> February 2019**

**Report of: Corporate Director - Finance and Resources**

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**Subject: COUNCIL TAX – LONG TERM EMPTY HOMES PREMIUM**

**1. Recommendation**

**1.1 That the Committee recommends to Full Council that from 1 April 2019 properties empty for 2 years or more be charged a Council Tax long term empty homes premium equivalent to 100% of the Council Tax and that the Corporate Director Finance and Resources be authorised to agree individual exemptions based on government guidance.**

**2. Background**

- 2.1 In accordance with the Local Government Act 2012, the Council charges a Council Tax premium in respect of properties which have been empty for more than 2 years. This long-term empty homes premium is set at the 50%, the maximum allowed, meaning that the total Council Tax for a long term empty property is 150% of a normal Council Tax bill.
- 2.2 The amount that councils can charge for the long term empty homes premium has recently been changed with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 which received Royal Assent on 1 November 2018.
- 2.3 The charges now permitted by the 2018 Act are as follows:
- from 2019/20, for properties empty for more than 2 years, the maximum long term empty homes premium is 100%
  - from 2020/21, for properties empty for more than 5 years, the maximum long term empty homes premium is 200%
  - from 2021/22, for properties empty for more than 10 years, the maximum long term empty homes premium is 300%.
- 2.4 The Government believes these changes could help to reduce the number of empty homes by incentivising owners to bring them back into use and thereby helping to meet the current housing shortage. The 2018 Act increases the existing premium's maximum level to 100%. Decisions whether to apply this or any premium will remain a matter for individual local authorities taking into account local circumstances, such as housing needs and the number of long term empty homes.

- 2.5 The premium cannot apply to homes that are empty due to the occupant living in armed forces accommodation for job-related purposes, or to annexes being used as part of a main property. Furthermore, the council tax system provides specific statutory exemptions for properties left empty for a specific purpose, for example, when a person goes into care.
- 2.6 It is not the intention to penalise home owners who are struggling to rent or sell a property in a depressed market. Earlier government guidance from 2013 makes it clear that the premium should not be used to penalise owners of homes that are genuinely on the market for rent or sale. It is therefore necessary to give authority to the Corporate Director Finance and Resources to look at individual cases and grant exemptions where appropriate.
- 2.7 The number of long term empty homes (empty for more than 2 years and paying the premium currently) in Worcester was 101 at 31 October 2018. The current 50% premium generates an additional Council Tax of £68,000 in respect of these properties. A doubling of the premium would generate a further £68,000 if the number of long term empty homes remains at 101. However, the aim is to reduce the number of long term empty homes.
- 2.8 It is not proposed at this stage to increase the premium to more than 100% in subsequent years, as is allowed under the 2018 Act. This will be kept under review for future years and further proposals will be brought to the Committee if this is considered appropriate and reasonable in due course.

### **3. Preferred Option**

- 3.1 To increase the long term empty homes Council Tax premium for properties empty for more than 2 years to 100%.

### **4. Alternative Options Considered**

- 4.1 To not implement the powers enabled by the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018. This would mean the Council and its major preceptors would not maximise the Council Tax collectible under the regulations and would not take action to bring empty properties into use in line with the Government's intentions.
- 4.2 To implement the Act in full by applying additional premiums for properties empty for more than 5 years (200%) or more than 10 years (300%). There are no available statistics for these properties as they are not currently subject to any additional premiums. However it is anticipated that there are few of them and that they are empty for specific reasons. Therefore further assessment is required before a decision is taken in respect of these properties.

### **5. Implications**

#### **5.1 Financial and Budgetary Implications**

As set out above, the potential additional income in Council Tax from 2019/20 is £68,000. This would be shared in accordance with precepts and demands as follows (figures are approximate due to rounding):

Worcestershire County Council	72%	£49,000
West Mercia PCC	12%	£8,000
Hereford and Worcester FRA	5%	£3,000
Worcester City Council	11%	£7,000

## 5.2 Legal and Governance Implications

The proposals are permitted under the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018. The introduction of the revised premiums will require additional collection and enforcement action but this will be undertaken by the Council's delivery partner for Council Tax collection, Civica, as part of existing Council Tax recovery activities.

## 5.3 Risk Implications

Corporate risks CRK-002 and CRK-005 highlight the need for the Council to maximise revenues from all funding sources to ensure that the City Plan can be delivered and that any potential reductions in government-controlled funding are mitigated.

## 5.4 Corporate/Policy Implications

The City Plan theme Stronger and Connected Communities includes an explicit aim to achieve a reduction in under-used property, including re-using empty homes and more flats above shops. The proposal in the report supports this objective.

## 5.5 Equality Implications

There are no equalities implications arising from this report. All existing exemptions to Council Tax arising from the application of regulations or Council policies, such as the exemption for care leavers, will remain in place. Any individual cases which give rise to equalities concerns can be considered by the Corporate Director Finance and Resources under the proposed delegation set out in the recommendation.

## 5.6 Human Resources Implications

There are no human resources implications arising from the report.

## 5.7 Health and Safety Implications

There are no direct health and safety implications. However empty properties may represent a public hazard which the implementation of this policy, if successful in reducing the number of empty properties, would mitigate.

## 5.8 Social, Environmental and Economic Implications

The proposal may have a positive impact on low income groups and single occupiers by increasing the proportion of properties available for occupation. Of the total 101 properties attracting a long-term empty premium at 31 October 2018, 69% are in Bands A and B: primarily flats and single bedroom properties.

Some properties may be empty for a long period because home owners may be struggling to rent or sell a property in a depressed market. Earlier government guidance from 2013 makes it clear that the premium should not be used to penalise owners of homes that are genuinely on the market for rent or sale. It is therefore necessary to give authority to the Corporate Director Finance and Resources to look at individual cases and grant exemptions where appropriate. This will enable any circumstances which may cause hardship to be taken into account in the decision to enforce the policy.

**Ward(s):** All wards  
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**Background Papers:** None