



DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
REVENUES AND BENEFITS SERVICE	FINANCE AND DEMOCRACY COMMITTEE	30 JANUARY 2023	6
COUNCIL TAX PREMIUMS 2024/25			

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

In 2013 the Government introduced legislation allowing local authorities the discretion to charge an additional 50% premium to the owners of properties left empty for over two years. The Council introduced this additional charge with effect from 1st April 2014.

In November 2018, the government introduced further legislation allowing local authorities the discretion to increase the premium to 100% for properties left empty for over two years with effect from 1st April 2019.

That legislation also provided for further discretionary premium levels of:

- 200% in respect of properties left empty for over five years, effective from April 2020; and
- 300% in respect of properties left empty for over ten years, effective from April 2021.

At the meeting of 11th February 2019 the Council approved the introduction of a new Council Tax Premium level of 100% payable in respect of properties left empty for over two years, to be effective from 1st April 2019.

At the meeting on 7th January 2020 the Council approved the introduction of a Council Tax Premium of 200% in respect of properties left empty for over five years and of 300% in respect of properties left empty for over ten years.

This report gives details of further discretionary premium levels available from 1st April 2024.

RECOMMENDATIONS

The Committee is requested to consider the options as set out in this report and make a recommendation to Council in respect of:

- The application of the Council Tax premium of 100% in respect of empty properties from the date at which the property has been empty for one year, rather than after two years as at present; and
- The introduction of a new 100% Council Tax premium for all properties that are classed as second homes;

both changes being dependent upon the Levelling Up and Regeneration Bill receiving Royal Assent within the required timescale.

SUMMARY OF PREVIOUS DECISIONS

On 27th January 2014 the Council approved the introduction of a new Council Tax Premium level of 50% payable in respect of properties that have remained empty for more than two years, effective from 1st April 2014.

At the meeting of 11th February 2019 the Council approved the introduction of an increased Council Tax Premium level of 100% payable in respect of such properties, to be effective from 1st April 2019.

At the meeting on 7th January 2020 the Council approved the introduction of a Council Tax Premium of 200% in respect of properties left empty for over five years and of 300% in respect of properties left empty for over ten years.

CORPORATE PRIORITIES	
Spending your money in the most efficient way to achieve excellent services (Value for Money)	√
Delivering the services that customers expect of an excellent council (Clean and Green)	
Working with all partners (Vibrant Economy)	√
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	
Promoting Fylde as a great destination to visit (A Great Place to Visit)	

REPORT

1.0 Background

- 1.1 Section 12 of the Local Government Finance Act (LGFA) 2012 (which amended s.11A of the LGFA 1992) allows billing authorities to have discretionary powers for a premium to be charged in cases where an owner has left a property unoccupied and unfurnished for over two years.
- 1.2 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 provided for further discretionary premium amounts in respect of properties left empty for over five and ten years, effective from April 2020 and 2021 respectively.
- 1.3 The Government's Levelling Up and Regeneration Bill, which is currently progressing through Parliament, allows for the introduction of further discretionary premiums from 1st April 2024. If any such changes are to be introduced from 1st April 2024 authorities are required to confirm this by a resolution of Council at least one year prior to the changes being introduced i.e. by 1st April 2023. Additionally, the Levelling Up and Regeneration Bill will need to have received Royal Assent prior to 1st April 2023 in order for the changes to premiums to take effect from 1st April 2024. If the additional premium levels are introduced a notice must be published in at least one newspaper circulating in the authority area providing details of the changes to premiums to be applied.
- 1.4 The changes proposed are listed in section 2 and 3 below.

2.0 Long Term Empty Homes

- 2.1 For Council Tax purposes a property is classed as being 'long-term empty' when it has been vacant for a period of over 6 months. Currently properties which have remained empty and unfurnished for over 2 years are charged a premium of 100% i.e. the property owners are charged 200% (double) the normal Council Tax charge.
- 2.2 Subject to legislation being passed, with effect from April 2024 the premium can be applied to properties which have remained empty and unfurnished for over 1 year.
- 2.3 The latest data shows that 236 empty properties would be affected by the change (i.e. those that are currently shown as having been empty between 12 and 24 months) though this figure is subject to constant change.

3.0 Second Homes

- 3.1 For the purposes of Council Tax, a dwelling occupied periodically (second home) is classed as any property which is not the sole or main residence of an individual and is substantially furnished. Currently Council Tax is charged at 100% on all second homes. The Council is reliant on owners to declare if their property is a second home.

- 3.2 Subject to legislation being passed, with effect from April 2024 a 100% premium can be applied to properties that are classed as second homes i.e. the property owners can be charged 200% (double) the normal Council Tax charge.
- 3.3 The latest data shows that 664 properties are currently classed as second homes, though this figure is subject to constant change.
- 3.4 Some of these “second home” properties may be being used as short-term holiday accommodation and advertised on Air B&B or booking.com, etc. There is the possibility that applying this premium may encourage owners to contact the Valuation Office Agency (VOA) to register their properties for Business Rates rather than Council Tax. Currently only properties that are available to let for 20 weeks (140 days) in a calendar year should be classified for Business Rates by the VOA.
- 3.5 From April 2023, this criteria will still apply but must be evidenced by the owner to the VOA that the property was actually let for short periods totalling at least 70 days in the previous year.
- 3.6 This requirement to provide evidence should help to ensure that only genuine properties utilised for business purposes are rated for Business Rates.

4.0 **Other considerations**

- 4.1 The empty property premiums provide an incentive to owners to bring the property back into use and applying a premium after one year instead of two may encourage those owners who have not already done so to take action to ensure their property is brought back into use. The introduction of the premium after one year would support Fylde Council’s existing priorities around empty homes i.e.:-
- The Private Sector Enforcement Policy adopted in June 2019, makes a commitment, subject to available resources, to work with owners of empty homes to bring them back into use. Over the past 12 months the Housing Service have not received any complaints in relation to empty homes in the borough.
 - Fylde Council Local Plan to 2032 which comments (paragraph 9.59) that “the Council will identify and bring back into use empty housing and building in line with local housing and empty homes strategies and, where appropriate, acquire properties under compulsory purchase powers”. After two years of remaining empty, properties may start to deteriorate and impact negatively on neighbourhoods. After five and ten years of non-occupation this is likely to have further worsened.
 - Fylde Council’s Empty Homes Strategy
- 4.2 There remains a few national exemptions in respect of unoccupied and unfurnished properties and the premium does not apply in these cases. Full details are set out in section 5.0 of this report.

5.0 **Continuing Exemptions**

- 5.1 For certain types of properties there are exemptions under current legislation which apply nationally and which therefore exclude properties from the impact of locally determined premiums. Examples of such exemptions include properties owned and last used by a charity, probate is in the process of being granted and the property is to be occupied by a minister of religion. These national exemptions would exclude them from the changes to the premium charge that is currently under consideration. The exemption in respect of properties in probate runs for a 6 month period following probate, and all other exemptions run for an indefinite period whilst the exemption applies.

6.0 **Unintended Consequences**

- 6.1 The introduction of the premium for second homes could have unintended consequences. If a 100% premium were to be applied in future in respect of second homes the property owners may seek to avoid this by removing furniture and thus allowing the property to be classed as an empty property, it then not

attracting the 100% premium in respect of that class of property for a period of twelve months. It is not possible to estimate the extent to which this might occur.

- 6.2 If the proposals are approved consideration could be given as to whether the introduction of a discretionary discount may be required to mitigate the unintended impact on certain groups as a consequence of these changes, such as landlord properties between lets. Any such additional discretionary discounts would be included within the updated Discretionary Discount Policy for 2024/25 which would be considered by this Committee prior to 1st April 2024.

7.0 Conclusions

- 7.1 The committee is requested to consider the options as set out in this report and make a recommendation to Council in respect of:

- the application of the long-term empty Council Tax premium once a property has been empty for one year rather than after two years as at present; and
- the introduction of a 100% premium on second homes,

whilst noting that these changes are subject to the Levelling Up and Regeneration Bill receiving Royal Assent by 1st April 2023.

- 7.2 Should the Council subsequently approve the application of the available changes as described in the report, the Revenues Service will conduct an impact assessment of these changes and consider the introduction of discretionary discounts for certain types of properties which are unintentionally disadvantaged by the proposals. Any such additional discretionary discounts would be included within the updated Discretionary Discount Policy for 2024/25 to be considered by this Committee prior to 1st April 2024.

IMPLICATIONS	
Finance	If subsequently approved at full Council the changes to Council Tax premiums could generate an increase in the Council Tax base of up to around 860 Band D equivalent properties from 1 st April 2024. The maximum sum that these changes could generate to Fylde Council (at the 2022/23 Council Tax Band D level of £219.19) is around £47k per annum in respect of the change to the empty property premium; and £142k per annum in respect of the introduction of a premium on second homes. However, it is expected that the actual figure may be substantially lower as property owners take action to avoid the premium as described in the report at 6.1. This therefore is the maximum tax base increase prior to any avoidance action taken by property-owners, any allowance for non-collection or the reductions that would result from any relevant discretionary discounts that might be introduced. Any additional income arising from these changes will be reflected as increases in the taxbase in future financial forecast updates.
Legal	Section 12 of the Local Government Finance Act (LGFA) 2012 (which amended s.11A of the LGFA 1992) allows billing authorities to have discretionary powers for a premium to be charged in cases where an owner has left a property unoccupied and unfurnished for over two years. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 brought in further powers with effect from the 2019-20 financial year onwards to levy premiums of 200%, 300% and 400% in respect of properties remaining empty for 2,5 and 10 years respectively, and with effective dates from 2019, 2020 and 2021. The Levelling Up and Regeneration Bill allows the introduction

	of the premiums referenced in the report but it is still currently at second reading stage in the House of Lords.
Community Safety	None
Human Rights and Equalities	None
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	None

LEAD AUTHOR	CONTACT DETAILS	DATE
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BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
N/A		