

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
FINANCE	COUNCIL	11 FEBRUARY 2019	15
COUNCIL TAX PREMIUM 2019/20			

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, government introduced legislation allowing local authorities the discretion to increase the premium to 100% with effect from 1st April 2019.

This matter was considered at the meeting of the Environment, Health and Housing Committee on 8th January 2019. That committee resolved to **recommend that Council approve the introduction of a new Council Tax Premium level of 100% payable in respect of properties that have remained empty for more than two years, and that this be effective from 1st April 2019.**

RECOMMENDATIONS

The Council is requested to:

- Note the recommendation of the Environment, Health and Housing Committee from the meeting of 8th January 2019 with respect to the Council Tax Premium for properties left empty for over two years; and
- To approve the introduction of a new Council Tax Premium level of 100% payable in respect of properties that have remained empty for more than two years, and that this be effective from 1st April 2019.

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.

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.

2.1 Empty Homes Premium on Properties Remaining Empty for in Excess of 2 Years

Current Position – 50% premium is currently charged

Dwellings which have remained empty and unfurnished for over 2 years are charged 150% of the normal Council Tax charge. At November 2018, 121 properties were subject to the premium charge.

Option from April 2019

This additional charge is discretionary and the Council could determine that the premium should remain at 150% of the normal Council Tax. However, the premium provides a strong incentive to owners to bring the property back into use and an increase in the premium to 200% of the normal Council Tax charge may encourage those owners that have not already done so to take action to ensure their property is brought back into use. Since the introduction of the premium, the number of long-term empty properties has reduced from 710 in October 2013 (the point when the annual tax base is established) to 450 at November 2018 – a reduction of 260 properties (36 %). For Council Tax purposes a property is classed as being a 'long-term empty' when it has been vacant for a period of over 6 months.

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 3.0 of this report.

A further consideration in support of continuing to apply the premium charge links to Fylde Council Local Plan to 2032 which comments 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. The return to use of long term empty properties may also contribute to the level of New Homes Bonus receivable by the Council and helps to improve current housing stock and increase the overall supply of housing.

Property owners are provided with advance notification that their property is approaching the date when the premium charge will commence – some three to four months prior to that date. This provides an opportunity for property owners to take appropriate action to avoid the premium charge where such a course of action is available to them e.g. the letting of a vacant property.

The current premium charge would appear to be having the intended effect and it could be reasonably implied that any increase to the premium that is charged would incentives owners even further to bring their property back into use.

3.0 Continuing Exemptions

- 3.1 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.

4.0 Conclusions

- 4.1 This matter was considered at the meeting of the Environment, Health and Housing Committee on 8th January 2019. That committee resolved to **recommend that Council approve the introduction of a new Council Tax Premium level of 100% payable in respect of properties that have remained empty for more than two years, and that this be effective from 1st April 2019.**

- 4.2 The Council is therefore requested to consider the level of Council Tax Premium charge currently in operation and to approve the introduction of a new Council Tax Premium level of 100% payable in respect of properties that have remained empty for more than two years, and that this be effective from 1st April 2019.

IMPLICATIONS	
Finance	If approved the introduction of an additional 50% Council Tax premium on properties left empty for over two years would (based on the current number of empty properties of 121) generate additional income to Fylde Council of approximately £12,000 per annum at current council tax Band D charge levels, assuming that all of these properties were at Band D and remained vacant, thus incurring the full increased premium charge.
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. At the November 2017 Budget, the Chancellor announced the Government's intention to legislate to bring the maximum premium in England up to 100%, making the total payable 200%. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 brought in this power with effect from the 2019-20 financial year.
Community Safety	None
Human Rights and Equalities	None
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	None

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul O'Donoghue, Chief Financial Officer	01253 658566	January 2019

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
n/a	n/a	n/a