



DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
REVENUES AND BENEFITS SERVICE	COUNCIL	10 FEBRUARY 2020	12
COUNCIL TAX PREMIUM 2020/21 & 2021/22			

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 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.

This report addresses the further discretionary premium levels available from 2020 and 2021.

This report was considered by the Environment, Health and Housing Committee at the meeting of 7th January 2020.

RECOMMENDATIONS

The Environment, Health and Housing Committee considered this matter at the meeting of 7th January 2020. In accordance with those deliberations it is recommended that the Council approve:

1. That with effect from 1st April 2020 a premium of 200% would be charged against properties that have remained empty for more than five years; and
2. That with effect from 1st April 2021 a premium of 300% would be charged against properties that have remained empty for more than ten years.

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.

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.

2.0 Empty Homes Premium on Properties Remaining Empty

Properties Remaining Empty for in Excess of 2 years

With effect from 1st April 2019 dwellings which have remained empty and unfurnished for over 2 years are charged a premium of 100% - i.e. the property owners is charged 200% of (double) the normal Council Tax charge.

Further Options Available from April 2020 and April 2021:

1. Properties Remaining Empty for in Excess of 5 years

With effect from 1st April 2020 dwellings which have remained empty and unfurnished for over 5 years may be charged a premium of 200% - i.e. the property owners would be charged 300% of (3 times) the normal Council Tax charge.

The latest available data indicates that there are around 50 properties within the borough that have remained unoccupied for over 5 years.

2. Properties Remaining Empty for in Excess of 10 years

With effect from 1st April 2021 dwellings which have remained empty and unfurnished for over 10 years may be charged a premium of 300% - i.e. the property owners would be charged 400% of (4 times) the normal Council Tax charge.

The latest available data indicates that there are around 20 properties within the borough that have remained unoccupied for over 10 years.

The empty property premiums provide a strong incentive to owners to bring the property back into use and an increase in the premium to 200%, 300% or 400% 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 512 at October 2019 – a reduction of 198 properties (28%). 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.

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.

A further consideration in support of continuing to apply the highest available premium charge links to 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.

Property owners are provided with advance notification that their property is approaching the dates when the premium charge will commence or will increase – 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 incentivise 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 Members are requested to approve the changes to the level of the premium as described within this report to be applicable from 1st April 2020 in respect of properties that have been left empty for five years; and from 1st April 2021 in respect of properties that have been left empty for ten years.

IMPLICATIONS	
Finance	If approved, the introduction of an additional Council Tax premium on properties left empty for over five and ten years would generate additional income to Fylde Council of approximately £10,000 per annum (at current council tax Band D charge levels) if all of the properties that have remained empty for over 5 years were at Band D and remained vacant, thus incurring the full additional premium charge for such properties; and a further £4,000 per annum assuming that all of the properties that have remained empty for over 10 years were at Band D and remained vacant, thus incurring the full additional premium charge for those properties.
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.
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	n/a	n/a