

## **Cabinet – 12 December 2018**

### **Council Tax Premium on Long Term Empty Properties**

**Portfolio:** Councillor Andrew - Regeneration

**Related portfolios:** N/A

**Service:** Money Home Job

**Wards:** All

**Key decision:** No

**Forward plan:** No

#### **1. Summary**

- 1.1 Walsall Council currently charges a 50% council tax premium on properties that have been unoccupied and unfurnished for more than 2 years (with certain exceptions). Legislation was introduced to enable the premium to be charged and was approved by Council in January 2013 to introduce the premium from April 2013.
- 1.2 Legislation has recently been passed on 1 November 2018 which allows a Local Authority to increase the level of premium it charges on these empty properties. This report details the changes introduced to the amended legislation and if the changes are introduced what income this would realise.

#### **2. Recommendations**

- 2.1 That Cabinet recommends to Council that Walsall Council change the council tax premium from 50% to 100% from 1 April 2019 for properties that have been empty and unfurnished for more than 2 years.
- 2.2 That Cabinet recommends to Council that Walsall Council introduces a 200% council tax premium from 1 April 2020 for properties that have been empty and unfurnished for more than 5 years.
- 2.3 That Cabinet recommends to Council that Walsall Council introduces a 300% council tax premium from 1 April 2021 for properties that have been empty and unfurnished for more than 10 years.

### 3. Report detail

- 3.1 The ability to levy a council tax premium on long term empty properties was first introduced in April 2013. Since this date Local Authorities have been given the discretion to levy a 50% premium on the council tax for properties that have been empty and unfurnished for more than 2 years. Walsall Council introduced a 50% premium for such properties from April 2013.
- 3.2 According to Government records, 291 out of the 326 local authorities have used the discretion to introduce a council tax premium and all but two of those levy the current maximum premium of 50%.
- 3.3 Certain empty properties are exempt from Council Tax, and as such, cannot be charged the premium. These include:
- Where the previous occupier has gone into care or hospital
  - Where the owner has died and probate has not yet been granted
  - Where the property has been repossessed or the owner is an un-discharged bankrupt.
- 3.4 Legislation as now been passed which will allow local authorities to increase the council tax premium levied on long term empty properties. These increases will take effect over the next three years and relates to the length of time that a property has been empty.
- 3.5 The change will allow authorities to over time double the council tax for properties that have empty for more than two years but less than 5 years, , triple the council tax on those left empty for five to ten years and quadruple it on those empty for more than 10 years. These changes are being staggered with doubling being allowed from 2019, tripling from 2020 and quadrupling from 2021. A summary of the changes is set out below

Effective date	Level of Premium	Properties Involved
1 April 2019	100% premium – double the normal council tax	Unoccupied and unfurnished for more than 2 years
1 April 2020	200% premium – triple the normal council tax	Unoccupied and unfurnished for more than 5 years
1 April 2021	300% premium – quadruple the normal council tax	Unoccupied and unfurnished for more than 10 years

- 3.6 According to current records the numbers of properties in each category are

Empty for.. Length of time empty	No of Properties
2 to 5 years	135
5 to 10 years	66
Over 10 years	70

- 3.7 The changes in legislation as detailed above would realise on-going additional council tax income for the authority as follows:

Year	Increased Income
2019/20	£168,168
2020/21	£331,573
2021/22	£416,207

#### 4. Council Corporate Plan priorities

- 4.1 Increasing the funds received by the Council from council tax has a direct positive impact on the Council's abilities to deliver the EPICC (Economic Growth, People, Internal Focus, Children, Communities) priorities identified in the corporate plan. The alternative to this proposal would be that additional money will need to be found by changing, reducing or ceasing other council services or raising council tax overall. It is likely that cuts to other Council services, or raising council tax, will have a greater detrimental impact on communities than this proposal.
- 4.2 Over recent years Walsall Council have successfully introduced a range of measures to assist and persuade owners of empty properties to bring them back into use. Over the last seven years there has been a 44% reduction in the number of properties that have been empty over six months. The increase in the council tax premium is just the latest measure to assist with the desired outcome of 'housing provision matches local need and reduces homelessness'.

#### 5. Risk management

- 5.1 The opportunity to generate additional income for the council by introducing the changes needs to be balanced with the individual's ability to pay the council tax that became due.
- 5.2 The budgeted council tax collection rate is 97.8%. It is envisaged that the proposal should not alter the overall collection rate significantly.

#### 6. Financial implications

- 6.1 Each of the changes detailed in Section 3 have the financial implications for the council as shown in the table at 3.7.
- 6.2 Caution has been had with these projected additional income stated for the following reasons
- The statement from MHCLG issued to publicise the change states ***'government is clear that the premium must not be applied where homeowners can demonstrate that their properties are genuinely***

***on the market for sale or rent, or in cases of hardship. Councils will also need to take into account the issues of low-demand areas***. The Council's website will be amended to bring this to the customer's attention, along with the information letter sent with the relevant council tax bill.

- Currently there are no occasions where the Council has not charged the premium when the property meets the criteria. However these increases may increase the possibility of discretion being used under the relevant delegated power to not levy the premium. In addition the property only needs to be furnished to stop the premium being levied, so the increased premium may result in more long term empty properties being furnished and therefore not being subject to the premium.

## **7. Legal implications**

- 7.1 The power to levy a council tax premium for long term empty properties is contained within Section 11B of the Local Government Finance Act 2012.
- 7.2 The amendments to Section 11B to allow for the premium to be increased have been introduced by the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.
- 7.3 The Council must publish notice of its decision in a local newspaper with 21 days of its decision. However, failure to do so does not affect the validity of the decision.
- 7.4 The council may make a determination varying or revoking a determination under this section for a financial year, but only before the beginning of the year.
- 7.5 In determining whether a dwelling is a long-term empty dwelling, no account is to be taken of any one or more periods of not more than 6 weeks during which either of the conditions of being unoccupied and substantially unfurnished is not met (or neither of them is met).

## **8. Procurement Implications/Social Value**

- 8.1 There are no procurement implications.

## **9. Property implications**

- 9.1 There are no property implications.

## **10. Health and wellbeing implications**

- 10.1 The proposal has the potential to have a positive impact on health and wellbeing by enabling council services to be maintained.

## **11. Staffing implications**

- 11.1 None

## **12. Reducing Inequalities**

- 12.1 The council holds data on the liable person (i.e name and address) for the empty properties but no records that might identify any disadvantaged groups from this data. The changes would be applied across all qualifying properties and the proposal is specifically property (not person) related.
- 12.2 No 'one' group will be disadvantaged by these changes. Any financial impact will be levied on each individual council tax payer.

## **13. Consultation**

- 13.1 Consultation is non-statutory for this proposal; however it has been undertaken between 24 September and 19 October 2018. A controlled postal survey was carried out with questionnaires mailed to the 250 taxpayers who, at the time, were subject to the premium under review and a random sample of the same number of taxpayers not subject to the premium. This was to ensure that the sample included residents who would be directly affected and those that would not.
- 13.2 The questionnaire asked the recipient if they were in favour of the proposed change or not and asked for any additional comments. 35 responses were received from the 500 letters issued. Of the responses all those subject to the premium were against the increase (27) and all those not subject to the premium (8) were in favour of the proposed change.
- 13.3 A couple of the non premium cases said they were normal households and the change would not affect them.
- 13.4 One of the taxpayers currently subject to the premium commented that their property was uninhabitable due to tenant's damage. While a couple of others commented on the fact that the property should not be subject to the premium for different reasons.
- 13.5 One response was received from the representative of a deceased owner who had did not want to incur additional costs.

## Background papers

None

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3 December 2018



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3 December 2018