

Crawley Borough Council

Report to Overview and Scrutiny Commission 23 September 2019

Report to Cabinet 25 September 2019

Council Tax Empty Property Premiums

Report of the Head of Corporate Finance – *FIN/478*

1. Purpose

- 1.1 Legislation allows billing authorities to be given the ability to amend long term empty home Council Tax premiums. The aim would be to increase premiums in order to incentivise owners to bring properties back into use.

2. Recommendations

- 2.1 To the Overview and Scrutiny Commission:

That the Commission consider the report and decide what comments, if any, it wishes to submit to the Cabinet.

- 2.2 The Cabinet recommends that Full Council:

- a) Approves the Council Tax Empty Homes Premium from 1st April 2020 of 100% in respect of properties empty for between 2- 5 years and 200% in respect of properties empty for between 5 years or more.
- b) Approves the Council Tax Empty Homes Premium from 1st April 2021 of 100% in respect of properties empty for between 2-5 years and 200% in respect of properties empty for between 5 years and 10 years and 300% in respect of properties empty for 10 years or more.
- c) Resolve to remove the premium on a property when it is 'actively marketed' if it meets the premium criteria rules (paragraph 5.8).

3. Reasons for the Recommendation

- 3.1 The Council is asked to agree the recommendations set to incentivise the occupation of empty properties of empty properties and maximise income in order ensure the empty homes are encouraged to be occupied and income to the Council is maximised whilst giving consideration to Council Tax payers.

4. Background

- 4.1 A change in legislation from April 2013, allowed the Council to charge an additional 50% premium on properties that have been unoccupied and empty over two years.
- 4.2 On 1 November 2018 amendments to the Local Government Finance Act were introduced by the Rating (Property and Common Occupation) and Council Tax (Empty Dwellings) Act 2018 which enabled Councils to apply a higher amount of premium for long term empty properties within their area from 1st April 2019.
- 4.3 This change enables Billing authorities to further increase by a defined percentage the amount of empty property premiums payable for long term empty properties within their area to 100% until 1st April 2020 thereafter 200% until 1st April 2021, and thereafter to 300%, depending upon the amount of time the property has been empty (Table 1). Decisions on whether to apply a premium, and the exact rates to be charged, are a matter for the individual local authorities, which will take into account local circumstances.

5. Description of Issue to be resolved

- 5.1 The amendments would have effect for financial years beginning on or after 1 April 2020 and it does not matter if the start date of the property being empty is before this comes into force as set out in [section 2 paragraph 4](#).
- 5.2 It is envisaged that increasing the level of the premium will allow local authorities to increase the incentive for owners of empty homes to bring them back into use.
- 5.3 The premium becomes due once a property has been unoccupied and unfurnished for more than 2 years.
- 5.4 There is no statutory requirement to consult on these proposals, however the website will be updated and a press release will be made prior to annual billing. A Full Council resolution is required to introduce these premiums.
- 5.5 Parties liable for the payment of the premium will be able to appeal using standard Council Tax appeal routes which are available on the Council website, if they disagree with the charging of a premium on an account based upon the facts of each case. However the principle of a premium will not be open to appeal.
- 5.6 Amendments introduced by legislation will allow Councils to introduce an increase in the existing premium as shown in the Table below.

Table 1

Implementation date	Premiums that can be applied
1 April 2020	100% premium for properties empty 2 – 5 years 200% premium for properties empty 5 years +

1 April 2021	100% premium for properties empty 2 – 5 years 200% premium for properties empty 5 – 10 years 300% premium for properties empty 10 years +
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Exemptions

5.7 The legislation provides two classes of dwellings which are exempt from the premium, these are:

- A dwelling which would otherwise be the sole or main residence of a member of the armed services, who is absent from the property as a result of such service.
- A dwelling, which forms part of a single property (an annex) that is being treated by a resident of that property as part of the main dwelling.

5.8 There may be issues for consideration in individual cases concerning whether a property is considered as being actively marketed or where a long term empty property is purchased in a poor state of repair and the new owner is immediately liable for a premium. It would be prudent to recognise therefore that there may be circumstances where the council may wish in some instances to waive or reduce the premium charged, where for instance a property that is already subject to a premium is purchased and requires work which will take a reasonable period of time to render it suitable for occupation by the purchaser. Any application to reduce or waive the premium will be considered as part of The Council Tax Reduction Policy developed under Section 13A (1) © of The Local Government Finance Act.

5.9 As the expected effect is to encourage the occupation of properties and as simply placing furniture in the property ends the premium charge, the charging of these premiums is not expected to be a significant income generator. However with the housing crisis in the town there is a moral duty to incentivise their disposal to the maximum extent permissible under law.

6. Information & Analysis Supporting Recommendation

6.1 The number of long term empty properties in Crawley are low. There are currently 23 properties subject to the premium charge of 50%. It should be noted that premiums do not apply to properties that are subject to an exemption from council tax, such as a property which is unoccupied awaiting the grant of probate for example.

6.2 Extrapolating these properties on the basis that they were to remain empty and unoccupied at the start of the next financial year on 1 April 2020, the breakdown of these properties in terms of the periods specified by the legislation would be:

- Properties empty less than 5 years = 13
- Properties empty between more than 5 and less than 10 years = 5
- Properties empty for over 10 years = 5

The banding breakdown for these properties is:

Empty less than 5 years

Property band	A	B	C	D	E	F	G	H
Number of properties	1	5	5	1	0	1	0	0

Empty for more than 5 years but less than 10 years

Property band	A	B	C	D	E	F	G	H
Number of properties	1	0	3	1	0	0	0	0

Empty for more than 10 years

Property band	A	B	C	D	E	F	G	H
Number of properties	0	0	3	1	0	1	0	0

7. Implications

- 7.1 If the changes outlined in Table 1 above are implemented there would be increased Council tax charges in 2020/21 of £53,913.40, of this Crawley Borough Council keep 11.5p in every £1 billed (£6,200) with the remainder going to West Sussex County Council (77.8p) and the Sussex Police and Crime Commissioner (10.7p).

8. Legal Implications

- 8.1 The legal Implications are addressed in the report. Should the proposals be agreed The Council as Billing Authority must publish a Notice confirming the new changes in at least one newspaper circulating within its area and do so within 21 days of the date of the decision.

9. Equality Implications

- 9.1 There are no direct equality implications arising from this report. All applications for reducing or waiving the premium will be considered, monitored and recorded as part of the Council's Tax Reduction Policy to ensure that there is no discrimination or less favourable treatment on the grounds of any protected characteristic covered under the Equality Act

10. Background Papers

[Rating \(Property in Common Occupation\) and Council Tax \(Empty Dwellings\) Act 2018](#)

Contact Officer: Karen Hayes, Head of Corporate Finance
01293 438263 – karen.hayes@crawley.gov.uk