

Cheltenham Borough Council
Cabinet 05 December 2017
Council 11 December 2017
Council Tax Premium on Empty Properties

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| Accountable member | Councillor Rowena Hay |
| Accountable officer | Jayne Gilpin, Head of Revenues and Benefits |
| Ward(s) affected | All |
| Key/Significant Decision | Yes |
| Executive summary | This report proposes the introduction of a council tax premium of 50% from 1st April 2018. It will apply to long term empty properties which have been unoccupied and unfurnished for more than 2 years |
| Recommendations | Cabinet recommends that Council Determines that the Council Tax Empty Homes Premium of 50% is implemented from 1st April 2018 in respect of properties which have been unoccupied and unfurnished for more than 2 years. |

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| Financial implications | <p>Point 2.6 shows the potential additional council tax that could be raised as a result of the proposals in this report.</p> <p>However, it should be noted that the actual council tax collected may be lower than the figures stated as owners of empty properties may bring them back in to use more quickly.</p> <p>These changes will also impact on the Housing Revenue Account as they will apply to council owned empty properties managed by Cheltenham Borough Homes.</p> <p>Contact officer: Paul Jones, Chief Finance Officer, paul.jones@cheltenham.gov.uk, 01242 775154</p> |
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| Legal implications | <p>The Local Government Finance Act 2012 inserted Councils are permitted to charge the 50% premium for long term empty homes by virtue of Section 11b Local Government Finance Act 1992 (as amended). Section 67(2) of that Act provides that the power to decide to introduce a premium can only be exercised by full Council.</p> <p>Contact officer: peter.lewis@tewkesbury.gov.uk, 01684 272012</p> |
| HR implications (including learning and organisational development) | <p>None</p> <p>Contact officer: , @cheltenham.gov.uk, 01242</p> |
| Key risks | |
| Corporate and community plan Implications | |
| Environmental and climate change implications | |
| Property/Asset Implications | <p>These changes will apply to any council owned empty properties</p> <p>Contact officer: David Roberts@cheltenham.gov.uk</p> |

1. Background

- 1.1** The Local Government Finance Acts of 2003 and 2012 introduced some amendments to the Local Government Finance Act 1992, giving discretionary powers for councils to set the level of council tax discount on empty properties.
- 1.2** This council has already used its discretionary powers to set discount levels in respect of empty properties and second homes which are detailed in appendix 2.
- 1.3** For Class C, unoccupied and unfurnished properties a 25% discount is awarded for the first 6 months, followed by the 100% liability once the 6 months has expired.
- 1.4** The 2012 act also inserted the empty homes premium allowing councils to charge an additional 50% council tax in respect of class C properties which have been empty and unfurnished for more than 2 years.
- 1.5** The classification as a Class C property starts when the property becomes empty and unfurnished and this does not change as a result of a change in owner or tenant.
- 1.6** If a property becomes occupied or furnished this must be for a period of at least 6 weeks before it can be treated empty and unfurnished again.
- 1.7** The decisions made so far support the council's strategy to bring empty homes back in to use more quickly and generate additional council tax income.
- 1.8** Approval is now being sought to implement the empty homes premium with effect from 1st April 2018.

2. Reasons for recommendations

- 2.1** The number of properties which have been unoccupied and unfurnished for more than 6 months in Cheltenham as at October 2017 was 388. When discretionary powers to reduce the discount level on empty properties was first introduced in 2004 the number was 567. Empty properties are reviewed regularly by the Revenues and Benefits Section and the Empty Homes Team but the number has remained fairly stable at just under 400 for a number of years and is not reducing. Of the 388 properties 80 have been empty for more than 2 years.
- 2.2** A certain level of empty homes is inevitable and is a feature of a healthy housing market. However properties which have been empty and unfurnished for 2 years or more are often subject to deterioration that can affect the fabric of the property, can cause damage to neighbouring homes and can attract other anti-social problems to the area.
- 2.3** Some properties will be empty because they are difficult to sell or let and may be in need of renovation work. With increased pressure to find housing for people in need the Council wants to encourage homeowners to bring long term empty homes into use to the benefit of all residents. Charging the empty homes premium will send a clear message to owners that it is not acceptable to keep properties empty, often creating a local nuisance and wasting housing resource.
- 2.4** There are a number of enforcement options available to the Council to make owners bring empty homes back into use, for example, Empty Dwelling Management Orders and Compulsory Purchase Orders. Using these enforcement powers will be considered in individual cases, based on the circumstances.
- 2.5** Information published by DCLG in October 2016 shows that 287 out of 326 councils were charging the empty homes premium. In Gloucestershire, only Stroud and Cotswold District councils do so.
- 2.6** Based on the 80 properties and the council tax level for 2017/18 charging the premium would

increase council tax income by approximately £7,300, for this Council £44,000 for Gloucestershire County Council and £8,000 for the Police .

2.7 The Government has prescribed 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 annexe) that is being treated by a resident of that property as part of the main dwelling

Information held indicates that none of the properties due to be subject to the premium fall in to either of these categories

3. Alternative options considered

3.1 The alternative would be to leave the Council Tax level at 100% and not charge the Empty Homes Premium. This does not provide any further incentive for property owners to bring them back in to use

4. Consultation and feedback

4.1 There is no statutory requirement to consult on these proposals. The Empty Homes Team welcome additional measures to support bringing empty properties back in to use.

4.2 There is a legal requirement for the Council to publish any decision using these powers in a local newspaper within 21 days of the decision.

4.3 If Council approves the recommendation the Council Tax team will contact all council tax payers likely to be subject to the premium from April 2018 to advise them of the change. This will be done before the end of January.

5. Performance management –monitoring and review

5.1 The impact of these changes will be monitored closely and reported to members in budget monitoring reports.

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| Report author | Contact officer: Jayne Gilpin, Jayne.gilpin@cheltenham.gov.uk, 01242 264323 |
| Appendices | 1. Risk Assessment 2. Council Tax discounts on empty properties |

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| Background information | <ol style="list-style-type: none">1. The Local Government Finance Act 1992 http://www.legislation.gov.uk/ukpga/1992/14/contents2. The Local Government Act 2003 http://www.legislation.gov.uk/ukpga/2003/26/contents3. The Local Government Finance Act 2012 http://www.legislation.gov.uk/ukpga/2012/17/contents4. The Council Tax (Prescribed Class of Dwellings (England) Regulations 2003 http://www.legislation.gov.uk/uksi/2003/3011/contents/made5. The Council Tax (Prescribed Class of Dwellings (England) Regulations 2012 http://www.legislation.gov.uk/uksi/2012/2964/contents/made6. The Council Tax (Exempt Dwellings) (England) (Amendment) Order 2012 http://www.legislation.gov.uk/uksi/2012/2965/contents/made7. Report to council 15/12/2014 – Council Tax Discounts on Empty Properties https://democracy.cheltenham.gov.uk/documents/s14182/2014_12_09_CAB_Council_Tax_discounts_empty_properties%2009122014%20Cabinet.pdf |
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| The risk | | | | Original risk score (impact x likelihood) | | | Managing risk | | | | | |
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| Risk ref. | Risk description | Risk Owner | Date raised | Impact 1-5 | Likelihood 1-6 | Score | Control | Action | Deadline | Responsible officer | Transferred to risk register | |
| | If it becomes difficult to collect the higher council due then the estimated additional income may not be fully realised | Jayne Gilpin | 11/12/2017 | 1 | 3 | 3 | Accept | Monitor and review | | Jayne Gilpin | | |
| | If owners continue to leave properties empty the number of long term empty properties will not reduce | Jayne Gilpin | 11/12/2017 | 2 | 3 | 6 | Accept | Monitor and consider enforcement action in individual cases | | Jayne Gilpin | | |
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Explanatory notes

Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

Likelihood – how likely is it that the risk will occur on a scale of 1-6
 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

Control - Either: Reduce / Accept / Transfer to 3rd party / Close