



Doncaster Council

Report

15 October 2019

To: The Chair and Members of Cabinet

To Review the Council Tax Long-term Empty Homes Premium

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Councillor Jane Nightingale Cabinet Member	All	Yes/No

EXECUTIVE SUMMARY

1. The Local Government Finance Act 2012 introduced powers for local authorities to charge an additional premium of 50% Council Tax on properties that had been empty for more than 2 years, i.e. 150% charge. Since April 2013, Doncaster Council has charged 150% Council Tax for these properties.
2. From 1 April 2019, local authorities were given powers to increase the long-term empty premium as follows:
 - From April 2019: the premium could be increased to **100%** for properties empty and unfurnished for over **2** years, i.e. 200% Council Tax charge;
 - From April 2020: the premium can be increased to **200%** for properties empty and unfurnished for over **5** years, i.e. 300% Council Tax charge;
 - From April 2021: the premium can be increased to **300%** for properties empty and unfurnished for over **10** years, i.e. 400% Council Tax charge.
3. In August 2019, **599** properties in Doncaster were subject to the long-term empty premium having been empty for more than 2 years. Of the 599 properties, 231 had been empty for more than 5 years and 99 properties had been empty for more than 10 years. Most of these empty properties are in Council Tax Band A.
4. This report sets out proposals for Doncaster Council to increase the Council Tax long-term empty premium from 1 April 2020 and 1 April 2021 in line with the new powers introduced in April 2019. Aimed at encouraging owners to bring empty properties back into use and generating savings to balance the Council budget.

EXEMPT REPORT

5. The report is not exempt.

RECOMMENDATIONS

6. Cabinet is asked to approve the proposals to increase the Council Tax long-term empty premium as follows:
 - **From 1 April 2020:** to increase the premium to **100%** for properties that have been empty and unfurnished for more than **2 years**;
 - **From 1 April 2020:** to increase the premium to **200%** for properties that have been empty and unfurnished for more than **5 years**;
 - **From 1 April 2021:** to increase the premium to **300%** for properties that have been empty and unfurnished for more than 10 years.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

7. In August 2019, **599** properties in Doncaster were subject to a Council Tax long-term empty premium after being empty and unfurnished for more than 2 years. Persons liable for Council Tax on these properties will have to pay additional Council Tax if the properties remain empty on 1 April 2020. The proposals will also impact on further/different taxpayers who have properties that have been left empty and unfurnished for more than 2 years when the changes are implemented from 1 April 2020 and going forward from this date.
8. The proposals are designed to encourage owners to bring empty properties back into use in which case normal Council Tax charges will apply. It is therefore anticipated that the proposals will impact positively on the citizens of Doncaster generally as more homes are made available across the borough and some of the issues associated with long-term empty properties such as vandalism and nuisance are reduced.

BACKGROUND

9. The Local Government Finance Act 2012 introduced new powers for local authorities to set an 'empty homes premium' for long-term empty properties. Properties that had been unoccupied and unfurnished for over two years could be charged up to 150% of the normal Council Tax liability. In January 2013, Members approved an empty homes premium of 50% for properties meeting the criteria and the Council Tax charged for these properties has been 150% since 1 April 2013.
10. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 gave local authorities powers to increase the empty homes premium as follows:
 - From 1 April 2019 - 100% premium for properties empty 2 years or more;
 - From 1 April 2020 - 200% premium for properties empty 5 years or more;
 - From 1 April 2021 - 300% premium for properties empty 10 years or more.

These are maximum levels of premium and local authorities are free to set lower premium levels.

11. The Government's main intention behind allowing local authorities to set premium charges for long-term empty properties is to incentivise owners to bring empty properties back into use in which case normal Council Tax charges apply.
12. The empty homes premium does not apply to empty properties that are exempt from Council Tax charges. Under prescribed legislation, **no** Council Tax is payable for empty properties that meet the following criteria:
 - Left unoccupied by someone who has gone to live in a residential care home;
 - Unoccupied because someone has moved to receive or provide personal care;
 - Left empty because the taxpayer has died and grant of probate letters or letters of administration have not been granted. Once probate/letters of administration are granted, the exemption continues for a further 6 months unless the property is reoccupied, let, sold or transferred.
13. The proposals are consistent with other Councils that have increased their long-term empty premium to 100% from 1 April 2019, and have approved further increases to 200% and 300% for 2020 and 2021 in line with the new powers.
14. In August 2019, **599** properties in Doncaster were subject to the long-term empty premium. Of the 599 properties, 231 had been empty for more than 5 years and 99 properties had been empty for more than 10 years. Most of these empty properties are in Council Tax Band A.
15. A high level analysis of the properties subject to the empty homes premium has been carried out, at this time only 16 properties were being marketed for sale. A further 11 had recently been sold 'subject to contract'. Working in partnership with St Leger Homes Asset Management Team, the Council will undertake further work prior to April 2020 to establish the main reasons that properties have been left empty for so long, and to offer appropriate advice and support to property owners to bring the properties back into use wherever possible.
16. An Empty Homes Policy Framework has been developed by St Leger Homes Asset Management Team. The framework sets out an approach to help bring privately owned empty properties back into use and as a result help to provide more affordable homes in the Borough. It sets out a range of initiatives and approaches that can be adopted to help tackle private sector empty properties. The Council's Revenues Team will work with the Asset Management Team going forward by sharing data about long-term empty properties as the law allows, and signposting property owners to information, advice and support available within the framework to support them to bring the properties back into use and so avoid paying premium Council Tax charges. This is consistent with the aims and intentions of the framework which was considered by Executive Board on 1 October 2019.

17. The changes to the empty premium will be clearly communicated to taxpayers potentially affected well in advance of April 2020. Targeted advice and support to the property owners will continue as set out above giving them every opportunity to engage with the Council and St Leger Homes Asset Management Team to bring the properties back into use wherever possible.
18. Section 13A of the Local Government Finance Act gives local authorities discretionary powers to reduce or remit Council Tax charges where the taxpayer can demonstrate financial hardship and remitting/reducing the charge is in the interests of local Council Tax payers. Section 13A relief will be considered in individual exceptional cases where the taxpayer is unable to allow the property to be occupied through no fault of their own and/or due to circumstances beyond their control, and paying the increase in the premium would cause them financial hardship.
19. The potential additional revenue from Council Tax receipts has been calculated based on the current long-term empty properties in Doncaster. If the number of empty properties and the periods of non occupation within those properties were to remain constant, it is estimated that the following additional debt would be raised by increasing the long-term empty premium from 1 April 2020 and 1 April 2021:

Year	Description	Additional debt raised
2020/21	An extra 50% premium on empties between 2 and 5 years	£233k
	An extra 150% premium on empties > 5 years	£422k
	Total potential additional revenue 2020/2021	£656k
2021/22	An extra 50% premium on empties between 2 and 5 years	£233k
	An extra 150% premium on empties between 5 and 10 years	£241k
	An extra 250% premium on all empties >10 years	£303k
	Total potential additional revenue 2021/2022	£777k

20. Actual additional revenue is likely to be lower than the above estimates as property owners are more likely to bring the properties back into use to avoid paying higher Council Tax. When the empty premium was introduced in April 2013, 861 properties had been empty for more than 2 years and were subject to the premium. In 2014, the number had reduced to 713 and a year later to 607. Since the introduction of the long-term empty premium in 2013, the collection rate for properties subject to the premium averages around 82% compared to the overall in-year collection rate of 95%.
21. Taking account of the previous reduction in the number of long-term empty properties in 2014 and 2015 and the current collection rate of 82%, additional income from Council Tax receipts from the proposals to increase the premium is estimated at **£468k** in 2020/2021 and **£514k** in 2021/2022.

OPTIONS CONSIDERED AND REASONS FOR RECOMMENDED OPTION

22. Three options have been considered:

Option 1: Do Nothing

Local authorities are not obliged to charge a Council Tax premium for long-term empty properties or set the premium in line with the maximum rates allowed. The Council could decide to retain the existing premium of 50% for all properties that have been empty for more than two years. However, this would be less of an incentive for owners to bring the properties back into use. This option would also be a missed opportunity to generate additional revenue from Council Tax receipts from owners who choose not to bring the properties back into use. This option is not recommended.

Option 2: Set the empty homes premium at a level lower than the maximum permitted

The Council could decide to charge a lower percentage premium than the regulations allow. However, as option 1, depending on the level set, this would be less of an incentive for owners to bring the properties back into use. This option would also generate less additional revenue from Council Tax receipts from owners who choose not to bring the properties back into use at a time of extreme budget pressures. This option would also be out of line with the majority of authorities across the country. This option is not recommended.

Option 3: Increase the empty homes premiums in line with the maximum permitted

This option would provide the most incentive for taxpayers affected to bring the properties back into use and generate the maximum additional revenue to the Council from owners who choose to leave their properties empty. This option is also consistent with other authorities.

23. **Option 3** is the recommended option as this would provide the greatest incentive for taxpayers affected to bring the properties back into use and generate the maximum additional revenue to the Council. This option is also in line with other authorities.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

24. These are detailed in the table below:-

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	Council Tax is a key element of the Council's budget
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p>	

	<ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	<p>which impacts on all priorities.</p>
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	<p>Increasing the long-term empty premium is also designed to incentivise owners to bring properties back into use making more homes available and reducing the issues associated with long-term empty properties such as vandalism and nuisance.</p>
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	

RISKS AND ASSUMPTIONS

25. With these proposals there is a risk of non collection of the increased premium charges. This risk will be managed by continued robust collection processes where appropriate and working with property owners who want to bring their properties back into use and so avoid the premium.

LEGAL IMPLICATIONS [Officer Initials SRF Date 12/8/19]

26. The legal basis for this decision is set out in the body of the report. The decision taken is consistent with the provisions set out in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

FINANCIAL IMPLICATIONS [AT 14/08/19]

27. The estimated increase in Council Tax receipts will be included in the budget setting proposals presented to Council in March 2020. The total estimated increase in receipts has been adjusted to reflect the expected reduction in the relevant properties based on prior events and also for the expected levels of collection.

HUMAN RESOURCES (HR) IMPLICATIONS [KM 12/08/2019]

28. There are no specific HR implications associated with the preferred approach as it is anticipated that the administration of the additional premium charges will be managed within existing resources.

TECHNOLOGY IMPLICATIONS [Officer Initials PW Date 09/08/19]

29. There are no direct technology implications in relation to this decision. The Northgate Business Rates system has the functionality to apply the Council Tax long-term empty premium charges.

HEALTH IMPLICATIONS [Officer Initials KH Date 9.8.19]

30. Secure and appropriate housing important for good health and a healthy community helps residents to thrive, be independent and contribute to society. Access to decent housing is critically important in terms of health and wellbeing, as is living a neighbourhood that is attractive, feels safe and fosters a sense of community. Empty properties could have a number of health impacts on a community including the health and safety risks presented the property itself and the effects on the viability and quality of the neighbourhood.

Neighbourhoods with high concentrations of empty homes tend to have lower house prices and poorer households (Empty Homes, 2018) and therefore those living in deprived neighbourhoods and experiencing income inequalities may be disproportionately affected. Most of the properties likely to be affected by this initiative are Council Tax Band A so it could be expected that those who could most benefit from the proposals are those on lower incomes.

In addition to the potential for regeneration, making more housing available locally will have a positive impact on Doncaster residents. In addition to bringing properties back into use, we recommend that any initiatives consider opportunities to improve the quality and accessibility of the homes where possible. This would help improve the overall housing offer in Doncaster and help meet the needs of our growing population of older people and people with disabilities and long-term conditions.

Work is planned in the lead up to the changes in 2020 to ensure appropriate advice and support is given to the taxpayer and there are exceptions to the scheme in some circumstances, for example if the homeowner has moved into residential care. Discretion should be used (Ref: Section 13 of the Local Government Finance Act) where undertaking any action could cause financial hardship or further difficulty, especially if the taxpayer is vulnerable. It is key

that the main aim is to bring empty properties back into use, rather than to generate additional income and that work is undertaken to support this are proactive and effective.

EQUALITY IMPLICATIONS [Officer Initials: MB Date 09/08/2019]

31. An initial equality impact assessment has been undertaken confirming there are no equality implications associated with this report. There is not any change to the services delivered and the introduction of the premium is universal and therefore does not impact adversely on those with protected characteristics.

CONSULTATION

32. There are no requirements for local authorities to undertake consultation before increasing the Council Tax long-term empty premium. Discussions on the proposals have taken place with the Mayor and Executive Board.

BACKGROUND PAPERS

33. There are no background papers to this report.

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

None.

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