



Report

Date: 26 February 2024

To the Chair and Members of the Council

To Review the Council Tax Long-Term Empty Homes Premium

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. From April 2013, Doncaster Council 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.

Doncaster Council chose not to introduce the increased premium of 100% in 2019, but after a further review, introduced it from 1 April 2020, with the other changes introduced from the relevant dates.

3. The Levelling Up and Regeneration Act 2023, has reduced the time period before an additional premium can be added from 2 years down to 12 months. This change can be applied from the 1 April 2024.

EXEMPT REPORT

4. The report is not exempt.



RECOMMENDATIONS

5. Council is asked to approve the decision to charge a Council Tax premium on properties that have been long-term empty for a period of 12 months rather than the current time period of 2 years. The decision will take effect from the 1 April 2024.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

6. In November 2023, 600 properties in Doncaster were subject to a Council Tax long-term empty premium after being empty and unfurnished for more than 2 years. If the time period were reduced to 12 months in line with the proposal, a further 634 properties would be charged a premium. It is anticipated that this number will reduce by the implementation date on the 1 April 2024.
7. 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

8. 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. From April 2013, Doncaster Council charged 150% Council Tax for these properties.
9. 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.

Doncaster Council chose not to introduce the increased premium of 100% in 2019, but after a further review, introduced it from 1st April 2020, with the other changes introduced from the relevant dates

10. The Levelling Up and Regeneration Act 2023, has reduced the time period before an additional premium can be added from 2 years down to 12 months. This change can be applied from the 1 April 2024.
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.

The above list is not exhaustive. Additional exceptions to applying the premium may be applied at the Council's discretion based on individual taxpayer's circumstances. This discretion will take into account any relevant Government guidance and will be set out in a long-term empty homes scheme document.

13. The changes to the empty premium will be communicated to taxpayers potentially affected in advance of April 2024. Targeted advice and support to property owners is available from both Doncaster Council's Housing Team and St Leger Homes on how to bring the properties back into use wherever possible.
14. 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 Taxpayers. 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.
15. The potential additional revenue from the changes to the long-term empty premium 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 charging the long-term empty premium after 12 months from 1 April 2024:

Year	Description	Additional Debt raised
2024/25	An extra 100% premium on empties between 12 months and 2 years	£919k

16. 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 this has continued to reduce to a current number of 600. The collection rate for properties subject to the

100% premium is estimated at around 67% compared to the overall in-year collection rate target of 94.5%.

- Taking account of the previous reduction in the number of long-term empty properties in 2014 and the current collection rate of 67%, additional income from the proposals to increase the premium is estimated at £511k in 2024/2025.

OPTIONS CONSIDERED AND REASON FOR RECOMMENDED OPTION

- Two options have been considered,

Option 1: Do Nothing



Local authorities are not obliged to reduce the time before a long-term empty premium is charged to 12 months. The Council could decide to retain the existing time at 2 years before charging a premium. However, this would be less of an incentive for owners to bring the properties back into use quicker. 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: Reduce the time period before an additional premium can be added from 2 years down to 12 months from 1 April 2024

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 is the recommended option.**

IMPACT ON THE COUNCIL'S KEY OUTCOMES

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Great 8 Priority	Positive Overall	Mix of Positive & Negative	Negative overall - Trade-offs to consider	Neutral or No implications
 Tackling Climate Change				✓
 Developing the skills to thrive in life and in work				✓

 Making Doncaster the best place to do business and create good jobs				✓
 Building opportunities for healthier, happier and longer lives for all				✓
 Creating safer, stronger, greener and cleaner communities where everyone belongs				✓
 Nurturing a child and family-friendly borough				✓
 Building Transport and digital connections fit for the future				✓
 Promoting the borough and its cultural, sporting, and heritage opportunities				✓

Fair & Inclusive	✓			
<p>Council Tax is a key element of the Council's budget which impacts on all priorities. 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>This is a technical report and therefore due regard does not apply to this decision.</p>				

Legal Implications [Officer Initials: NC | Date: 08/02/24]

- Section 79 of the Levelling Up and Regeneration Act 2023, amended section 11B of the Local Government Finance Act 1992, with effect from the 26th October 2023, to reduce the minimum qualifying period before a property is deemed to be a long term empty dwelling from 2 years to 1 year. The decision recommended by this report is consistent with that legislation.

Financial Implications [Officer Initials: CC | Date: 13/02/2024]

- The Financial Implications are contained within the body of the report. Using relevant Council Tax data, a snapshot of additional affected properties has been taken, which estimates that an additional £919k of Council Tax debt would be raised if this revised policy is implemented. A suitable reduction has been applied to allow for an estimated number of properties to be brought back into use quickly (based on historic data when the Empty Homes Premium first came into effect) and the lower collection rate of 67% applicable to this type of debt - thereby calculating an estimated additional Council Tax income to the Council of £511k pa from 2024/25.
- This additional income has already been included in Council Tax income assumptions (subject to Council approval) and the Council Tax Base Growth has been updated accordingly for the 2024/25 financial year (i.e. the assumptions are already contained within the Medium Term Financial Strategy and 2024/25 Revenue Budget Report).

Human Resources Implications [Officer Initials: SH | Date: 08/02/2024]

- There are no immediate HR implications associated with this report.

Technology Implications [Officer Initials: NR | Date: 12/02/24]

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

RISKS & ASSUMPTIONS

7. 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.

CONSULTATION

8. 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

9. There are no background papers to this report.

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

None

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