

**Cherwell District Council**  
**Budget Planning Committee**

**27 November 2018**

<b>100% Council Tax Premium on Long Term Empty Dwellings</b>
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**Report of the Interim Executive Director – Finance and Governance**

This report is public

**Purpose of report**

To provide members with an update on the change in legislation to allow for a Council Tax premium of 100% on properties that are empty for 2 years or more and to seek a recommendation for Executive on the introduction of 100% Empty Homes Premium.

**1.0 Recommendations**

The meeting is recommended:

- 1.1 To note the contents of the report and any financial implications for the Council.
- 1.2 To make a recommendation to Executive on the introduction of an Empty Homes Premium of 100% from 1<sup>st</sup> April 2019.

**2.0 Introduction**

- 2.1 In September 2015 Executive agreed the introduction of a 50% premium from 1<sup>st</sup> April 2016 on a class of property which has been unoccupied and unfurnished for a period of two years or more.
- 2.2 This report considers the new legislation from April 2019 which allows for a 100% Empty Homes Premium to be levied and the financial implications for the Council. The decision as to whether to introduce the additional premium is a local one to be made by councils.

**3.0 Report Details**

**Position so far**

- 3.1 From 1<sup>st</sup> April 2013, Local Authorities have been able to charge a Council Tax premium of 50% on properties which have been unoccupied and unfurnished for a

period of two years or more. The premium is chargeable on a property that has been empty for two years. It is therefore possible for an individual to buy a property which has already been empty for two years and therefore will be liable for a premium immediately. Under the Council Tax Regulations 2003 there are exemptions and discretions under this provision:

- A dwelling which would otherwise be the sole or main residence of a member of the armed services, who is absent as a result of such service
- An annexe, which forms part of a single dwelling and is being treated by the resident of that property as part of the main dwelling.
- If the liable person can demonstrate that the property is on the market for sale or rent or can demonstrate hardship.

3.2 There are financial and non-financial benefits associated with the introduction of the Empty Homes Premium. The financial benefits relate to an increase in Council Tax income and New Homes Bonus and non-financial benefits relate to bringing empty properties back into use.

3.3 The decision was taken to introduce the premium with effect from 1<sup>st</sup> April 2016. There has not been any noticeable impact on collection rates since the premium was introduced.

### **Long Term Empty Premium from 1<sup>st</sup> April 2019**

3.4 Section 11B of the Local Government Finance Act 1992 has been amended to allow for an increase in the Empty Homes Premium for properties that are empty for two years or more from 50% to 100% from 1<sup>st</sup> April 2019.

3.5 If the decision is taken to charge the Empty Homes Premium at 100% from 1<sup>st</sup> April 2019 financial modelling as at November 2018 has shown that this would generate income of £232,556 (this is based on the premium that will become chargeable for current empty properties if they are still vacant in 1<sup>st</sup> April 2019). This compares to £116,278 based on the current 50% premium.

3.6 If the premium is increased to 100% from 1<sup>st</sup> April 2019 notice will have to be served upon the residents of Cherwell District Council and an advert placed in the local press to advertise the fact that the higher premium can now be imposed at least 21 days prior to the decision taking effect. The Council will also write to affected parties prior to 1<sup>st</sup> April 2019 to advise that the increased premium will be charged.

3.7 The Government has also amended the legislation to provide that the 'relevant period' from 2020 will be less than five years to charge 100% and more than five years to charge 200%. From 2021 a premium of 300% can be charged for properties left empty for over ten years. Members will receive a report on this and the financial implications for the Council at a later date.

## **4.0 Conclusion and Reasons for Recommendations**

4.1 From April 2019 the Legislation has been amended to allow for an increase in the Empty Homes Premium from 50% to 100%.

4.2 Members are now asked to consider the report and to make a recommendation to Executive as to whether the 100% premium should be introduced from April 2019.

## **5.0 Alternative Options and Reasons for Rejection**

- 5.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To decide not to make a recommendation to Executive on introducing an Empty Homes Premium of 100% from April 2019.

## **6.0 Implications**

### **Financial and Resource Implications**

- 6.1 The financial implications are set out in the body of the report.

Comments checked by:

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### **Legal Implications**

- 7.2 Section 11B of the Local Government Finance Act 1992 has been amended by the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 to allow for the maximum percentage by which Council Tax may be increased to change to 100% from the financial year beginning 1<sup>st</sup> April 2019 and then to be further increased each financial year up to 2021 to a maximum of 300% as described in the main body of the report.

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## **8.0 Decision Information**

### **Key Decision**

**Financial Threshold Met:** **Not applicable**

**Community Impact Threshold Met:** **Not applicable**

### **Wards Affected**

All

### **Links to Corporate Plan and Policy Framework**

This links to the Council's priorities of a district of opportunity and sound budgets and a customer focused council

### **Lead Councillor**

Councillor Tony Illott Lead Member for Financial Management

### **Document Information**

<b>Appendix No</b>	<b>Title</b>
None	
<b>Background Papers</b>	
None	
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