

Report of:	Head of Finance
Contact Officer:	Rob Wolfe
Telephone No:	01543 464 397
Portfolio Leader:	Health & Wellbeing
Key Decision:	No
Report Track:	Cabinet: 19/12/19 Council: 08/01/20

**CABINET
19 DECEMBER 2019
EMPTY DWELLINGS AND COUNCIL TAX**

1 Purpose of Report

- 1.1 To explain the Council's discretions as to the level of council tax charges that can be levied on empty properties.
- 1.2 To recommend to Council that the level of charges included in the Appendix to this report is adopted, with effect from 1 April 2020.

2 Recommendation(s)

That:

- 2.1 Council, at its meeting on 8 January 2020, adopts the schedule of charges and discounts contained in Appendix 1 to this report, with effect from 1 April 2020.
- 2.2 Council, at its meeting on 8 January 2020, adopts the schedule of charges and discounts contained in Appendix 2 to this report, with effect from 1 April 2021.

3 Key Issues and Reasons for Recommendations

Key Issues

- 3.1 Empty dwellings are a wasted resource in terms of reducing the supply of affordable housing within the area and potentially lost council tax yield for the Council.
- 3.2 Council Tax and Environmental Health Officers work together to address this issue and to align our policies relating to the management of empty homes and council tax charges.
- 3.3 Introducing the increased empty property charges, allowed by legislation, has been one of the ways in which we encourage owners to bring empty homes back into use.

Reasons for Recommendations

- 3.4 Cannock Chase Council's empty property discounts are generous, when compared to other councils and the changes being recommended are intended to be beneficial to both the occupation rate of dwellings and income to the Council.
- 3.5 The reduction of the 'free period' for empty dwellings from 3 months to 28 days is expected to affect around 2,000 properties that are estimated to become vacant whilst awaiting occupation by a new owner or new tenant. Additional charges in the region of £245,000 per annum would be levied, if owners did not bring their homes into use more quickly (an average of around £123 per bill). Cannock Chase Council would retain £29,000 of the additional yield.
- 3.6 The additional income to the Council would help to facilitate improvements to the Local Council Tax Reduction Scheme which are currently subject to formal consultation.

4 Relationship to Corporate Priorities

- 4.1 The proposals contained in this report will bring empty dwellings back into use thereby increasing income to the council, improving the local environment, and providing additional housing capacity and choice.

5 Report Detail

- 5.1 When council tax was introduced in 1993, the rate of charges to be made in respect of empty properties was prescribed. Exemptions were available for certain categories of property, for which no council tax was payable.
- 5.2 Subsequent legislation has allowed Billing Authorities to increase the amounts charged on empty properties and we have been encouraged to do so, in order to bring empty properties back into use. Our options are:
- To prescribe the free period in respect of newly vacated empty dwellings, or to offer no free period. We currently allow 3 months;
 - To prescribe the percentage discount in respect of uninhabitable empty dwellings, or to offer no discount. We currently allow 100% discount for the prescribed 12 month period. This discount cannot be applied for a property that has been empty for more than 2 years and has attracted an empty property premium as described below;
 - To charge 100% in respect of second homes. We currently charge this and propose to continue;
 - To charge 200% Council Tax for property empty for more than 2 years. We currently charge this;
 - From 2020, we can increase this to 300% for property empty for more than 5 years. This charge is proposed;

- From 2021, we can further increase this to 400% for property empty for more than 10 years. This charge is proposed to be implemented from 1 April 2021.
- 5.3 We have discretion to determine our own local categories of dwelling for which we can offer a rate of discount. The Billing Authority would have to meet the cost of those discounts in full and would not share the cost with other preceptors. No such categories are proposed.
- 5.4 We can also award local discretionary discounts to individual council taxpayers, based on the specific merits of their individual circumstances. Again the Billing Authority would have to meet the cost of those discounts in full and would not share the cost with other preceptors. A discretionary discount can be applied to any occupied or unoccupied dwelling. Such a discount might, for example, be appropriate to alleviate exceptional hardship or to reduce an empty property premium.
- 5.5 By their nature, discretionary discounts will involve an unpredicted set of circumstances which cannot be pre-determined or specified. The Head of Finance or the Local Taxation and Benefits Manager will determine applications for these discounts, based on the merits of individual applications and having regard for the impact on the Council's General Fund.
- 5.6 The following categories of property are protected and statutory council tax exemptions still exist.

Class	Description
B	Unoccupied dwellings owned by a charity (up to 6 months).
D	A dwelling left unoccupied by people who are in prison.
E	An unoccupied dwelling which was previously the sole or main residence of a person who has moved into a hospital or care home.
F	Dwellings left empty by the estate of deceased persons (6 months from date of probate).
G	An unoccupied dwelling where the occupation is prohibited by law.
H	Unoccupied clergy dwellings.
I	An unoccupied dwelling which was previously the sole or main residence of a person who is the owner or tenant and who has moved to receive personal care.
J	An unoccupied dwelling which was previously the sole or main residence of a person who is the owner or tenant and who has moved in order to provide personal care to another person.
K	An unoccupied dwelling where the owner is a student who last lived in the dwelling as their main home.
L	An unoccupied dwelling which has been taken into possession by a mortgage lender.
M	A hall of residence provided predominately for the accommodation of students.

Class	Description
N	A dwelling which is occupied only by students, the foreign spouses of students or school and college leavers.
O	Armed forces' accommodation.
P	A dwelling where at least one person who would otherwise be liable has a relevant association with a Visiting Force.
Q	An unoccupied dwelling where the person who would otherwise be liable is a trustee in a bankruptcy.
R	Empty caravan pitches and boat mooring.
S	A dwelling occupied only by a person, or persons, aged under 18.
T	A dwelling which forms part of a single property which includes another dwelling and may not be let separately from that dwelling, without a breach of planning control.
U	A dwelling occupied only by a person, or persons, who is or are severely mentally impaired who would otherwise be liable to pay the council tax or only by one or more severely mentally impaired person.
V	A dwelling in which at least one person who would otherwise be liable is a diplomat.
W	A dwelling which forms part of a single property, include at least one or other dwelling, and which is the sole or main residence of a dependent relative of a person who is resident in the other dwelling.

5.7 The remaining categories of empty dwellings and the proposed changes to the charges are summarised as follows.

	Current Charge & Discount	Charge & Discount from 1 April 2020
Property which is unoccupied and substantially unfurnished	100% discount for 3 months. 0% discount thereafter	100% discount for 28 days 0% discount thereafter
Property which is unoccupied and substantially furnished (referred to as second homes)	0% discount	0% discount (No change)
Property which is unoccupied, substantially unfurnished, uninhabitable and in need of or undergoing major repairs or structural alterations which are to make it habitable	100% discount for 12 months. 0% discount thereafter	100% discount for 12 months. 0% discount thereafter (No change)
Property which is unoccupied, substantially unfurnished and has been so for between 24 months and 5 years	100% Premium (200% council tax due)	100% Premium (200% council tax due)
Property which is unoccupied, substantially unfurnished and has been so for 5 years or more	100% Premium (200% council tax due)	200% Premium (300% council tax due)

The following changes will then be applied from 1 April 2021:

	Current Charge & Discount	Charge & Discount from 1 April 2021
Property which is unoccupied, substantially unfurnished and has been so for between 5 years and 10 years	100% Premium (200% council tax due)	200% Premium (300% council tax due)
Property which is unoccupied, substantially unfurnished and has been so for over 10 years	100% Premium (200% council tax due)	300% Premium (400% council tax due)

5.8 All of the changes above will encourage owners of properties to bring them into use more quickly. Significant income will also be achieved by the reduction in the free period.

5.9 The increased premiums will affect 79 properties, as follows

- Empty 2 – 5 years 42
- Empty 5 – 10 years 20
- Empty over 10 years 17

5.10 It is anticipated that the income from increased Premiums will be minimal. The intention is that the properties are brought into use, thereby paying the standard rate of council tax, rather than the increased Premium rates. Some outlay may also be needed if properties cannot be brought into use and it is deemed appropriate to reduce or remove the Premiums.

6 Implications

6.1 Financial

The effect of implementing the changed recommended by this report will have a positive impact on the Council's finances, as we would retain around 12% of any additional yield. Additional charges in the region of £245,000 per annum would be levied, of which Cannock Chase Council would retain £29,000 per annum.

6.2 Legal

The level of charges that can be raised and discounts awarded in respect of empty dwellings is provided by the Local Government Finance Act 2012.

6.3 Human Resources

None.

6.4 **Section 17 (Crime Prevention)**

None.

6.5 **Human Rights Act**

None.

6.6 **Data Protection**

None.

6.7 **Risk Management**

None.

6.8 **Equality & Diversity**

None.

6.9 **Best Value**

None.

7 Appendices to the Report

Appendix 1: Empty Property Charges and Discounts 1 April 2020

Appendix 2: Empty Property Charges and Discounts 1 April 2021

Previous Consideration

None

Background Papers

None

Council Tax

Empty Property Charges and Discounts 1 April 2020

Category of Dwelling	Charge & Discount from 1 April 2020
Property which is unoccupied and substantially unfurnished	100% discount for 28 days. 0% discount thereafter.
Property which is unoccupied and substantially furnished (referred to as second homes)	0% discount
Property which is unoccupied substantially unfurnished, uninhabitable and in need of or undergoing major repairs or structural alterations which are to make it habitable	100% discount for 12 months. 0% discount thereafter.
Property which is unoccupied, substantially unfurnished and has been so for between 24 months and 5 years	100% Premium (200% council tax due)
Property which is unoccupied, substantially unfurnished and has been so for 5 years or more	200% Premium (300% council tax due)

Council Tax

Empty Property Charges and Discounts 1 April 2021

Category of Dwelling	Charge & Discount from 1 April 2021
Property which is unoccupied and substantially unfurnished	100% discount for 28 days. 0% discount thereafter.
Property which is unoccupied and substantially furnished (referred to as second homes)	0% discount.
Property which is unoccupied substantially unfurnished, uninhabitable and in need of or undergoing major repairs or structural alterations which are to make it habitable	100% discount for 12 months. 0% discount thereafter.
Property which is unoccupied, substantially unfurnished and has been so for between 24 months and 5 years	100% Premium (200% council tax due)
Property which is unoccupied, substantially unfurnished and has been so for between 5 years and 10 years	200% Premium (300% council tax due)
Property which is unoccupied, substantially unfurnished and has been so more than 10 years	300% Premium (400% council tax due)