



Cabinet
11 February 2019

**Report from the Strategic Director
of Resources**

Council Tax– Empty Homes Premium

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	None
Background Papers	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Richard Vallis, Revenues & IT Client Manager – 2 nd Floor, Civic Centre Tel 020 8937 1503 Richard.Vallis@brent.gov.uk

1.0 Purpose of the Report

- 1.1 The Council levies a 50% council tax premium on domestic properties that have been empty for more than 2 years and has been doing so since 1 April 2013 when powers were given to enable local authorities to charge a premium. From 1 April 2019 the premium can be increased from 50% to 100% to further encourage owners to make their properties available for use. As this is a discretion Cabinet needs to approve increasing the premium from 50% to 100%.
- 1.2 Further changes enable local authorities, from 1 April 2020, to charge a 200% premium for properties that have been empty for more than 5 years, and from 1/4/2021 to charge a premium of 300% for those that have been empty for more than 10 years. Again this is a discretion and cabinet needs to agree this. Whilst these changes take effect one and 2 years from now it is suggested that these be agreed now so that owners of such properties are forewarned of these changes and can make preparations to bring their properties back into use.

2.0 Recommendations

- 2.1 That the council increases the council tax premium from 50% to 100% from 1 April 2019 in respect of domestic properties that have been empty for longer than 2 years.

- 2.2 That the council increases the council tax premium to 200% from 1 April 2020 in respect of domestic properties that have been empty for longer than 5 years.
- 2.3 That the council increases the council tax premium to 300% from 1 April 2021 in respect of domestic properties that have been empty for longer than 10 years.

3.0 Detail

- 3.1 The Local Government Finance Act 2012 gave local authorities the discretion to apply a premium of up to 50% in respect of domestic properties that had been empty for more than 2 years. This 50% premium is in addition to the council tax due for the property. This came into effect from 1 April 2013 and was agreed and dealt with in conjunction with the decision agreeing the council tax reduction scheme (council tax support). It was further agreed by Cabinet at its meeting on 18 November 2013
- 3.2 The government announced in its 2017 Autumn Statement that it would be introducing legislation to further increase the premium and this has now been introduced. Not only does it enable local authorities to increase the premium from 50% to 100% from 1 April 2019 but it further enables local authorities to charge a premium of 200% for properties that have been empty for more than 5 years and 300% for properties that have been empty for more than 10 years. These latter 2 provisions come into effect from 1 April 2020 and 1 April 2021 respectively.
- 3.3 The aim of the premium is to encourage owners of long term empty properties to bring their properties back into use. When the premium was introduced in April 2013 there were 323 properties subject to it, there are now 188. It should be noted that the biggest reduction was in the first 18 months of its introduction when numbers fell to around 200, it has not dropped significantly since. By increasing the premium to 100% from 1 April 2019 a reduction in numbers of during the first 12 – 18 months of its introduction may be expected
- 3.4 Of the 188 properties that have been empty for more than 2 years there are 49 properties that have been empty for between 5 and 10 years and 34 that have been empty for longer than 10 years. By increasing the premium on these over the next 2 years a reduction can also be anticipated. By agreeing these now the council can publicise this so that owners can make plans to bring their properties back into use prior to the introduction of the premium.

4.0 Financial Implications

- 4.1 Any additional income from these changes is shared between the council (80%) and the GLA (20%). By increasing the premium from 50% to 100% this would raise additional charges of £140,000 based on the current number of properties subject to the premium (188). Brent's share of this would therefore be £112,420.
- 4.2 By increasing the premium from 100% to 200% for properties that have been empty for more than 5 years this would raise additional charges of £73,000 based on the current number of properties in this class. Brent's share of this would therefore be £58,600.

4.3 By increasing the premium from 200% to 300% for properties that have been empty for more than 10 years this would raise additional charges of £51,000 based on the current number of properties in this class. Brent's share of this would therefore be £41,000.

5.0 Legal Implications

5.1 The Local Government Finance Act 2012 inserted section 11B into the Local Government Finance Act 1992. This enabled Local Authorities to apply a premium of up to 50% in respect of properties that have been empty for over two years in order to encourage their owners to bring them back into use. In effect the owner has to pay 150% council tax on a property that has been empty for more than 2 years. The council previously agreed to introduce the additional 50% premium in respect of properties' that have been empty for more than two years.

5.2 The Government announced in its Autumn Statement of 2017 its intention to increase the premium from 50% to 100%. This required primary legislation. This has now been passed in The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018

5.3 In addition to being able to increase the premium from 1 April 2019 for properties that have been empty for more than 2 years from 50% to 100% the council has also been given powers to increase the premium to 200% for properties that have been empty for more than 5 years and to 300% for properties that have been empty for more than 10 years. These latter 2 provisions come into effect from 1 April 2020 and 1 April 2021 respectively.

5.4 These are maximum amounts a council can charge; it is necessary for Cabinet to approve this as it is a discretion.

6.0 Equality Implications

6.1 An Equality Impact Assessment was carried out in 2012 when it was originally agreed to charge the premium as well as amend the discounts applicable to other empty properties. The changes affected non-resident owners and there was no evidence to suggest any particular group would be disadvantaged by the changes, indeed the most significant impact was that it will encourage owners to make their empty properties available for occupation. A further assessment has been carried out in the light of these proposals and the results are the same.

7.0 Consultation with Ward Members and Stakeholders

7.1 None, although ward members have previously supported the charging of the premium in order to encourage the use of long term empty properties

8.0 Human Resources/Property Implications (if appropriate)

8.1 None

Report sign off:

ALTHEA LODERICK
Strategic Director of Resources

