

COUNCIL

TUESDAY, 25TH FEBRUARY, 2020

At 7.00 pm

in the

COUNCIL CHAMBER - TOWN HALL, MAIDENHEAD

SUPPLEMENTARY AGENDA

PART I

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
9.	<u>LONG TERM EMPTY PROPERTY PREMIUM</u> To consider the above report	3 - 8

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Report Title:	Long Term Empty Property Premium
Contains Confidential or Exempt Information?	No - Part I
Member reporting:	Cllr Johnson Leader of the Council and Chairman of Cabinet, Business, Economic Development and Property
Meeting and Date:	Full Council – 25 February 2020
Responsible Officer(s):	Duncan Sharkey, Managing Director Louise Freeth, Head of Revenues, Benefits, Library and Resident Services.
Wards affected:	All

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REPORT SUMMARY

1. Since April 2013, where a domestic property has been empty and unfurnished for 2 years or more, councils have had the opportunity to levy a premium on top of the council tax charged.
2. The Royal Borough has chosen to implement this premium and increased it, in line with amended legislation, to 100% from April 2019. This is the maximum allowed at this time.
3. However, the legislation also enables councils to further increase this premium to 200% from April 2020, where the property has been empty and unfurnished for at least 5 years.
4. This report proposes to implement the permitted increase from April 2020, in line with legislation.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Council notes the report and:

- i) Approves the increase in the Long Term Empty Property Premium to 200% where a domestic property has been empty and unfurnished for at least 5 years.
- ii) Delegates the approval of any future increases to the Director of Resources.

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 The Local Government Finance Act of 2012 introduced an ability for councils to charge up to 150% of the relevant Council Tax on a property where it had been empty and unfurnished for 2 years or more.

- 2.2 The Royal Borough chose to implement this change from April 2013 and originally charged an Empty Homes Premium of 50% on these Long Term Empty (LTE) properties.
- 2.3 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act received Royal Assent on 1 November 2018, and provided councils with the ability to increase the Premium from 50% to 100% from April 2019 which the Royal Borough chose to do. This is currently the maximum charge possible.
- 2.4 The same Act allows for consideration of a further increase in the Premium, from April 2020, from 100% to 200% and from April 2021 to 300%.

Options

Table 1: Options arising from this report

Option	Comments
Increase the Long Term Empty Premium to 200% from April 2020 for properties which have been empty and unfurnished for at least 5 years. This is the recommended option	Based on analysis of the current empty properties, it is estimated that this further increase from April 2020 could yield a further £70,000 to be retained by the Royal Borough.
Retain the Long Term Empty Premium at 200%. This is not the recommended option	This would miss an opportunity to encourage empty properties back into use and/or remove an opportunity to raise additional revenue.
Reduce or remove the Long Term Empty Premium. This is not the recommended option.	This would miss an opportunity to encourage empty properties back into use and/or remove an opportunity to raise additional revenue.

3. KEY IMPLICATIONS

- 3.1 The Act allows councils to charge up to 200% on LTEs from 1 April 2020 which would result in taxpayers being charged up to 300% of the standard Council Tax for their property i.e. 100% of the normal charge and 200% as a LTE Premium. This charge is levied irrespective of whether the period the property was empty commenced prior to 1st April 2020.
- 3.2 The Act increases the Premium in a phased approach as outlined below:
- April 2019: up to 100% for properties empty between 2 and 5 years
 - April 2020: up to 200% for properties empty for at least 5 years
 - April 2021: up to 300% for properties empty for at least 10 years.

Table 2: Key Implications

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
The LTE Premium is increased to 200%	The LTE Premium is not increased	The increase is implemented	The increase is introduced from 01 April 2020	N/A	01 April 2020

4. FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1 The Royal Borough currently has 98 LTE homes, which have been empty and unfurnished for at least 5 years and would therefore attract the increased LTE Premium. Currently, 41 of these 98 properties have also been empty and unfurnished for at least 10 years.
- 4.2 Analysis of the relevant bands for these properties shows that an additional 100% levied will enable the Royal borough to realise at least an additional £70,000 per annum, after assuming that some may be brought back into use. It should be noted however that this figure is subject to change as properties become occupied and others remain empty, thereby triggering the premium at different times of the year.

Band	A	B	C	D	E	F	G	H
Number	13	25	13	13	15	5	11	3

- 4.3 As there is currently a LTE Premium charged, there are no implications with regard to increased spend or capital costs associated with this recommendation.

5. LEGAL IMPLICATIONS

- 5.1 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act received Royal Assent on 1 November 2018 therefore the legal framework for this proposal already exists.

6. RISK MANAGEMENT

- 6.1 As there is currently a LTE Premium charged, there are no implications with regard to increased spend or capital costs associated with this change.
- 6.2 The numbers of LTE properties within the Borough is a dynamic number and subject to change. Each year the Revenues Team undertakes a review of empty properties in conjunction with the Internal Audit Team.

- 6.3 There is a risk that owners may prefer to occupy or sell their property rather than be subject to the increased charge. However, this could bring properties back into use which is a positive outcome.
- 6.4 There is also a risk that they decide to avoid the Premium by furnishing the property. There is no legal definition of “substantially unfurnished” therefore a decision would need to be made on each individual basis, should an owner advise that they had furnished a property.

Table 3: Impact of risk and mitigation

Risks	Uncontrolled risk	Controls	Controlled risk
The number of LTE properties falls significantly	Medium	<p>The number of LTE properties has remained at a similar level since the Premium was first introduced at 50%</p> <p>It is also hoped that increasing the premium will encourage more owners to bring their properties back into use.</p>	Low

7. POTENTIAL IMPACTS

- 7.1 Equalities: no impact identified.
- 7.2 Climate change/sustainability: no impact identified.
- 7.3 Data Protection/GDPR: no impact identified.

8. CONSULTATION

- 8.1 This matter has been considered by the Lead Member for Finance and the Leader of the Council and Chairman of Cabinet, Lead Member for Business, Economic Development and Property.
- 8.2 It has also been considered by the Corporate Overview and Scrutiny Panel on 04 February 2020 where it did not attract any negative commentary.

9. TIMETABLE FOR IMPLEMENTATION

- 9.1 Implementation date if not called in: 1 April 2020.

10. APPENDICES

- 10.1 There are no appendices for this report:

11. BACKGROUND DOCUMENTS

11.1 This report is supported by 1 background document:

- The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings Act) 2018.
<https://www.legislation.gov.uk/ukpga/2018/25/section/2/enacted#section-2-2-b>

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Cllr Johnson	Leader of the Council	17.02.20	18.02.20
Cllr Hilton	Lead Member for Finance	17.02.20	17.02.20
Duncan Sharkey	Managing Director	13.02.20	14.02.20
Russell O'Keefe	Executive Director	17.02.20	
Elaine Browne	Head of Law	13.02.20	14.02.20
Mary Severin	Monitoring Officer	17.02.20	
Nikki Craig	Head of HR, Corporate Projects and ICT	17.02.20	17.02.20
Louisa Dean	Communications	17.02.20	18.02.20
Kevin McDaniel	Director of Children's Services	17.02.20	17.02.20
Hilary Hall	Director Adults, Commissioning and Health	17.02.20	17.02.20
Karen Shepherd	Head of Governance	13.02.20	14.02.20 & 17.02.20
Peter Robinson	Interim Deputy s151 Officer	13.02.20	14.02.20
Tracy Hendren	Head of Housing	14.02.20	

REPORT HISTORY

Decision type:	Urgency item?	To Follow item?
Council decision	No	Yes
Report Author: Louise Freeth, Head of Revenues, Benefits, Library and Resident Services.		

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