



CABINET

4 NOVEMBER 2019

COUNCIL TAX (EMPTY HOMES PREMIUM)

Councillor Janette Williamson (Cabinet Member for Finance and Resources) said:

“The driver behind this proposal is not increased revenue through council tax, it is about bringing pressure to bear on owners of empty properties to bring them back into use and provide homes for people who need them. Our figures indicate there are hundreds of properties which could be in use but are being left vacant. Wirral is currently under pressure to build at least 800 new homes a year and the owners of these empty properties should be playing their part by bringing their property back into use for rent. Ideally, no one would be paying this extra council tax – people can avoid it by letting these properties and providing homes for people in Wirral.”

REPORT SUMMARY

The report outlines the current arrangements for the charging of Council Tax on Empty Homes in Wirral together with new powers to increase this charge under the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

The report seeks approval to allow a 200% premium to be levied on from the 1st April 2020 on homes that have been empty for 5 years or more. This would make the Council Tax payable on such properties 300%.

This matter affects all Wards within the Borough.

RECOMMENDATION/S

Cabinet recommends to Council that the full premium of 200% be applied to homes that have been empty for 5 years or more as allowed by the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 from the 1st April 2020.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 By adopting the Empty Homes Premium, an authority can encourage the use of empty properties to address the issue of the availability of homes within its area, whilst at the same time protecting vital services in the borough with the revenue raised.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Not to charge the additional premium. Not recommended as it would not assist the aim of trying to bring empty properties back into use nor would it not raise additional income which could be used to protect vital services.

3.0 BACKGROUND INFORMATION

- 3.1 Billing authorities in England have discretion over the levels of Council Tax discount available on unoccupied properties. They may require full Council Tax payment from the owners of empty second homes, properties undergoing major repair, or properties that are 'unoccupied and substantially unfurnished'.
- 3.2 Billing authorities may also set an 'Empty Homes Premium' for properties that have been 'unoccupied and substantially unfurnished' for a specified period. The premium applies depending on how long the property has been empty, irrespective of the owner. It is for the billing authority to decide whether to levy an Empty Homes Premium.
- 3.3 In 2103 billing authorities were allowed to charge a 50% premium in properties which had been unoccupied and substantially unfurnished for over two year. This was increased to 100% from April 2019.
- 3.4 The existing position at Wirral is, like many local authorities, Wirral took the decision in 2013 to charge an Empty Homes Premium of 50% on properties that had been empty for 2 years or more. In 2019 this was increased to 100%. This meant owners of such properties were liable to 200% of the Council Tax.
- 3.5 Table 1 details the number of properties liable to Council Tax in each band together with the standard 100% charge for 2019/20. This is the charge before any premium or discounts.

Table 1

BAND	A	B	C	D	E	F	G	H
No	59,826	32,375	27,413	13,375	8,191	4,284	3,123	266
CTAX £	1,215.49	1,418.07	1,620.65	1,823.23	2,228.38	2,633.54	3,038.72	3,646.46

- 3.6 Table 2 details the 647 properties that have been empty over 2 years by band and which presently attract the 100% premium (200% Council Tax).

Table 2

BAND	A	B	C	D	E	F	G	H
Empty over 2 years	476	79	39	23	7	12	9	2

- 3.7 From April 2020 local authorities have the option to increase the Empty Homes Premium for properties that have been empty for 5 years or more to 200% (making the Council Tax payable on such properties 300%.)
- 3.8 Presently of the 647 properties that have been empty for over 2 years listed in Table 2, and which attract the existing premium of 100%, 250 have been empty for over 5 years and would attract the increased premium if this was adopted.
- 3.9 Table 3 highlights the increase in Council Tax charges if the Council took the decision to utilise its powers to increase the premium for such properties from 100% to 200%. The table details the Bands into which these properties fall with their base charge, together with details of their existing 200% charge and the proposed 300% charge.

Table 3

Band	A	B	C	D	E	F	G	H
Empty over 5 years	175	38	20	7	4	2	4	0
Base charge	1,215.49	1,418.07	1,620.65	1,823.23	2,228.38	2,633.54	3,038.72	3,646.46
Current 200% charge	2,430.98	2,836.14	3,241.30	3,646.46	4,456.76	5,267.08	6,077.44	7,292.92
Proposed 300% charge	3,646.47	4,254.21	4,861.95	5,469.69	6,685.14	7,900.62	9,116.16	10,939.38

- 3.10 Table 4 details the additional Council Tax that would be billed by Band

Table 4

Band	A	B	C	D	E	F	G	H
	212,710	53,886	32,413	12,762	8,913	5,267	12,154	0

- 3.11 The total additional Council Tax billed would be £338,000.
- 3.12 Last year the in year collection rate for properties with the EHP was 77.80% compared with the overall collection rate of 94.80%. This could fall further with the premium being 3 times the normal council tax. However, all recovery options are used to collect this debt, whilst accommodating those who are in genuine financial hardship.
- 3.13 A collection rate of 60% would, however, generate an additional £200,000 per annum.

- 3.14 The total arrears since 2011 relating to the Empty Homes Premium amounts to £296,000. Recovery action is being taken against all of these accounts. Of the 250 properties that have been empty for over 5 years, 66 are presently in arrears of which 16 have Charging Orders on them. Charging Orders are only taken out on a property either at the owner's request or where all other avenues of recovery have been exhausted.

4.0 FINANCIAL IMPLICATIONS

- 4.1 Charging the premium would raise an additional £200,000 in Council Tax based on the latest collection assumptions.

5.0 LEGAL IMPLICATIONS

- 5.1 The premium would be in accordance with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 Although affecting a small number of properties the queries generated by the existing premium currently takes up a disproportionate staff resource. It would be anticipated that increasing the premium still further will increase this type of query and hence use up resources in dealing with queries and complaints regarding the Empty Homes Premium.

- 6.2 Appendix 1 details exemptions to the Empty Homes Premium.

7.0 RELEVANT RISKS

- 7.1 The increase to 300% of the Council Tax payable will place pressures on the collection of Council Tax, with possible increased use of Enforcement Agents.

- 7.2 The number of complaints already received for the existing premium is excessive compared to the number of properties effected. It is likely that the complaints will increase and be a draw on resources within the Revenues and Benefits teams. To mitigate this, advanced publicity will take place.

- 7.3 There is a risk associated with non collection of the premium, but this has been factored into the expected in year revenue. All recovery options are used to collect this debt, whilst accommodating those who are in genuine financial hardship.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 There is no requirement to consult on the changes to the Empty Homes Premium. Colleagues in the Housing Renewal Team have been consulted. They are supportive of the measure viewing it as a positive measure in attempting to bring empty homes back into occupation.

9.0 EQUALITY IMPLICATIONS

- 9.1 No because there is no relevance to equality.

10.0 ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 10.1 The increased premium should assist in bringing empty properties back into use. This will assist the Council's response to climate and environmental implications by the reuse of resources.
- 10.2 It will have no measurable impact on emissions of CO2.

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APPENDICES

Appendix 1 Exemptions to the Empty Homes Premium

BACKGROUND PAPERS

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
COUNCIL TAX 2019/20 (TAXBASE, DISCOUNTS AND EXEMPTIONS AND COUNCIL TAX SUPPORT SCHEME)	26 th November 2018

Appendix 1

Exemptions to the Empty Homes Premium

The following exemptions shall apply to properties that would normally be subject to the Empty Homes Premium:

1. Homes that are empty due to the occupant living in armed forces accommodation for job-related purposes.
2. Annexes being used as part of a main property.
3. Individual properties, on an adhoc basis, as agreed by the Cabinet Member Finance and Resources in conjunction with the Section 151 Officer on advice from the Head of Customer Services and the Senior Manager Income Strategy & Policy.