

<b>Committee(s):</b> Ordinary Council	<b>Date:</b> 22 <sup>nd</sup> January 2020
<b>Subject:</b> Council Tax Technical Changes 2020/21	<b>Wards Affected:</b> ALL
<b>Report Author:</b> Rob Manser, Shared Services Revenues & Benefits Manager	<b>Public</b>
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### Summary

This report was presented to Policy, Resources and Economic Development Committee on 8<sup>th</sup> January and now requires Ordinary Council's approval.

This paper recommends amendments to the scheme of Council Tax Discounts and Premiums with effect from 1 April 2020, using discretionary powers granted by the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018. This report outlines the changes and the potential impact on the tax base.

### Recommendation(s)

**Members are asked to approval:**

- R1. That, in exercise of powers granted to billing authorities in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, Full Council be asked to determine the following amendments to this Council's scheme of council tax premiums chargeable on empty dwellings:**
- **100% where empty for more than two years, commencing 1 April 2020**
  - **200% where empty for more than five years, commencing 1 April 2021**
  - **300% where empty for more than ten years, commencing 1 April 2022**

### Main Report

#### **Introduction and Background**

1. The scheme for establishing liability for council tax and its collection is set out in the Local Government Finance Act 1992 (as amended). The Act makes provision for a number of fixed discounts and exemptions (e.g. for homes occupied by

single persons) and gives discretion to billing authorities to grant discounts in other cases within prescribed limits.

2. Since 2013 billing authorities have also been able to charge a premium of up to 50% for properties left empty and substantially unfurnished for more than two years, bringing the total council tax charge in such cases to 150%.
3. The government drafted amendments to the legislation to increase the maximum premium councils may charge from 50% to 100% with effect from 1 April 2019. Amendments to the Bill by the House of Lords, which received Royal Assent on 01/11/2018, extended the proposed powers to even higher levels of premium in subsequent years, these are summarised below.
  - From 1 April 2019 for properties that have been empty and substantially unfurnished for more than 2 years a premium of up to 100% may be charged in addition to the normal Council Tax charge – up to a maximum charge of 200%
  - From 1 April 2020 for properties that have been empty and substantially unfurnished for more than 5 years a premium of up to 200% may be charged in addition to the normal Council Tax charge – up to a maximum charge of 300%
  - From 1 April 2021 for properties that have been empty and substantially unfurnished for more than 10 years a premium of up to 300% may be charged in addition to the normal Council Tax charge – up to a maximum charge of 400%
4. The discretion may be exercised at any levels (or not at all) up to the maximums prescribed. The maximum premium rises the longer the property is left empty, as below:

	<b>Currently</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Empty for between 2 and 5 years	50%	100%	100%	100%
Empty for between 5 and 10 years	50%	100%	200%	200%
Empty for more than 10 years	50%	100%	200%	300%

*Maximum Premium payable in addition to the normal 100% council tax bill*

5. This additional premium does not apply to any empty property qualifying for an exemption, for example while waiting for probate to be granted, where the owner is now in a care home or if the property is substantially furnished.
6. Appendix A highlights the processes the Revenues and Benefits department goes through in gathering the relevant information on empty properties before

reviewing this information and charging additional council tax levies. This appendix has been included to support and assure that premiums are applied correctly and fairly.

7. This is not intended primarily as a revenue-raising measure, as the number of properties affected is small. The intention is to encourage owners to bring long term empty properties back into use, thus easing the general housing shortfall locally and removing some of the blight on neighbourhoods, including crime and antisocial behaviour, often caused by long-term unoccupied properties. The phasing in of the higher levels of premium is designed to give owners time to invest in their properties in order to bring them up to a standard where they can be occupied again or put onto the market for sale.
8. The recommendation to members is to adopt these changes for Brentwood Council with effect from 1 April 2020, summarised below:
  - 100% where empty for more than two years, commencing 1 April 2020
  - 200% where empty for more than five years, commencing 1 April 2021
  - 300% where empty for more than ten years, commencing 1 April 2022

### **Issue, Options and Analysis of Options**

9. 'Do nothing'. The current scheme of premiums and discounts would continue. However, this would see no further income generation and would not incentivise owners/residents to bring properties back into use at the earliest opportunity.
10. To support the maximum increases to the long-term empty property premium starting from 1 April 2020

### **Legislation/Policy**

11. The Local Government Finance Act 2012 introduced discretion for billing authorities to vary some existing Council Tax discounts and exemptions from 1st April 2013.
12. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 increases the percentage by which a billing authority in England may increase the Council Tax payable in respect of a long-term empty dwelling.

## General Information

### Financial Implications

13. The year by year increase in the tax revenue from applying the maximum increases is shown below:

<b>Brentwood – Council Tax Long Term Empties</b>	<b>2019/20 (current)</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Total of current long-term empty dwellings over 2 years	71	71	17	16
Total of current long-term empty dwellings over 5 years			54	34
Total of current long-term empty dwellings over 10 years				21
Current council tax charge without any levy	£147,730	£147,730	£147,730	£147,730
Council tax charge with 50% current levy added	£73,865			
Council tax charge with <b>new 100%</b> levy – 2 years		£147,730	£36,315	£34,783
Council tax charge with <b>new 200%</b> levy – 5 years			£222,818	£138,858
Council tax charge with <b>new 300%</b> levy – 10 years				£130,554
<b>Total council tax charge including levy</b>	<b>£221,595</b>	<b>£295,460</b>	<b>£406,863</b>	<b>£451,925</b>
Brentwood's 11% - prior to new levy	£24,375	£24,375	£24,375	£24,375
<b>Brentwood's 11% - incl. proposed new levy (additional)</b>		<b>£8,125</b>	<b>£20,379</b>	<b>£25,336</b>
Total to Brentwood	£24,375	£32,500	£44,754	£49,711

*The above table assumes that the total number of properties classed as long-term empty remains constant and does not take into consideration any increases in council tax charges*

14. In addition to the above sums, the council will receive a small share of the premium income accruing to the major precepting authorities in 2020/21 from the Essex wide Sharing Agreement for Council Tax. There is no certainty the sharing agreement will extend beyond 2020/21.

### Consultation

15. None

### References to Corporate Plan

16. Environment and Housing Management  
Community and Health

Economic Development  
Planning and Licencing  
Transformation

## **Implications**

### **Financial Implications**

**Name/Title: Jacqueline Van Mellaerts, Director of Corporate Resources**  
**Tel/Email: 01277 312829/jacqueline.vanmellaerts@brentwood.gov.uk**

17. Financial Implication have been included within the report.

### **Legal Implications**

**Name & Title: Steve Summers, Chief Operating Officer and Interim Monitoring Officer**  
**Tel & Email: 01277 312500/steve.summers@brentwood.gov.uk**

18. The Council has discretionary powers granted by the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

### **Economic Implications**

**Name/Title: Phil Drane, Director of Strategic Planning**  
**Tel/Email: 01277 312610/philip.drane@brentwood.gov.uk**

19. As referenced in the report, the recommendation is not primarily intended as a revenue-raising measure. Therefore, economic implications are limited to improving the borough's-built environment. Bringing long-term empty properties back into use, easing housing shortfall, and removing blight in neighbourhoods, will contribute to built environment improvements and the borough's reputation. This could assist economic wellbeing and encourage investment.

**Other Implications** (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

20. None

## **Background Papers**

21. None

## **Appendices to this report**

22. Appendix A – Q&A Revenue and Benefits Empty Home Process.

## Appendix A

### **Revenues and Benefits Empty Home Process**

*Who do we receive information from that a property is empty?*

The council receives information from the owner or landlord of the property and from other third parties such as HMRC, DWP or Land Registry.

*How do we receive the information?*

The council receives information either online via a web form, by telephone or in person

*What does the Revenues and Benefits service do with the information?*

When first informed that a property is empty and unfurnished;

1. We apply an exemption to the council tax account which awards the owner a three-month council tax exemption at zero council tax charge.

A council tax bill is sent with a letter explaining the process at this point.

2. The Revenues and Benefits system then produces a report that identifies any property that is empty and unfurnished for more than three months. From this report the council tax account is then updated to reflect the full council tax charge from month four.

A revised council tax bill is sent which will show three months at zero council tax charge and the remaining months at a full council tax charge.

If this information is incorrect or out of date and the owner contacts the council, we will correct the council tax account based upon this information and a revised council tax bill will be issued.

How do we review this information and charge additional council tax levies?

1. The Revenues and Benefits system produces a monthly report hi-lighting all council tax accounts that remain empty and unfurnished. This report is distributed to relevant Brentwood departments for example Environmental Health.

2. The Revenues and Benefits visiting officers will undertake regular inspections of the properties to check to see if they remain empty and unfurnished or if they become furnished or occupied.
3. If the property is furnished or occupied, the council tax account is amended to reflect the change in circumstances or new occupier.

A revised council bill is sent to the new occupiers.

The Revenues and Benefits system will report any properties that are empty and unfurnished for more than 3 months, 24 months, 36 months and 48 months so that the correct levies can be applied.

*How do we help residents with extenuating circumstances? i.e Lengthy Probate.*

There are separate exemptions and discounts in place to prevent the levy being applied to the customers account if a long term empty property is in probate scenario.

Revenues and Benefits would always look at each case on an individual basis and would always look to apply an appropriate exemption or discount in the first instance where possible. There are also arrangement options the customer can undertake in discussions with the department if the customer is in hardship.

The Council also does have powers by what is known as a Section 13A(1)(C) to award a local discount. But if this power is used, it is done so with the total cost being borne by the Council.

## **URGENT BUSINESS – SNAKES HILL**

### **Exempt**

This report contains exempt information and is therefore not publicly available.