

Report to: **Executive**

Date: **19 March 2020**

Title: **COUNCIL TAX REDUCTION FOR CARE LEAVERS AND COUNCIL TAX PREMIUM FOR LONG TERM EMPTY PROPERTY**

Portfolio Area: **Support Services – Cllr Bastone**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: **Council meeting on 26 March 2020**

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Recommendations:

That the Executive:

- 1. Notes that there is a scheme in place run by Devon County Council to assist Care Leavers under the age of 25 with the cost of their Council Tax bill.**
 - 2. RECOMMEND to Council:**
 - (a) an increase in the Council Tax Premium from the current 50% to the relevant maximums set down in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.**
 - (b) that, from 1 April 2020 onwards, to increase the Council Tax Premium to 100% for properties that have been empty for 2 years or more***
 - (c) that, from 1 April 2020 onwards, to increase the Council Tax Premium to 200% for properties that have been empty for 5 years or more***
 - (d) that, from 1 April 2021 onwards, to increase the Council Tax Premium to 300% for properties that have been empty for 10 years or more***
- (* any period of not exceeding six weeks, where the property is not empty, shall be disregarded for the purposes of calculating the two year period).**

3. RECOMMEND to Council that the increase in the Council Tax Premium for the 2020/21 Financial Year is effective from 1 October 2020, to allow for affected Council Taxpayers to take action (independently or with assistance from the Council) to bring their property back in to use (NOTE. the increase for 2021/22 will take effect from 1 April of that year).

1. Executive summary

1.1 The report informs Members of action taken by the Council and Devon County Council to assist young Care Leavers who are the responsibility of Devon County Council who would benefit from financial assistance with their Council Tax.

1.2 The report also informs Members of an increase to the Council Tax Premium that can be levied. This increase is to encourage owners of long term empty property to take action to bring them back in to use and increase the availability of housing stock within the South Hams.

2. Background

Care Leavers

2.1 Devon County Council has responsibility for young Care Leavers between the ages of 18 and 24. If the Care Leaver is on a low income they will be able to apply for and claim help from our Local Council Tax Reduction Scheme. For working age claimants, the support provided would not fully cover their Council Tax charge. The Devon County Council scheme has been set up to assist these Care Leavers, with the County directly identifying those young Care Leavers who would benefit from further financial support with their Council Tax, irrespective of whether they receive help from the Council Tax Reduction scheme.

2.2 The scheme was approved by the Devon Local Steering Group last January and the Care Leavers in need of additional support are identified by Devon County Council who will contact the authority. There is no action required by the Care Leaver. Each case is assessed individually on a case by case basis. The number of Care Leavers within the South Hams District is anticipated to be within the single figures.

Council Tax Premium on long term empty properties

2.3 The Council has since 1st April 2013 charged an additional premium of 50% on the full Council Tax charge for a long term empty property. A long term empty property is a property that is unoccupied (i.e. not the sole / main residence) and has been substantially unfurnished for a period of at least two years. A property that is entitled to an Exemption under the existing legislation, such as a property where the owner is a resident in a Nursing Home are not subject to the Premium after the two year period. The legislation also will not allow a premium to be applied where the

property is an annexe, or where the Council Tax payer is residing in armed forces accommodation.

2.4 As at December 2019 the Council had 57 properties subject to a long term empty premium out of a total of 44,784 properties banded for Council Tax. Of these 57 properties, 17 will have been 'long term empty' for longer than 5 years on 1st April 2020, with a further 12 reaching 5 years during the 2020 financial year.

2.5 On 1st April 2021 there will be 5 properties that will have been 'long term empty' for 10 years or more (assuming no change to their circumstances before then).

2.6 Table 1 at the end of the report shows the bandings and length of time property currently subject to the premium will have been empty for on 1st April 2020.

2.7 Research by the charity Action on Empty Homes in their reports 'Empty Homes in England' and 'Empty Homes in England -2019' has shown that in October 2017 there were 205,293 homes that had been empty for six months or more (not including exempt property) a 2.6% increase on the previous year, and the first increase since 2008. In 2018 this number increased again by 10,983 (a 5.3% increase). Their reports also show the number of property being charged the premium has risen from 60,898 in 2017 to 62,419 in 2019.

3. Outcomes/outputs

3.1 The increase in the Council Tax Premium for a 'long term empty property' is not about increased income, but a means to encourage empty properties to be brought back in to use. The increased income for 2020/21 would be in the region of £8,500 (SHDC share of the council tax income), but significantly less if the properties that have been empty the longest are brought back in to use. This would be the extra council tax income from a full financial year. It is recommended in Recommendation 3 that the effective date for 2020/21 is 1.10.2020.

3.2 Should the Premium increase be approved, the Council will write to all affected Council Tax payers and at the same time provide them with information and advice regarding bringing the property back in to use and how the Council might be able to assist them, such as:

- Assistance in financing of works to empty homes to bring them back in to use
- Enforcement action that the Council can take against problematic empty homes
- Access to SeaMoor lettings as a property management service for those interested in letting the property out

3.3 Should the Council Tax payer have a genuine reason why the long term empty property premium cannot be avoided or suffer financial hardship due to the premium, the Council does have the ability to consider reducing/removing it. This will be done by way of a written application to

the Rate Relief Panel. The application should give full reasons as to why the property has not been brought back in to use, and what actions are being taken to do so. The Rate Relief Panel will then decide whether, in those circumstances, they agree to part or all of the Premium being waived and for what period of time. The cost of any reduction would fall upon the Collection Fund in the same proportion as the Council Tax bills.

4. Options available and consideration of risk

4.1 The decision to increase the premium on long term empty property for the 2020/21 financial year must be approved during the 2019/20 financial year. Any delay would mean that the new premium levels would come in from 2021/22.

4.2 There is a risk of non-payment of any increased Premium amount, however recovery action against any unpaid monies would take place in accordance with The Council Tax (Administration and Enforcement) Regulations 1992.

4.3 The risk of hardship to a Council Tax payer is mitigated by the option for the Rate Relief Panel to decide to not collect a part or all of the Premium amount.

5. Proposed Way Forward

5.1 The Executive recommends approval of the increase in the Premium to the maximum premium allowed for the 2020/21 financial year onwards (effective from 1.10.2020), and also for the 2021/22 financial year and onwards.

6. Implications

Implications	Relevant to proposals Y/N	The approval for an increase in a Premium needs to be made during the financial year prior to which the Premium will become due.
Legal/Governance		The relevant powers for this report are contained within the following legislation; Section 11B Local Government Finance Act 1992 Section 67(2) Local Government Finance Act 1992 Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018
Financial implications to include reference to value for money		Should all property remain empty, the additional income to the Council would be around £8,500 as shown in Table 2 in 2020/21 for a full year (SHDC share of the Council Tax bill equates to 9% of the overall bill). If recommendation 3 is adopted (to be effective from 1.10.2020), this reduces the SHDC share of the income by a half.

		Table 2 below shows the increased Council Tax from an increase to the premium. However, should this measure successfully reduce the number of long term property, there may be a decrease in the income from the premium.
Risk		Any risk to reputation will be mitigated by taking proactive action with Council Tax payers to bring their property back in to use and not be subject to the Premium. The risk of hardship to Council Tax payers who genuinely cannot avoid the premium on their long term empty property will be addressed through applications to the Rate Relief Panel.
Supporting Corporate Strategy		Delivering efficient and effective services Enabling homes that meet the needs of all
Climate Change - Carbon / Biodiversity Impact		No direct carbon/biodiversity impact arising from the recommendations
Comprehensive Impact Assessment Implications		
Equality and Diversity		None.
Safeguarding		None
Community Safety, Crime and Disorder		Property brought back in to use may reduce the likelihood of vandalism
Health, Safety and Wellbeing		None
Other implications		None

Supporting Information

Appendices:

Table 1: Number of property currently subject to the premium, by band and age on 1st April 2020

Table 2: Additional Council Tax received from an increased Council Tax premium on long term empty property for 2020/21 and 2021/22

Background Papers:

Section 11B Local Government Finance Act 1992
Section 67(2) Local Government Finance Act 1992
Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018

Table 1: Number of property currently subject to the premium, by band and age on 1st April 2020

Council Tax Band	2-5 years	5-10 years	10 years +	Total
A	5	5	2	12
B	9	1	1	11
C	8	1	1	10
D	6	2		8
E	6	1		7
F	2	1		3
G	2	1		3
H	2	1		3
Total	40	13	4	57

Table 2: Additional Council Tax received from an increased Council Tax premium on long term empty property for 2020/21 and 2021/22

Year	Additional Council Tax received from an increased Council Tax premium on long term empty property	South Hams share of the Council Tax Income (9%)
2020/21 (FULL YEAR)	£94,511	£8,506
2021/22 (FULL YEAR)	£122,085	£10,988

Above figures are based on 2019/20 Council Tax charges for property shown in Table 1