

Report for: Cabinet, 22 January 2019

Title: Changes to Council Tax Premium for Long-Term Empty Dwellings

Report

authorised by : Mark Rudd, Assistant Director, Corporate Resources

Lead Officer: Carla Segel, Head of Service Delivery

Ward(s) affected: All wards

Report for Key/

Non Key Decision: Reports to the Cabinet should be classified according to the definition of a key decision set out in the Council's Constitution (Part 4, Section D, Rule 12 Access to Information Rules).

1. Describe the Issue under Consideration

1.1 This report summarises the proposed increase to the Council Tax premium currently charged on long-term empty dwellings. It is proposed that the premium would be increased from 50% to 100% from 1 April 2019.

2. Cabinet member Introduction

2.1 Our manifesto was clear that we are committed to redistributing the burden of Council Tax, ensuring the greatest weight is placed on the broadest shoulders. This includes exploring and evaluating the scope of the existing discretionary reliefs we provide in the borough to ensure that we are targeting support at those residents in particular need.

2.2 We have had to raise more money and spend more efficiently just to stand still. In Haringey, we have maintained a balanced budget despite significant cuts to our funding. However, until there is a change in government, we will face further restrictions on our ability to support residents in acute need.

2.3 In this financial context, we believe it is right to increase the premium payable on long-term empty properties.

2.4 The proposal will create additional income for the Council and contribute to the delivery of vital services and support for the most vulnerable residents.

3. Recommendations

3.1 That the Cabinet recommends to Full Council to increase the premium charged on long-term empty dwellings from 50% to 100% from 1 April 2019.

4. Reasons for Decision

- 4.1 Since 2013, councils have been given the discretionary power to charge a premium on dwellings deemed to be 'long-term empty', i.e. properties which have been unoccupied and substantially unfurnished for at least two years. At present, the amount of Council Tax payable for such properties can be increased by 50%, so that the payer is liable to pay a total of 150% Council Tax.
- 4.2 The legislation has recently been changed to give councils the power to increase the premium from 50% to 100% from 01 April 2019. This means that the total amount of Council Tax payable for such properties could be increased from 150% to 200%.
- 4.3 Increasing the premium to 100% has the potential to bring in additional income which would support the Council's Medium Term Financial Strategy and help mitigate its funding pressures.
- 4.4 Some of the Council's neighbouring boroughs, such as LB Enfield, LB Islington and LB Barnet currently charge the maximum existing premium of 50% and are also considering increasing this to a 100% premium following the change in legislation. Therefore, the proposal is likely to mean Haringey is acting in line with its neighbouring boroughs.
- 4.5 It is recognised that Council Tax payers who are liable to pay the premium are unlikely to be making full use of Council services whilst the property is long-term empty. However, Council Tax is not charged on the basis that every payer will use every service and Council services do not stop or reduce in cost when a property becomes long-term empty.
- 4.6 In addition, an increased premium may encourage residents to bring long-term empty properties back into use. There is shortage of housing in the area and so there is potential for long-term empty dwellings to be put to better use if used to increase the available housing. This would in turn reduce the pressure on housing stock.
- 4.7 Some properties are exempt from the premium by statute and this will not change:
- A property which would be the sole/main residence of a person but which is empty while that person resides in accommodation provided by the Ministry of Defence by reason of their employment (e.g. service personnel posted away from home).
 - A dwelling forming part of a single property, where other parts of the property are used as a sole or main residence.
- 4.8 The Council will continue to have the means to reduce or eliminate Council Tax liability, for example to cater for cases of exceptional hardship.

5. Alternative Options Considered

No change or increasing the premium to less than 100%

- 5.1 The Council could choose not to extend the premium and leave it at 50%, or to increase the premium to more than 50% but less than 100%.
- 5.2 This is not proposed because the Council is under significant financial pressure to deliver a sustainable Medium Term Financial Strategy. Increasing the Council Tax premium to 100% would generate additional income for the Council.
- 5.3 In addition, increasing the premium to the maximum 100% may encourage residents to bring long-term empty properties back into use which could in turn lead to an increase in available housing.

Removing or reducing the existing premium

- 5.4 The Council could choose to remove or reduce the existing premium.
- 5.5 This is not proposed because the Council is under significant financial pressure to deliver a sustainable Medium Term Financial Strategy. Removing or reducing the Council Tax premium would reduce the Council's income.
- 5.6 In addition, removing or reducing the premium may reduce the incentive for residents to bring long-term empty properties back into use.

6. Background Information

- 6.1 Since April 2013, Councils have had the power to charge a premium on long-term empty properties. This meant that such Council Tax payers could be charged a maximum of 150% Council Tax. The Council adopted this change and since April 2013 has charged 150% council tax on long-term empty properties.
- 6.2 From 01 April 2019, Councils will have the power to increase the premium from 50% to 100%, and thereby increase the total Council Tax payable on long-term empty dwellings from 150% to 200%. Time prior to 01 April 2019 will count towards the 2-year period for determining that a property is long term empty.
- 6.3 The following table shows the number of long-term empty properties and the resulting 50% premium that has been collected on them.

Year	Number of Long-Term Empty Properties	Amount collected from the additional 50% premium (£)
2015/16	288	69,837
2016/17	499	81,277
2017/18	504	92,900

- 6.4 Increasing the 50% premium to 100% has the potential to double the amount collected. However it should be noted that this sum reflects the total collection for the year on this

transient group and it is to be expected that property statuses will change over the course of a year. Therefore, although an increase in the amount collected would be expected, it cannot be guaranteed that the amount collected would double.

- 6.5 Residents are not required to inform the Council if their property is long-term empty, information is mainly received via Change of Address forms. An assumption is made that rented properties are empty when a tenant vacates and the System is updated with this data. Monthly reviews of properties marked as long-term empty are conducted and when a property hits the 2-year period a revised bill is sent out.

7. Contribution to Strategic Outcomes

- 7.1 The proposal contributes to the Council's Medium Term Financial Strategy as it provides a potential income stream, which can be used to support the delivery of future services.

8. Statutory Officers Comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance

- 8.1 In 2017/18, the Council received £92,900 from the long-term empty property premium, therefore it is expected that an increase to this as a result of the proposed change would generate further income which would support the Council's Medium Term Financial Strategy and help mitigate its funding pressures. However, it is not possible to say that the income from the premium would double.

Procurement

- 8.2 Strategic Procurement notes the contents of this report; however there are no procurement implications.

Legal

- 8.3 The Assistant Director of Corporate Governance has been consulted on this report.
- 8.4 Section 11B of the Local Government Finance Act 1992 will give the Council the power to increase the amount of Council Tax payable in respect of long-term empty dwellings by up to 100% from 1 April 2019. A long-term empty dwelling is one that has been unoccupied and substantially unfurnished for at least two years.
- 8.5 This report recommends using that power to increase the amount of Council Tax by 100%. Any such determination must be made by Full Council.
- 8.6 There is no statutory requirement for consultation. However, section 11B(6) of the Local Government Finance Act 1992 requires that the determination be published in a local newspaper within 21 days of the determination.

8.7 The Council must ensure that it has due regard to its Public Sector Equality Duty (PSED) under the Equality Act 2010 in considering whether to maintain, change or remove the discounts.

Equality

8.8 The Council has a public sector equality duty under the Equality Act 2010 to have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and other conduct prohibited by or under the Equality Act, of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- Advance equality of opportunity between people who share those protected characteristics and people who do not;
- Foster good relations between people who share those characteristics and people who do not.

8.9 The decision relates to the increase of an existing Council Tax premium on long-term empty properties. For the people who currently pay the 150% premium, the Council has records only of their names and the nature of the property they are inhabiting. Therefore, the protected characteristics of those individuals are currently unknown. This is because the premium relates to the circumstances of properties in a specific time period, rather than to the circumstances of the people.

8.10 In relation to the nature of the property, the Council can break down current properties as:

- Haringey-owned vacant properties
- Housing Association properties
- Private individual-owned properties
- Company-owned properties

8.11 The Council holds data on individuals and groups who share protected characteristics for the borough as a whole. This information is available publicly on the Council's website:

https://www.haringey.gov.uk/sites/haringeygovuk/files/equalities_profile_of_haringey.pdf). However, a comparatively small number of individuals currently pay a long-term empty property premium, therefore, it is not considered possible to state with any reasonable degree of certainty whether or not the people currently paying the existing 150% premium reflect the population as a whole.

8.12 It is considered reasonable to suggest that:

- It is unlikely that there would be many residents under the age of eighteen who have long-term empty properties, therefore children are unlikely to be disproportionately impacted by the decision
- There is no reason to think that any other group who share a particular protected characteristic would be overrepresented in the cohort of residents who will be impacted by this change.

8.13 When administering Council Tax, the Council seeks to identify vulnerabilities and respond appropriately. The Council will continue to monitor the impact of the proposed changes.

8.14 As part of the Council's procedures to respond appropriately to identified vulnerabilities, it promotes and implements a range of discounts, disregards and exemptions, which seek to support residents who cannot pay the full Council Tax liability. The Council will continue to promote these relief options to maximise uptake and help residents who need additional financial support.

9. Use of Appendices

9.1 N/A

10. Local Government (Access to Information) Act 1985

10.1 N/A