

	<p align="center"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p align="center"><b>COUNCIL</b></p> <p align="center"><b>28 JANUARY 2015</b></p>
<p><b>COUNCIL TAX EMPTY HOMES PREMIUM 2015/2016</b></p>	
<p><b>Report of the Cabinet Member for Finance: Councillor Max Schmid</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification</b> - For Decision</p> <p><b>Key Decision:</b> Yes</p>	
<p><b>Wards Affected:</b> All</p>	
<p><b>Accountable Executive Director:</b> Jane West Executive Director of Finance &amp; Corporate Governance</p>	
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## 1. EXECUTIVE SUMMARY

- 1.1. The Local Government Finance Act 1992 (as amended) allows the Council to increase the council tax on dwellings that have been empty for more than two years to 150% of the normal charge. This is known as Empty Homes Premium.
- 1.2. This change will have to be approved by Full Council on 28 January 2015 and can take effect for 2015/16 and subsequent financial years (until such time as changed by the Council).
- 1.3. The estimated increased income which would result from this change would be in the region of £21k for 2015/16.

## **2. RECOMMENDATIONS**

- 2.1 That the following recommendation be made to Council for the financial year 2015/16 and subsequent years until revoked:

Determine that the council tax on dwellings that have been empty (unoccupied and unfurnished) for more than two years be 150% of the normal council tax charge.

## **3. REASON FOR DECISION**

- 3.1 The Council is required to make this decision to allow the change to be made and comply with the legislation and regulations detailed in this report.

## **4. INTRODUCTION AND BACKGROUND**

- 4.1 The Local Government Finance Act 2012 enabled the Council to remove council tax discounts and exemptions previously available to owners of second homes and empty dwellings in the borough. These changes were approved by the Council with effect from 1 April 2013 and subsequent financial years until revoked. This means that empty properties and second homes pay the full council tax, thus removing the financial incentive to leave them vacant.
- 4.2 The Local Government Finance Act 2012 also enabled The Empty Homes Premium, with effect from 1 April 2013. This gave authorities the power to increase the council tax on dwellings that have been empty (unoccupied and unfurnished) for more than two years, to 150% of the normal charge. This premium was not adopted by the council for the financial years 2013/14 and 2014/15.

## **5. COUNCIL TAX EMPTY HOMES PREMIUM**

- 5.1 The Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 exempt two classes of dwelling from premium. These are:
- A dwelling which is the sole or main residence of a member of the armed forces away from the property on active service
  - A dwelling which forms part of a single property which is occupied
- 5.2 Any additional income generated from premium can be retained locally and shared with the GLA.

## **6. RISK MANAGEMENT**

- 6.1. This is a statutory process and any risks are monitored through the Council's MTFs process.

## **7. EQUALITY IMPLICATIONS**

- 7.1 The recommendations in this report (at 2.1) will mean that those who own an empty and unfurnished dwelling, or one undergoing major repair, which remains unoccupied for more than two years will have to pay 150% of the normal council tax charge. This will impact on those who have such a dwelling e.g. people who own a second home, people buying a property that requires major repair, etc. but the Council does not have any diversity data to disaggregate this further.
- 7.2 This will be a negative impact for those who will be required to pay the additional council tax. However the introduction of a premium would encourage owners and landlords to bring vacant properties back into occupation and fully supports the Council's strategy on empty homes.

## **8. FINANCIAL AND RESOURCES IMPLICATIONS**

- 8.1 There are some 50 properties that have been empty for more than 2 years and the effect of increasing the charge on these properties to 150% adds an additional 29 Band "D" equivalents to the tax base for 2015/16.
- 8.2 This equates to additional income for the Council (net of preceptors) of approximately £21k (based on the 2014/15 Band D Council Tax). An estimated £9k will also be payable to the GLA.

## **9. LEGAL IMPLICATIONS**

- 9.1 Further to the Local Government Finance Act 2012 which received Royal Assent on 31 October 2012, individual local authorities have been devolved decision-making on local finance to local communities in light of the wider localism agenda being promoted by the Government.
- 9.2 Section 12 of the Local Government Finance Act 2012 inserted a new section 11B into the Local Government Finance Act 1992. In respect of a dwelling that has been unoccupied and substantially unfurnished for more than two years, the new section allows billing authorities to charge up to 150% of the council tax that would be payable if the dwelling were occupied by two adults and no discounts were applicable.

- 9.3 The new section allows the Secretary of State to make provision for exceptions, by prescribing classes of dwelling, taking into account the physical characteristics and the circumstances of any person liable, for which a billing authority will not be able to charge extra council tax.
- 9.4 Any homeowner that wishes to object to the application of this increased charge will have three options available to them:
- Seek judicial review in the High Court,
  - Apply to the local authority for discretionary relief or
  - Complain to the Local Government Ombudsman.

**LOCAL GOVERNMENT ACT 2000**  
**LIST OF BACKGROUND PAPERS**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	Local Government Finance Act 1992 (published)	Steve Barrett Ext: 1053	FCS H & F Direct
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