



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	CABINET – 7 NOVEMBER 2022
Report Number	AGENDA ITEM 9
Subject	LONG TERM COUNCIL TAX EMPTY PREMIUM EXEMPTION OF PROPOSED DEMOLITION PROPERTIES
Wards affected	Lechlade, Kempsford and Fairford South Moreton East South Cerney Village
Accountable member	Cllr Mike Evemy – Deputy Leader and Cabinet Member for Finance. Email: mike.evemy@cotswold.gov.uk
Accountable officer	Mandy Fathers – Business Manager for Environmental, Welfare and Revenues. Email: mandy.fathers@publicagroup.uk
Summary/Purpose	For Cabinet to consider the removal of the Long Term Empty Premium on individual Bromford properties that have been or are pending demolition
Annexes	None
Recommendation(s)	<p>That Cabinet resolves to:</p> <ul style="list-style-type: none"> <li><i>a) Approve the removal of the four Long Term Empty Premiums on properties in Cross Tree Crescent, Kempsford until 1 April 2023;</i></li> <li><i>b) Approve the removal of the four Long Term Empty Premiums on properties in Stockwells, Moreton in Marsh;</i></li> <li><i>c) Approve the removal of the three Long Term Empty Premiums on properties in Berkeley Close, South Cerney for a 12 month period; and,</i></li> <li><i>d) Delegate to the Chief Finance Officer in consultation with the Deputy Leader and Cabinet Member for Finance the suspension of further Long Term Empty Premiums being applied on the sites as detailed in paragraph 2.9 of this report.</i></li> </ul>
Corporate priorities	<ul style="list-style-type: none"> <li>Delivering our services to the highest standards</li> <li>Responding to the challenges presented by the climate crisis</li> </ul>



	<ul style="list-style-type: none"><li>• Providing good quality social rented homes</li></ul>
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Leader and Deputy Leader, Chief Executive and Deputy Chief Executive, Monitoring Officer, Head of Legal Services, Finance Business Partner, Group Manager, Director of Finance (Publica)

## **1. BACKGROUND**

- 1.1** Since April 2019, Government has delegated additional powers to Local Authorities to incentivise property owners to bring empty properties back to the market by introducing higher premiums for Council Tax on those properties that remain empty and unfurnished after a period of two years or more.
- 1.2** The maximum permitted increase for premiums is as follows:
- 100% premium from 1<sup>st</sup> April 2019 for those properties which have been empty for two years and over;
  - 200% premium from 1<sup>st</sup> April 2020 for those properties which have been empty for five years and over;
  - 300% premium from 1<sup>st</sup> April 2021 for those properties which have been empty for ten years and over.
- 1.3** The Council adopted the application of these premiums as detailed above, with exemptions for properties owned by members of the Armed Forces, Annexes and properties that are genuinely on the market for sale or let, as per Government guidance.

## **2. MAIN POINTS**

- 2.1** Bromford Housing are undergoing a programme of redevelopment with some of their housing stock. Their aim is to demolish and rebuild in the next 18 months more affordable, better-insulated homes, utilising modern methods of construction to achieve zero carbon properties.
- 2.2** The sites for redevelopment are:
- 1) Cross Tree Crescent, Kempsford
  - 2) Stockwells, Moreton in Marsh
  - 3) Berkeley Close, South Cerney.



- 2.3** Cross Tree Crescent currently has 14 houses, 12 flats and 3 garage blocks. The plans provided show they will be constructing 27 affordable 1, 2 and 3 bed houses plus two additional 2-bed bungalows.
- 2.4** Currently four properties on this site are attracting a long-term empty (LTE) premium and will continue to do so under the Council's current Policy until such time the properties are demolished. Demolition is not due until March 2023. The premium on all four properties is an additional 100% of the annual Council Tax charge.
- 2.5** Stockwells currently has 24 houses, including maisonettes. These plans show the site will be newly constructed with 28 affordable 2 and 3 bed properties.
- 2.6** There were four properties on this site that attracted a LTE premium before the site was demolished in June 2022. The premiums on all four properties was an additional 100% of the annual Council Tax charge, pro-rata.
- 2.7** Berkeley Close currently has 55 mixed units. The plans for this site have not yet been submitted. However, Bromford's proposals show a start date for the demolishing of this site to be in November 2023 with 84 newly constructed net zero units being proposed.
- 2.8** Currently, three properties on this site are attracting a LTE premium and will continue to do so until such time that the properties are demolished.
- 2.9** There is the potential for more properties to fall into the LTE premium status at Cross Tree Crescent and Berkeley Close before demolition commences. It is therefore being proposed that any future properties that become LTE and attract a premium are considered by the Chief Finance Officer in consultation with the Deputy Leader and Member for Finance.
- 2.10** Given the policy stance upon introducing the premium was that it was levied to encourage properties to be brought back into the housing stock it seems inappropriate to penalise a registered social landlord who has advanced plans to redevelop these sites to increase the stock of available units. The nature of these multi-unit schemes means that properties are vacated over a period of time which often delays the redevelopment commencement beyond deadlines for the LTE premium to apply for those properties vacated first.
- 2.11** It would seem entirely within the aims of the scheme to exempt properties from this premium that have advanced redevelopment plans which will deliver additional accommodation units to replace the current units. Added to this Bromford are the most significant development partner of the Council in respect of affordable housing and penalising them in respect of their

actions to redevelop the sites would run counter to the Councils objectives in respect of affordable housing.

### 3. FINANCIAL IMPLICATIONS

- 3.1 The Levy imposed for properties that have been empty for 2 years, but less than 5 years is an additional 100% of the Council Tax charge. The additional tax raised is shared across the precepting authorities. The loss of revenue in respect of this report would be as follows:

Site	Charge/Levy	GCC	Police	Cotswold	Town/Parish
Cross Tree	£5,116.68	£3,775.60	£728.61	£374.42	£238.05
Stockwells	£1,169.60	£863.05	£166.55	£85.59	£54.41
Berkeley	£3,879.21	£2,862.47	£552.39	£283.87	£180.48
<b>TOTAL</b>	<b>£10,165.49</b>	<b>£7,501.12</b>	<b>£1,447.55</b>	<b>£743.88</b>	<b>£472.94</b>

- 3.2 The loss of revenue for Cotswold of £743.88 will be accounted for as part of the 2023/24 budget setting process.

### 4. LEGAL IMPLICATIONS

- 4.1 Since April 2013 Local Authorities in England have been given delegated powers under Section 11B of the Local Government Finance Act 1992 to increase Council Tax on a local level. These powers allow an increase of Council Tax by adding up to 50% to the Council Tax charge on some long-term empty properties. This is commonly known as the 'Empty Property Premium' or 'Long Term Empty Premium'. Amended legislation allowed an increase in the premium to a maximum of 300%. Cotswold District Council adopted the amended scheme on 1 April 2019.
- 4.2 There are, however, certain exemptions to this premium being applied. These include premises owned by members of the armed forces, annexes and properties that are genuinely on the market for sale or let.



## **5. RISK ASSESSMENT**

- 5.1** There is a small risk of the Council setting a precedent of its discretionary use in respect of the application or withdrawal of a long-term empty premium. However, it should be noted that these individual properties are currently empty, pending demolition, for Bromford to build back more affordable, better-insulated homes, utilising modern methods of construction to achieve zero carbon properties, which is a key priority of the Council.

## **6. EQUALITIES IMPACT**

- 6.1** There are no unacceptable adverse effects on the protected characteristics covered by the Equalities Act 2010 that have been identified.

## **7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

- 7.1** Given the age and construction of the existing houses, the proposed new properties will, even if built only to existing building standards, significantly improve the energy efficiency and therefore the climate impact of these homes.
- 7.2** The Council is in discussion with Bromford to explore how the environmental performance of the replacement homes can be improved beyond current building regulations, reaching towards a net zero carbon performance, although the achievability of that goal still has some uncertainty.
- 7.3** Given that the location of the homes is fixed, there are only limited opportunities to reduce the climate impact from resident travel, but nonetheless opportunities are being explored.
- 7.4** Opportunities for biodiversity or ecological enhancement may be limited given the existing locations and other site constraints, but opportunities for these enhancements are also under discussion with the Council

## **8. ALTERNATIVE OPTIONS**

- 8.1** Cabinet may decide not to remove the LTE premiums from the properties demolished and /or pending demolition and invoice Bromford Housing for the amounts of Council Tax owing.

(END)