

Appendix 3: 24 November 2020 – Policy Scrutiny Committee - City of Lincoln Council – Council Tax Support 2021/22 scheme

Council Tax Premium – Technical Change

Background

In 2018 Parliament amended the maximum percentage that a Council could make as an additional charge under Section 11B of the Local Government Finance Act 1992 for long term empty properties. As well as increasing the maximum, the legislation was amended to introduce an escalator, so that the maximum additional charges would increase for properties empty for over 5 and 10 years respectively.

The increase for properties that have been empty for 5 years came into force this financial year and the Councils both applied the maximum increases permitted. The increase for properties which have been empty for ten years comes into force on 1st April 2021.

Volumes

The number of properties that will have been empty for 10 years or longer on 1st April 2021 is 26 for City of Lincoln. Additionally there are 5 properties that will fall to have been empty for ten years during the course of the year.

Financial Impact

The maximum permitted additional charge for these properties in 2021/22 will be 300%, an increase of 100%. This will have the effect of increasing the taxbase by 20.8 Band D equivalents for City of Lincoln.

This will have the effect of increasing the income of the Council by £4,157 (calculated by multiplying the Band D equivalent increase by the Band D charge for 2020/21).

This assumes no change in the status of the properties during the course of the year.

Resolution

At the Council meeting to set the Premium Charges for 2020/21, City of Lincoln approved a resolution which stated the maximum permitted additional charges would apply, except in certain specified instances.

There is therefore, no requirement to take a further resolution to the Councils in order to adopt the increase in properties empty for ten years or longer in 2021/22, as unless the existing resolution is amended, the increase will be applied in accordance with the existing resolution.

A revised resolution is only required if the permitted maximum is not to be implemented or the specified remissions are subject to alteration.

Required Actions

If the increase in the permitted maximum is going to be adopted (which is the default position at the moment), then the taxpayers affected should be written to at the earliest possible moment reminding them of this fact.

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Additionally, the Revenues software system will be required to produce additional Premium Codes for the Financial Year 2021/22 of PREM300 for those properties subject to the additional charge and PREM150 for those who would be subject, but for a 50% remission.