

Report of:	Meeting	Date
Councillor Lesley McKay, Resources Portfolio Holder and Clare James, Corporate Director Resources (S.151 Officer)	Council	25 January 2024

The introduction of council tax long-term empty premiums

1. Purpose of report

- 1.1** To agree the implementation of the long-term empty council tax premiums to be charged by the Council.
- 1.2** To assist in reducing the number of empty unoccupied properties in the borough.

2. Council priorities

- 2.1** Support people to help themselves and live independently in their own homes.
- 2.2** Improve feelings of safety and work with partners to tackle violent crime and anti-social behaviour.

3. Recommendation

- 3.1** That a long-term empty homes premium be introduced from 1 April 2024 in line with legislation to charge the following:
 - 100% premium on properties empty for at least one year;
 - 200% premium on properties empty for at least 5 years, and;
 - 300% premium on properties empty for at least 10 years.

4. Background

- 4.1** In order to help address issues around a shortage of available housing, councils were first given powers by Central Government in 2013 to charge extra council tax on properties that had been empty and substantially unfurnished for more than two years. It was up to each council to set their own policy, but the maximum premium charge that

could be levied at that time was 50%. As such, from 1 April 2013, a property empty for two years (or longer) could be charged 150% of the full council tax charge.

4.2 Central government subsequently introduced further legislation, The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, giving council's additional powers to increase this premium further. Under the Act councils can charge a premium of:

- 100% on properties empty for at least 2 years;
- 200% on properties empty for at least 5 years, and;
- 300% on properties empty for at least 10 years.

4.3 Under the Levelling-Up and Regeneration Act 2024, which comes into force from 1 April 2024, council's will have the discretion to charge a 100% premium on empty and largely unfurnished properties after one year.

5. Key issues and proposals

5.1 If the long-term empty property premium were to be introduced, then the numbers of properties liable for the premium would be relatively low to start. Over time numbers may increase but, if the policy changes are successful, they will contribute to a change in behaviour. This will support and encourage positive activity to bring these properties back into use which will ultimately result in a reduction of empty homes over the longer-term.

5.2 Empty properties that have previously received a 25% council tax discount for a period of one year owing to undergoing major renovation, or substantial repair will be straightforward to identify. 'Empty and substantially unfurnished' properties will be more difficult. This is partly owing to the lack of incentive to inform the council if properties in this category exist. The discount currently given is 100% for one month which doesn't always prompt property owners to update the council as the discount is not always worth claiming in their view. It is largely impossible to accurately identify habitable dwellings that have been empty for over a year from council tax records alone.

5.3 Once the 100% discount in respect of empty and substantially unfurnished property for a period of up to one month has expired, the full council tax charge becomes payable regardless of whether or not the property is occupied. This means that after the initial contact to claim the discount, unless they are making an application to claim another council tax discount or Localised Council Tax Support, the council tax payer has no reason to contact the council again to advise us that they have subsequently moved in (although many do to access other services). It is therefore proposed to change the administration process to automatically award a 0% ongoing empty/unfurnished discount after the initial one month 100% discount period has ended. The council can then write to

the taxpayer to advise them that they will be required to advise the council when they occupy their property. Failure to do so will result in the premium being charged after one year. This will allow the council tax team to monitor, via system reports and inspections, empty/unfurnished properties and to charge the 100% premium where appropriate to do so.

- 5.4** It is also possible to crosscheck council tax records with a list of uninhabited “problem” properties that have or are being dealt with by the Housing Team. Owing to the length of time some of these properties will have been on the Housing Team’s records, the higher rates of long-term empty premium could be chargeable. For instance, a 200% council tax premium would be applied in respect of properties empty for more than five years and a premium of 300% would be applied to unoccupied properties that have been unoccupied for more than 10 years. These levels of premium should incentivise owners to take positive action to bring their properties back into use, rent them out or sell them.
- 5.5** Some empty properties are already exempt from the existing long-term empty premium and will remain exempt when the new regulations come into force on 1 April 2024:
- homes that are empty where the occupant is living in armed forces accommodation for job-related purposes, and;
 - annexes being used as part of a main property.
- 5.6** Furthermore, the council tax system already provides specific statutory exemptions for properties left empty for a specific purpose – for example, when a person goes into care. Councils also have powers to apply discretionary discounts in cases where homes are empty as a result of extraordinary circumstances – for example, hardship, fire or flooding.
- 5.7** The premium is not a ‘silver bullet’ that will resolve every scenario in relation to long term empty properties. For instance, as at 11 January 2024, council tax records showed that 322 properties in the borough had class F “executors of” council tax exemptions in place, 47 of which were awarded prior to 1 January 2023, with the earliest being awarded in June 2007. Class F exemptions are awarded when the council tax payer for the address dies leaving the property unoccupied and the executors for the estate seeking probate. The exemption is subsequently removed once probate is granted. However, in a number of cases probate has not been applied for and there is no provision within the council tax regulations permitting the removal of the class F exemption if probate is not granted. As addresses receiving a class F council tax exemption are also exempt from the long-term empty council tax premium, the introduction of the premium will not assist in the resolution of issues relating to any long-term empty property that has fallen into disrepair as a result of a delay in the obtaining of probate. Initial checks of records held by the Housing Team relating to long-term empty “problem” properties show that some of the most problematic addresses are those with Class F council tax exemptions, where probate has not been applied for, or

granted. This could be because the beneficiaries cannot be traced or they can't afford the upkeep of the property.

- 5.8** Similarly, a number of the derelict long-term empty properties that are the subject of enforcement action from the Planning, Housing or Environmental Health teams, have already been removed from the council tax database by the Valuation Office Agency and as such there is no liability to pay council tax and therefore no liability for the long-term empty premium.
- 5.9** Despite the exceptions referred to above, the premium will be a useful lever to support the work of the Housing team and others, to deal with problem empty homes and alleviate the associated problems that often arise in connection with them. Taking the points raised in 5.1 – 5.8 into account, and for the specific purpose of tackling issues around long-term empty properties, it is proposed that the long-term empty council tax premium be introduced, from 1 April 2024.
- 5.10** No formal external consultation is required under statute but an equality impact assessment (EIA) has been carried out and no issues were identified.

6. Alternative options considered and rejected

- 6.1** As well as giving councils the discretion to charge a council tax premium in respect of unoccupied and largely unfurnished premium after it has been empty for a period of one year, the Levelling-Up and Regeneration Act 2024, which comes into force from 1 April 2024, also allows them the option of charging a 100% premium in respect of second homes, also referred to as holiday homes. These are properties that are furnished, but do not have permanent residents.
- 6.2** This premium could have been introduced in order to prevent any disputes as to whether or not a long-term empty property is in fact a second home, as regardless of what class of property it is, it would attract a premium. Given that council tax records relating to second homes are limited, the Council Tax Administration Team will record any occasions when there is a dispute as to whether a long-term empty home is a second/holiday home, and will also make further ongoing enquiries to better establish which of the properties in Wyre are legitimate second/holiday homes. However, it should be noted that given the publicity nationally that the introduction of the second home premium has generated, it is not anticipated that many council tax payers will voluntarily identify their properties as being a second home.
- 6.3** The council currently offer a 100% council tax discount in respect of unoccupied substantially unfurnished property for a period of up to one month, after which the full council tax charge becomes payable. One way to incentivise the owners of long-term empty properties to come forward and identify them would be to increase this discount to 100% for a period

of up to three months. As well as reducing the administration relating to the award of empty discounts, this could encourage more homeowners to come forward as the discount is more generous. However, the introduction of the extended discount would result in less council tax being payable, impacting on not just Wyre Council, but all the major preceptors (Police, Fire and Lancashire County Council). This, along with the second homes premium are options that can be considered in the future, following a period of data gathering.

Financial, Legal and Climate Change implications	
Finance	<p>The impact of any changes has not been factored into the Medium Term Financial Plan at this stage. A review will be undertaken during 2024/25 on the Empty Homes Premium and its impact on collection rates compared to the resources involved.</p> <p>No additional resource is expected to be required initially, but this will similarly be kept under review, specifically with regard to the amount of resource required to conduct property inspections going forward.</p>
Legal	The Council has the power to raise the Council Tax charge on empty dwellings under the legislation set out in the report.
Climate Change	There are no climate change implications arising directly from this report.

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x
equality and diversity	✓
health and safety	x

risks/implications	✓ / x
asset management	x
ICT	x
data protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and

signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

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List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

None