



**Policy, Finance and
Development
Committee**

**Tuesday, 12
September 2023**

**Matter for
Information and
Decision**

Report Title:

Council Tax Empty Homes Update

Report Author(s):

Claire Werra (Revenues and Benefits Manager)

Purpose of Report:	<p>To present The Council Tax charges on Empty Properties Policy (Empty Homes Premium) for Oadby and Wigston for approval by Policy, Finance and Development Committee.</p> <p>The new policy is required to set out the charges to be levied under the Council's discretionary Powers, in respect of 'long-term empty properties' which have unoccupied and unfurnished for a period of two-years or more.</p>
Report Summary:	<p>This report presents why the Council Tax Charges on Empty Properties Policy is required and explores the financial impact of applying changes to the application of the empty homes premiums.</p>
Recommendation(s):	<p>That the Committee:</p> <ol style="list-style-type: none">1. Approve the increase in Empty Homes Premium as detailed in Paragraph 2.2. Approve a six-month grace period for new purchases of properties who are already subject to the additional premium.3. Approve the introduction of the Council Tax charges on Empty Properties Policy (Empty Homes Premium).
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	<p>Sal Khan (Interim Strategic Director) (0116) 257 2635 Sal.khan@oadby-wigston.gov.uk</p> <p>Bev Bull (Head of Finance / Acting Chief Finance Officer / S151) (0116) 257 2649 bev.bull@oadby-wigston.gov.uk</p> <p>Claire Werra (Revenues and Benefits Manager) (0116) 257 2681 claire.werra@oadby-wigston.gov.uk</p>
Strategic Objectives:	<p>Our Communities (SO2) Our Economy (SO3) Our Environment (SO4)</p>
Vision and Values:	<p>"Our Borough - The Place To Be" (Vision)</p>

	Customer & Community Focused (V1) Resourceful & Resilient (V4)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	The implications are as set out at paragraphs 2.4 and 2.8 of this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6) Economy / Regeneration (CR9) Increased Fraud (CR10)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report.
Human Rights:	There are no implications directly arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	Senior Leadership Team
Background Papers:	<ul style="list-style-type: none"> • https://commonslibrary.parliament.uk/why-am-i-paying-an-empty-homes-premium-on-my-council-tax/ • https://www.legislation.gov.uk/ukpga/1992/14/section/11B
Appendices:	<ol style="list-style-type: none"> 1. Council Tax charges on Empty Properties Policy 2. Empty Properties forecast.

1. Background

- 1.1 The Local Government Finance Act 1992 and associated regulations set out the mechanism for levying council tax on domestic properties.
- 1.2 The regulations give Councils some discretion in setting the level of council tax charged in respect of unoccupied properties under section 11B Higher amount for long-term empty dwellings.
- 1.3 Long-term empty dwellings by definition are properties which have been unoccupied and unfurnished for a period of at least two years.

- 1.4 The Rating (property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 allows Councils to levy a higher amount of council tax for long-term empty properties that are unoccupied and unfurnished, known as empty property premiums.
- 1.5 The amount of the empty property premium is based on the normal council tax band of the property. The band itself is not affected by the empty property premium.
- 1.6 The empty property premium is added to the council tax bill of any property which has remained empty and unfurnished for longer than two years; regardless of how long the current owner has had the property.
- 1.7 The aim of introducing the additional higher council tax charge for long-term empty properties is to encourage owners to bring empty properties back into use due to the national shortage of decent, affordable housing.
- 1.8 Oadby and Wigston currently charge a 100% additional premium on properties which have been unoccupied and unfurnished for a period of at least two years (200% of the council tax charge). There are currently 42 empty properties which have been unoccupied and unfurnished for two years or more, where the premium is being applied.

2. Proposed Changes to Empty Homes Premium

- 2.1 The law sets out a maximum charge that a council can make on empty properties, Council tax premiums across England can now be charged at the following rates:

Length of time property empty	Additional Premium
2 – 5 years	100%
5 – 10 years	200%
10 years +	300%

- 2.2 Of the seven district and borough councils within Leicestershire, three councils Melton, Charnwood, and Hinckley charge in line with the maximum empty property premium allowed.
- 2.3 It is proposed that Oadby and Wigston Borough Council increase the charge for empty property premium to the maximum allowed. This will maximise Council Tax Income and encourage owners to bring empty properties back into use due to the national shortage of decent, affordable housing.
- 2.4 Based on the current 42 empty properties increasing the premiums for properties which have been empty for more than five or ten years, from 1st April 2024, would impact on 16 properties and would generate £49.3k additional Council Tax income for the Collection Fund per year. This would generate circa £5.7k additional Council Tax income for the Council.
- 2.5 The resource implication of recovering of the additional charges would not have any significant impact on the Recovery Team.

- 2.6 When properties come back into use, the premium is no longer payable. Empty homes bought back into use currently increases our New Homes Bonus funding. The New Homes Bonus funding is subject to reform, but the timing and details of the reform are unknown.
- 2.7 Committee are asked to consider offering a six-month period of exemption from the long-term empty property premium for new purchases. This is for when a new owner purchases a long-term empty property which is already subject to the additional premium. This exemption period will allow time for the new owner to make the property habitable. Following this period, the premium will be reapplied at the rate relevant to the length of time the property has been empty.
- 2.8 The exemption could be applied:
- for all empty home premiums. This would potentially reduce the level of Council Tax income for the Council compared to the existing policy.
- Or
- For empty home where the 300% or 200% premium applies reduce the premium to 100% for the 6 months, this would maintain the status quo in terms of premiums before any changes to the policy.

3. Council Tax Charges on Empty Properties Policy

- 3.1 The purpose of introducing the new Council Tax Charges on Empty Properties Policy (Empty Homes Premium), see **appendix 1**, is to set out the charges to be levied in respect of long-term empty properties.
- 3.2 The policy sets out the guidelines to be applied when deciding whether an exception to applying the empty property premium may be considered. The policy will be updated for decisions taken at this meeting.
- 3.3 By adopting this new policy, Oadby and Wigston Borough Council can review and make amendments to the policy before the beginning of each financial year, in line with legislative changes. Any changes to the level of premiums the council can charge for long-term empty properties will be reflected in the annual policy review.
- 3.4 The Levelling Up and Regeneration Bill 2022-23, which is currently going through the House of Lords, amends the definition of a dwelling being a "long-term empty dwelling" if for a continuous period of at least two years, to a continuous period of one year, from 1st April 2024. This change will be a statutory change and we will have to implement it. This will be reflected in the policy if the Bill is approved.
- 3.5 The Levelling Up and Regeneration Bill 2022-23 would also introduce a power to set an empty homes premium to 'substantially furnished' properties that have no permanent resident. If Oadby and Wigston Borough Council decide to exercise this power, a twelve-month notice period is required. There are currently 36 properties which are categorised as 'second homes' for council tax purposes within the borough. Further information on the options to be considered and the impact this may have will be required on this matter.