



Report to: Cabinet Meeting – 21 February 2023
Portfolio Holder: Councillor David Lloyd, Strategy, Performance & Finance
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| Report Summary | |
|---------------------------------------|--|
| Type of Report | Open Report, Key Decision |
| Report Title | Council Tax Empty Homes Premium |
| Purpose of Report | To present options for and propose changes to the current policy on charging a Council Tax premium on long term empty homes. |
| Recommendations | That Cabinet recommends to Full Council the proposal to increase the long-term empty home premium as set out in paragraph 2.2 of the report (Option 1), effective from 1 April 2023. |
| Alternative Options Considered | Section 2 of the report details the alternative options that have been considered as part of the production of this report. |
| Reasons for Recommendations | To assist the Council with achieving its objectives of creating more and better-quality homes through our roles as landlord, developer and planning authority and reducing crime and anti-social behaviour within our communities. |

1.0 Background

- 1.1 In the Local Government Act 2012 Local Authorities in England were given delegated powers, under Section 11B of the Local Government Finance Act 1992 (as amended), to increase Council Tax by adding up to 50% to the Council Tax charge on some long-term empty properties. This is known as the 'long term empty home premium'.
- 1.2 In a report of the Director - Resources to Cabinet on 6 December 2012, it was agreed that the amount of Council Tax payable in respect of properties empty for more than 2 years, should be subject to an empty homes premium of 50% of their Council Tax payable, where regulations permit.
- 1.3 The amount that councils can charge for the long-term empty home premium was changed with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018. The charges now permitted by the 2018 Act are as follows:

- from 2019/20, for properties empty for more than 2 years, the maximum long-term empty premium is 100%
- from 2020/21, for properties empty for more than 5 years, the maximum long-term empty premium is 200%
- from 2021/22, for properties empty for more than 10 years, the maximum long-term empty homes premium is 300%.

1.4 Government believes these changes could help to reduce the number of empty homes by incentivising owners to bring them back into use and thereby helping to meet the current housing shortage.

1.5 The Council Tax Base calculated on 1 December 2022 identified 234 properties that have been empty for more than 2 years. These properties currently attract a premium charge of 50% above the normal Council Tax liability. The total Council Tax liability, including the premium is £628,901.99, the premium element is £209,634.00, as shown in the table below.

| CT Band | A | B | C | D | E | F | G | H | TOTAL |
|----------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|---|------------|
| Long Term Empty Properties | 133 | 26 | 28 | 21 | 16 | 5 | 5 | 0 | 234 |
| Council Tax Liability | 195,773.34 | 44,650.06 | 54,953.36 | 46,367.16 | 43,177.92 | 15,946.45 | 18,399.70 | | 419,267.99 |
| 50% Premium Charge | 97,886.67 | 22,325.03 | 27,476.68 | 23,183.58 | 21,588.96 | 7,973.23 | 9,199.85 | | 209,634.00 |
| TOTAL CHARGE | 293,660.01 | 66,975.09 | 82,430.04 | 69,550.74 | 64,766.88 | 23,919.68 | 27,599.55 | | 628,901.99 |

1.6 The element of the total Council Tax liability that relates to the Councils income is £51,830.05. The element of the premium charge that relates to the Councils income is £17,276.68.

1.7 Of the 234 long term empty homes, 40 have been empty for longer than 10 years, 73 have been empty between 5 and 10 years, 121 have been empty for longer than 2 years, but less than 5 years.

1.8 Information has been obtained from each of the 6 other District and Borough councils in Nottinghamshire regarding their policies. The table below shows the charging options relating to the long-term empty home premium across the County.

| Council | Long Term Empty Home Premium charging |
|------------|---|
| Ashfield | 100% after 2 years, 200% after 5 years, 300% after 10 years |
| Bassetlaw | 100% after 2 years, no increases |
| Broxtowe | 100% after 2 years, 200% after 5 years, 300% after 10 years |
| Gedling | 100% after 2 years, 200% after 5 years, 300% after 10 years |
| Mansfield | 100% after 2 years, 200% after 5 years, 300% after 10 years |
| Newark | 50% after 2 years, no increases |
| Rushcliffe | 100% after 2 years, 200% after 5 years, 300% after 10 years |

1.9 The above table shows the charging for long-term empty homes at Newark & Sherwood is significantly lower than the other Councils within Nottinghamshire. 5 of the Councils are charging the maximum possible to try and incentivise property occupation.

2.0 Proposal

2.1 As the regulations allow up to the maximums in the various time periods, there are a number of different options that could be used to charge in a premium. The paragraphs below set out the options.

2.2 The proposal to Cabinet is to increase the Council Tax long-term empty homes premium to the maximum allowed in regulations, for properties empty for more than 2 years to 100%, for properties empty for more than 5 years, but less than 10 years, to 200% and over 10 years to 300%.

2.3 The above proposal would best support Government policy in helping to reduce the number of empty homes by giving the highest incentive to owners to bring the properties back in to use, selling or renting the property.

2.4 **Option One** - This proposal would also maximise income to the Council Tax preceptors: Nottinghamshire County Council, Nottinghamshire Police and Crime Commissioner, the Nottinghamshire Fire Authority, Newark & Sherwood District Council and the numerous town and parish councils. The total Council Tax liability, including the premium would be £1,116,984.88, the premium element would be £697,716.89, as shown in the table below.

| CT Band | A | B | C | D | E | F | G | H | TOTAL |
|--------------------------------------|------------|------------|------------|------------|------------|-----------|-----------|----------|--------------|
| Long Term Empty Properties | 133 | 26 | 28 | 21 | 16 | 5 | 5 | 0 | 234 |
| Average Council Tax | 1,471.98 | 1,717.31 | 1,962.62 | 2,207.96 | 2,698.62 | 3,189.29 | 3,679.94 | 4,415.93 | |
| Council Tax Liability | 195,773.34 | 44,650.06 | 54,953.36 | 46,367.16 | 43,177.92 | 15,946.45 | 18,399.70 | | 419,267.99 |
| 100% Premium Charge - 121 Properties | 103,038.60 | 22,325.03 | 33,364.54 | 22,079.60 | 16,191.72 | 9,567.87 | 7,359.88 | | 213,927.24 |
| 200% Premium Charge - 73 Properties | 120,702.36 | 34,346.20 | 27,476.68 | 22,079.60 | 32,383.44 | 12,757.16 | 14,719.76 | | 264,465.20 |
| 300% Premium Charge - 40 Properties | 97,150.68 | 15,455.79 | 23,551.44 | 39,743.28 | 32,383.44 | | 11,039.82 | | 219,324.45 |
| TOTAL CHARGE | 516,664.98 | 116,777.08 | 139,346.02 | 130,269.64 | 124,136.52 | 38,271.48 | 51,519.16 | | 1,116,984.88 |

2.5 The element of the total Council Tax liability that relates to the Councils income increases by £40,224.64 to £92,054.69.

- 2.6 **Option Two** - Based on the analysis at paragraph 1.8 another Council within Nottinghamshire currently charges a straight 100% premium after 2 years, with no further increases thereafter. This option would result in total Council Tax liability of £838,535.98, the premium element being £419,267.99.
- 2.7 Under this option, the element of the total Council Tax liability that relates to the Councils income increases by £17,276.68 to £69,106.73.
- 2.8 **Option Three** – additionally the Council could consider a hybrid of the above proposals, increasing the premium for properties empty for more than 2 years but less than 5 years to 100% and properties empty for more than 5 years to 200%. This option would result in total Council Tax liability of £1,043,876.73, the premium element being £624,608.74.
- 2.9 Under this hybrid option, the element of the total Council Tax liability that relates to the Councils income increase by £34,199.54 to £86,029.59.
- 2.10 Alternatively, there is no requirement for the Council to charge a premium, and hence the Council could decide not to levy a premium at all, to retain the current arrangements or the Council could seek to charge any percentage up to the maximum within the realms of the legislation.
- 2.11 The table below summarises the information above together with the increase council tax income for each of the preceptors under the 3 options:

| | Newark & Sherwood DC | Notts County Council | Notts Police & Crime Commissioner | Notts Fire Authority | Parish & Town Councils | Additional premium chargeable |
|--------------|----------------------|----------------------|-----------------------------------|----------------------|------------------------|-------------------------------|
| Option One | 40,224.64 | 356,393.71 | 55,114.44 | 18,332.46 | 18,017.64 | 488,082.89 |
| Option Two | 17,276.68 | 153,072.84 | 23,671.92 | 7,873.88 | 7,738.66 | 209,633.98 |
| Option Three | 34,199.54 | 303,010.80 | 46,859.05 | 15,586.51 | 15,318.84 | 414,974.74 |

- 2.12 The table above shows the additional premium generated for each of the preceptors on the basis of the 234 properties that are long term empty as at the time of writing this report.
- 2.13 The Council will write to each of the current taxpayers impacted after this decision to inform them on the changes. Where the current taxpayer has no use for the property, the Council may consider the purchase of the property either through the HRA as part of the Housing Development Programme or/and the General Fund for the provision of accommodation for Refugees. The latter option could be partly funded by newly announced government grant. Any decision to purchase a property will be in conjunction with the S151 Officer and the Director Housing, Health and Wellbeing. Should this require additional budget from the Council, this will be brought back to Cabinet at the appropriate time.
- 2.14 This premium is the first in a suite of measure that the Council will be taking to combat homes that have been left empty over the longer term. A further report on Empty Homes Strategy will be brought back to Cabinet with the Council's aims and objectives, for which this decision will form part of, at a future cycle of Cabinet.

- 2.15 To supplement this report, the document attached at **Appendix A** outlines the identified aims and objectives, and initial action plan, in order to commence our approach to bringing empty homes back into use. Further reports will be presented to Cabinet following the introduction of these initial measures.

3.0 Implications

In writing this report and in putting forward recommendations, officers have considered the following implications: Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding, Sustainability, and Crime and Disorder and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

Financial Implications (FIN22-23/7649)

- 3.1 Based on the current number of long-term empty properties in Newark and Sherwood District, there would be an increase in the Collection Fund of £488,082.90. £40,224.65 would come directly to the Councils budget, the remaining funding would be shared with Council Tax preceptors at proportionate levels.
- 3.2 Any subsequent increase in homes brought back into occupation following long periods of being empty could attract grant funding from central government under a New Homes Bonus scheme.
- 3.3 The District Council currently has 4 empty homes that would meet the criteria as set out above. These are void properties that are part of a key regeneration site for the Council. Where these properties are not likely to be relet, the Council is taking steps in order to secure them ahead of the planned regeneration. The forecast cost will likely be £12,192 should these properties be vacant for the full financial year of 2023/24 (an increase of circa £6,000). This will be charged to the HRA.

Legal Implications

- 3.4 There are no legal implications as a direct consequence of this report. Increasing the Empty Homes Premium to 100% for properties empty for more than 2 years, to 200% for properties empty for more than 5 years, but less than 10 years, and to 300% for properties empty more than 10 years is in line with the Local Government Finance Act 1992 (as amended).
- 3.5 In accordance with the regulations, the new scheme will be promoted through a press release. All owners of long-term empty properties will be written to, to ensure that they are aware of the change.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

None.