

Decision Maker: EXECUTIVE

Date: Friday 2 August 2019

Decision Type: Non-Urgent Executive Key

Title: EMPTY HOMES PREMIUM

Contact Officer: John Nightingale, Head of Revenues and Benefits
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Chief Officer: Peter Turner, Director of Finance

Ward: (All Wards);

1. Reason for report

- 1.1 Proposal that a public consultation exercise be undertaken where it is recommended that the Empty Homes Premium be introduced from April 2020.
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2. RECOMMENDATION(S)

- 2.1 A public consultation exercise be undertaken on the introduction of the Empty Homes Premium
- 2.2 The Authority recommendations in the consultation document that the "Premium" be introduced from the financial year 2020/21 at the rate of 50% for properties empty longer than 2 years, increasing to 100% where the property has been empty for 5 years.

Impact on Vulnerable Adults and Children

1. Summary of Impact: The Revenue service impacts on all residents in the Authority including vulnerable adults/and or those with children.
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Corporate Policy

1. Policy Status: New Policy
 2. BBB Priority: Excellent Council
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Financial

1. Cost of proposal: Estimated £5k for one-off set up costs and consultation costs
 2. Ongoing costs: Should the Premium be introduced, following the consultation, approximately net additional income of £87k could be generated. This is dependent on the number of actual empty properties.
 3. Budget head/performance centre: Exchequer - Revenues
 4. Total current budget for this head: £3.273m
 5. Source of funding: Existing Revenues budget for 2019/20
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Personnel

1. Number of staff (current and additional): 8 plus Liberata staff
 2. If from existing staff resources, number of staff hours: If the scheme is adopted the extra work will fall on Liberata which has been taken into account in costings provided
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Legal

1. Legal Requirement: Non-Statutory - Government Guidance
 2. Call-in: Applicable
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Procurement

1. Summary of Procurement Implications: The Revenues service forms part of the Exchequer Services contract which expires April 2020.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 255 (current number of empty properties in excess of 2 years)
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1 Background

From the 1 April 2013 Local Authorities in England have been empowered to increase council tax on properties which had been “unoccupied and substantially unfurnished for a long period of time. This is known as the “Empty Homes Premium” and it is up to the Local Authority as to whether the “Premium” is levied.

Until April 2019, authorities in England could charge up to 150% of the Council Tax payable on the property (different rates applied in Scotland and Wales). In the November 2017 Budget, The Chancellor announced the intention to bring the maximum in England up to 200% and this was brought in with effect from the 2019/20 financial year.

Included in the Act were additional provisions covering properties that were empty for very long periods. The provisions provided for maximum additional rates of:

- 100% extra for properties empty for 2 – 5 years
- 200% extra for properties empty for 5 – 10 years (commencing in 2020)
- 300% extra for properties empty for 10+ years (commencing in 2021)

The application of the Empty Homes Premium was considered at the 28 November 2012 meeting of the Executive (Report No. 12164). The decision of the meeting was that it should not be applied at that time.

At the 22 November 2018 meeting of the Executive, Resources and Contracts PDS following consideration of the Revenues Service Monitoring Report (FSD18052) it was minuted: “The Committee agreed that the Executive and Officers should be asked to explore options around applying the Empty Homes Premium as soon as possible.”

3.2 Exemptions

The Empty Homes Premium does not apply to homes that are empty due to the occupant living in armed forces accommodation for job-related purposes, or to annexes being used as part of a main property.

In addition to the above instances, Council Tax Regulations provide “exemptions” whereby Council Tax is not payable even if the property is empty. A list of exemptions is attached as Appendix 1. The number of empty properties cited in this report excludes those for which an exemption has been granted.

Guidance also advises:

“The Government’s intention behind the decision to provide billing authorities with the power to charge a premium was not to penalise owners of a property that is genuinely on the housing market for sale or rent. The government expects billing authorities to consider the reasons why properties are unoccupied and unfurnished, including whether they are available for sale or rent, and decide whether they want such properties to be included in their determination.”

3.3 Number of Properties

At the time of drafting the report, 255 properties had been empty in excess of 2 years. Of these 31 had been empty for between 5 and 10 years, with a further 13 empty for over 10 years.

Attempts have been made to identify as to whether there has been an increase in single person households where the Premium has been put in place. However, this information is not generally available and requests to other LA’s have not brought about a response. For the

purpose of demonstrating the level of additional income that could be raised, Assumptions have therefore been made that the number of long-term empty properties and corresponding additional income will fall by 20%.

3.4 Consultation

If the recommendations contained the report are agreed, the intention is for the public consultation exercise to commence towards the end of August. The consultation will involve seeking the views of those owning properties that would attract the Premium as well as those residents who would not be directly impacted. Response to the consultation exercise will be reported to the 27 November 2019 meeting of the Executive.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 Attached as Appendix 2 is the Equality Impact Assessment (EIA) .The assessment did not identify any impact on groups with protected characteristic.

5. FINANCIAL IMPLICATIONS

5.1 The table below shows the projected additional income that may be available should the scheme be adopted at the level recommended. The figures are based on the current level of empty properties and Band “D” Council Tax levels for 2019/20, with an assumed 20% reduction in empty properties.

| | £'000 | £'000 |
|---|------------|------------------|
| Potential additional Council Tax raised through the introduction of the Premium | 230 | |
| Less 20% assumed reduction in Empty Properties | -46 | |
| Total potential additional income | <u>184</u> | |
| Less GLA estimated proportion of 20.86% | <u>-38</u> | |
| Potential additional net income for LBB | | 146 |
| Less additional collection costs | | -59 |
| Net additional potential income for LBB | | <u><u>87</u></u> |

5.2 These figures might be significantly reduced by properties going back into occupation and/or owners identifying means of avoiding liability for the Premium.

5.3 There will also be one-off set-up and consultation costs of approximately £5k, which will be met from existing revenue budgets

6. LEGAL IMPLICATIONS

6.1 The Local Government Finance Act 2012 amended the Local Government Finance Act 1992 by adding section 11B which gave local authorities the ability to charge an increased amount of *Council Tax on unoccupied properties. Section 2 of the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018* amended section 11B as is set out in paragraph 3.1 of the body of the report.

There isn't a statutory duty to consult on the empty home premium; however the proposed consultation represents best practice.

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| Non-Applicable Sections: | Personnel and Procurement |
| Background Documents: (Access via Contact Officer) | |