

Decision Maker: **PORTFOLIO HOLDER FOR RESOURCES COMMISSIONING AND CONTRACTS MANAGEMENT**

Date: For pre-decision scrutiny at the Executive Resources and Contracts PDS Committee on Tuesday 18 October 2022

Decision Type: Non-Urgent Executive Key

Title: **EMPTY HOMES PREMIUM**

Contact Officer: Jayne Carpenter, Revenues and Benefit Manager
Tel: 020 8461 7996 E-mail: jayne.carpenter@bromley.gov.uk

Chief Officer: Peter Turner, Director of Finance

Ward: (All Wards);

1. Reason for decision/report and options

1.1 Proposal that a public consultation exercise is undertaken in which it is recommended that the Empty Homes Premium is increased from April 2023 to the maximum permitted under the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

2. **RECOMMENDATION(S)**

2.1 **The PDS is requested to:**

- **consider the increasing the Empty Homes Premium from April 2023 and the Equality Impact Assessment at Appendix 1**

2.2 **The Portfolio Holder to approve that a public consultation exercise is undertaken recommending that the Empty Homes Premium is increased to maximum amounts permitted.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: The Revenues Service impacts on all residents in the Authority including adults/and those with children.

Transformation Policy

1. Policy Status: Existing Policy
2. Making Bromley Even Better Priority
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.

Financial

1. Cost of proposal: Estimated £8500 for one off set up cost and consultation
2. Ongoing costs: should the proposal be approved, following consultation the approximate net additional income of £228 could be generated. This is dependent on the number of empty properties.
3. Budget head/performance centre: Exchequer - Revenues
4. Total current budget for this head: £3.6m
5. Source of funding: Existing Revenue Budget for 2022/23

Personnel

1. Number of staff (current and additional): 3 plus Liberata staff
2. If from existing staff resources, number of staff hours: if adopted the additional work will be carried out by the contractor which has been taken into account in the costing provided.

Legal

1. Legal Requirement: Non-Statutory – Government Guidance Rating (Property in Common Occupation) and Council Tax Empty Dwellings) Act 2018
2. Call-in: Not Applicable

Procurement

1. Summary of Procurement Implications: The Revenues Service forms part of the Exchequer Services contract.

Property

1. Summary of Property Implications: Not Applicable

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: Not Applicable

Customer Impact

1. Estimated number of users or customers (current and projected): The Empty Homes Premium affects 335 properties.

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: Not Applicable

3. COMMENTARY

3.1 Background

From the 1 April 2013 Local Authorities in England have been empowered to increase Council Tax on properties which have 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 to decide 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 Scotland and Wales). In the November 2017 Budget, The Chancellor announced the intention to increase bring the maximum premium in England up to 200% 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 the maximum additional rates as follows:

- 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 2021)

At the meeting on the 27 November 2019 the Executive considered a proposal that an Empty Homes Premium be introduced from April 2020 at the rate of 50% for properties empty for over 2 years increasing to 100% where the property had been empty for more than 5 years. The report had been scrutinised by the Executive, Resources and Contracts PDS Committee on 20 November 2019, the Committee had supported the recommendations. It was also noted that the following years public consultation exercise should set out all options available for consideration.

The Executive approved the introduction of the Empty Homes Premium from 1 April 2020 at the rate of 50% for the properties empty for longer than 2 years, increasing to 100% where a property has been empty for over 5 years.

The introduction of the premium brought the Council in line with almost every London Borough who were already charging a premium.

At the meeting on the 13 January 2021, Executive considered proposals to increase the Empty Homes Premium from April 2021 to the maximum permitted under the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018. A public consultation exercise had been undertaken and the results were set out in the report. Although Members considered that there was strong case for increasing the premium it was decided, given the impact of the pandemic, that it was not the right time to do so and deferred making any decision.

The decision was originally deferred for one year but the uncertainty over owners’ ability to sell or bring the properties back into occupation lasted longer than anticipated.

3.2 Impact of the Empty Homes Premium

The Empty Homes Premium primary purpose is to encourage owners to bring properties back into occupation but since the implementation of premium in April 2020 there has been a small increase in total number of empty properties that have been empty between 2 to 5 years.

Period empty	Number of properties empty as at 20.3.20	Number of properties empty as at 13.12.20	Number of properties empty as at 30.6.21	Number of properties empty as at 30.6.22
Empty for 2 – 5 years	217	209	218	239
Empty 5 - 10 years	49	70	79	61
Empty over 10 years	23	25	24	26
Total	289	304	321	326

It is difficult to ascertain from the Council Tax records the exact reason why individual properties remain empty as the majority of owners (especially those who have paid the additional Council Tax) have not provided any information, however, some of the reasons appear to be:

- Executors liable for the property (will disputes)
- Difficulties selling retirement properties (high services charges and short leases)
- Properties awaiting redevelopment
- Properties being prepared for sale

3.3 The current number of properties by Council Tax band to which the Empty Homes Premium is being applied

At the 30 September 2022 an EHP was applied to 335 properties. The table below shows the long-term empty properties by Council Tax band and by the number of years they have been empty:

Band	A	B	C	D	E	F	G	H	Total
Number of properties Empty between 2 and 5 years (50% premium)	10	41	79	59	25	13	17	2	246
Number of properties Empty between 5 and 10 years (100% premium)	5	14	19	13	5	2	2	2	62
Number of properties empty over 10 years (100% premium)	0	1	7	11	4	3	0	1	27
Total number of properties to which an EHP is being applied	15	56	105	83	34	18	19	5	335

3.4 Consultation

It is being recommended that a 6-week public consultation exercise is undertaken recommending that Empty Homes Premium is increased from April 2023 to the maximum permitted under the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

Set out in the table below is the current premium being levied and the maximum options available from April 2023:

Period empty	Premium levied since 1.4.20	Maximum Premium options for 1.4.23
Empty for 2 – 5 years	50%	100%
Empty 5 - 10 years	100%	200%
Empty over 10 years	100%	300%

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 characteristics.

5 FINANCIAL IMPLICATIONS

- 5.1 The table below shows the projected additional income that may be available should the level of the premium be increased as set out in the table above. These figures are based on the level of empty properties as of 30 September 2022 and Band “D” Council Tax levels for 2022/23 with a 15% reduction in empty properties.

	£'000	£'000
Potential additional Council Tax raised through the increase in the Premium	415	
Less 15% assumed reduction in Empty Properties	<u>-62</u>	
Total potential additional income	353	
Less GLA estimated proportion of 20.8%	<u>-73</u>	
Potential Additional net income for LBB		280
Less additional collection costs		<u>-52</u>
Net additional potential income for LBB		<u>228</u>

- 5.2 The additional collection cost of 52k is based on full-time equivalent member of staff covering the tasks of billing, recovery, visiting and customer services. The costs also cover printing, postage, traveling, tribunal appearances and legal costs.
- 5.3 These figures might be significantly reduced by properties going back into occupation and/or owners identifying means of avoiding liability for the Premium. Based on the reduction in the long- term empty properties since the introduction of the Premium assumptions have been made that the number of long-term empty properties and corresponding income will fall by 15%.
- 5.4 The one-off set up and consultation costs of approximately £8500 will be met from existing revenue budgets.

6. TRANSFORMATION/POLICY IMPLICATIONS

One of the “Making Bromley Even Better” ambitions is to manage our resources well, providing value for money, efficient and effective services for Bromley’s residents.

7. LEGAL IMPLICATIONS

- 7.1 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 11B.
- 7.2 There is no statutory duty to consult on the Empty Home Premium however to do so is represents best practice. Having consulted then the council must have regard to the consultation outcome although it is not bound by it.

8. CUSTOMER IMPACT

- 8.1 The Empty Homes Premium currently impacts on 335 empty properties..

Non-Applicable Headings:	Personnel, Procurement, Property, Carbon Reduction and Social Value and Ward Councillors views
Background Documents: (Access via Contact Officer)	