

REPORT TO:		Cabinet	
DATE:		13 February 2024	
PORTFOLIO:		Councillor Peter Britcliffe - Deputy Leader of the Council, Resources	
REPORT AUTHOR:		Lee Middlehurst – Head of Benefits, Revenues and Customer Contact	
TITLE OF REPORT:		Council Tax Empty Property Liability	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	No	Not applicable	
KEY DECISION:	No	If yes, date of publication:	

1. **Purpose of Report**

- 1.1 The Report seeks to further the Council’s strategy to improve its housing stock and the regeneration of Hyndburn by adopting new Government provisions on premium rates of Council Tax for properties that are left vacant for over one year.
- 1.2 The Report also seeks to improve the Borough’s housing stock and the regeneration of Hyndburn by adopting new Government provisions on premium rates of Council Tax for properties classed as second homes.

2. **Recommendations**

- 2.1 That the revised Council Tax Empty Property Liability Policy attached to this report is approved and the empty property premiums, and, premium for property classed as a second home, are revised as set out in paragraphs 3.10 to 3.16 of this report in accordance with the provisions in The Rating (Property in Common Occupation) and Council Tax (Empty Dwelling) Act 2018, and the Levelling Up and Regeneration Act 2023

3. **Reasons for Recommendations and Background**

- 3.1 The national problem of a housing shortage and many existing properties that are empty is well documented. Hyndburn has historically suffered from a higher than normal percentage of empty properties, many are left vacant for long periods and blight

their neighbourhoods. The Council has attempted to address the number of empty properties for a considerable time as part of its efforts to regenerate Hyndburn and provide better places to live. The Council welcomed and acted upon the Government's initial introduction of a premium on Council Tax in 2013 for long term empty properties as a means of encouraging their occupation together with the incremental changes effective from April 2019. While the initial Government legislation that took effect in 2013, and subsequent legislation in 2019 has helped reduce the number of empty properties, there are still over 800 empty properties that remain in Hyndburn that cause damage to our housing market and neighbourhoods. The Council is therefore proposing to introduce the new Government rules fully, to further help reduce the overall number of empty properties.

- 3.2 The Local Government Finance Act 2012 granted local authorities greater flexibility over certain Council Tax discounts and exemptions from April 2013. In January 2013, Cabinet approved the Council's proposal to implement changes to empty property discounts and changes were made to the following percentage rates of normal Council Tax liability:

Table 1 – Empty Property Liabilities implemented in 2013

Properties which are empty and substantially unfurnished		
	Pre-2013	From April 2013
Up to 6 months	0%	50%
From 6 months to 2 years	50%	100%
From 2 years	50%	150%

Properties which are empty and in need of or undergoing major repair		
	Pre-2013	From April 2013
Up to 6 months	0%	50%
From 6 months to 2 years	50%	100%
From 2 years	50%	150%

- 3.3 Owners of properties being actively marketed for sale or rent can apply to have the premium rate reduced to 100% of normal Council Tax liability.
- 3.4 Since 2013, the number of properties in the Borough classified as empty and unfurnished for Council Tax purposes on 1st April each year has reduced as outlined in Table 2 below. It should be noted that these figures represent those dwellings subject to former Class C empty and unfurnished discounts, not all empty dwellings in the Borough. Other empty properties include those undergoing major repairs and those subject to other exemptions.

3.5 **Table 2 – Council Tax Empty Properties from 2012/2013 to 2022/2023**

Financial Year	0-6 months	6-24 months	24+ months	Total
2012/2013	746	1275*	-	2021
2013/2014	593	751	593	1937
2014/2015	596	609	368	1573
2015/2016	576	523	357	1456
2016/2017	585	399	278	1262
2017/2018	437	553	252	1242
2018/2019	432	486	276	1194
2019/2020	489	442	243	1174
2020/2021	459	458	207	1124
2021/2022	193	364	193	750
2022/2023	258	372	166	796
2023/2024	225	411	166	802

3.6 The measures introduced to incentivise re-occupation or sale of empty property have been combined with other regeneration efforts, the work of the Council's empty properties officer and work to survey and monitor empty properties each year since 2013.

3.7 Overall, the implementation of the Council Tax premium on empty properties can be said to have had a positive impact on the number of empty dwellings in the Borough, has supported our regeneration efforts and helped to increase the Council's New Homes Bonus allocations.

New Legislation

3.8 From April 2024, the Levelling Up and Regeneration Act 2023 amends section 11B of the Local Government Finance Act 1992 and grants local authorities the discretion to apply Council Tax premiums on empty dwellings that have been empty for one year.

3.9 The new legislation provides that the applicable premium and incremental implementation as follows:

3.10 **Table 3 Empty Property Charges from April 2024**

Duration	Amount
Up to 6 months	50% of normal liability
From 6 months to 1 years	100% of normal liability

From 1 years to 5 years	200% of normal liability
From 5 years to 10 years	300% of normal liability
From 10 years	400% of normal liability

3.11 The increased premiums that apply from April 2024 may apply to any empty property which became empty at any time; the date of last occupation does not have to fall within the period of the amended premiums and as such some currently empty properties will fall into the increased premium categories immediately.

3.12 Currently there are 250 properties which are empty, and if they remain unoccupied at April 2024 will be subject to a 200% Council Tax liability in 2024 if these measures are introduced. Of these properties 193 (74%) are in Band A with 57 properties in Bands B – G.

3.13 Table 4 – Second Home Charges from April 2024

Duration	Amount
Second Home	100% of normal liability

The Levelling Up and Regeneration Act 2023 inserts section 11C of the Local Government Finance Act 1992 and grants authorities the discretion to apply higher amounts for properties that are occupied periodically (Second Homes).

3.14 Table 5 – Second Home Charges from April 2025

Duration	Amount
Second Home	200% of normal liability

3.15 Currently there are 20 properties which are classed as second homes, and if they classed as such at April 2025 they will be subject to a 200% Council Tax liability in 2024 if these measures are introduced.

3.16 In relation to the changes for second homes, a billing authority must allow at least one year before the beginning of the financial year to which it relates. As such the first financial year for which the premium can be applied to property classed as a second home is effective from 01 April 2025.

Implementation

3.17 Should these measures be implemented, the Council is required to publish its intentions in at least one local newspaper at least 21 days prior to implementation.

3.18 In addition, it is the service’s intention to write to all owners of empty properties, and, second homes to inform them of the increased premiums and the timescale for

implementation, allowing them the opportunity to sell or occupy any empty properties they may have prior to any further premiums being applied.

- 3.19 The Council will review the administration of this policy in accordance with any guidance, as issued, by the Secretary of State

4. Alternative Options considered and Reasons for Rejection

4.1 Do Nothing

The new legislation provides local authorities with the discretionary power to apply premiums to empty properties and there remains the option to retain the premium levels we currently apply or delay the implementation of further premiums.

4.2 Alternative premium levels

Having considered the positive contribution that the existing premium has made towards

bringing empty properties back in to use, this report recommends that the new premium

structure is applied in full up to the maximum levels. Provisions remain within existing policy and legislation to lower the premiums if properties are being actively marketed for

sale or rent as well as discretionary powers to remit Council Tax liabilities in exceptional circumstances.

5. Consultations

- 5.1 Public consultation was conducted in 2013 as part of the implementation of the existing premium structure. This was not a legislative requirement and the responses demonstrated little support from owners of empty properties but more support from the wider community. Similar consultations conducted by the Council for Selective Licensing undertaken during November and December 2012 demonstrated public approval for bringing empty properties back in to use and as such no further public consultation is intended for this policy.

6. Implications

Financial implications (including any future financial commitments for the Council)	The implementation of Council Tax premiums is intended to have a financial impact on owners of empty properties in order to incentivise occupation. There are provisions in the policy to remit the premium in extenuating circumstances and provisions to support efforts to reoccupy during advertising periods. Other Council Tax discounts may be available such as when
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	<p>properties are being renovated and owners of empty properties will be given prior notice of increased premiums coming into force from 2024.</p> <p>The premiums will increase the Council's net collectible debit for Council Tax and the proportionately large amounts have potential to affect the collection rates we are working towards. However the majority of taxpayers subject to current premiums are making their payments and the amount collected from Council Tax is likely to increase as a result.</p>
<p>Legal and human rights implications</p>	<p>The administration of Council Tax is done within legislative frameworks and guidance. Any and all legal and human rights implications have been considered and balanced against the rights of the individual and the obligations placed on the authority for the collection of local taxes. The protection of vulnerable groups and individuals has been considered extensively as have the rights of our residents and customers. Legal implications and human rights have been considered at each stage and the policy intentions within this report are considered proportionate and justifiable when balanced against the rights of the Individual.</p>
<p>Assessment of risk</p>	<p>Analysis to date demonstrates that the current premium structure has had a positive impact on the number of empty dwellings in the Borough and the intention of this policy is to further reduce these figures bringing positive impacts to areas blighted by empty properties. Not implementing premiums increases the risk to neighbourhoods with empty properties.</p>
<p>Equality and diversity implications <i>A Customer First Analysis should be completed in relation to policy decisions and should be attached as</i></p>	<p>The Council is subject to the public sector equality duty introduced by the Equality Act 2010. When making a decision in respect of the</p>

<p><i>an appendix to the report.</i></p>	<p>recommendations in this report Cabinet must have regard to the need to:</p> <ul style="list-style-type: none"> • eliminate unlawful discrimination, harassment and victimisation; and • advance equality of opportunity between those who share a relevant protected characteristic and those who don't; and • foster good relations between those who share a relevant protected characteristic and those who don't. <p>For these purposes the relevant protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. To assist the Cabinet in this regard a Customer First Analysis has been carried out and is presented with this report. Cabinet is advised to consider the Customer First Analysis and associated obligations in respect of the public sector equality duty when making a decision in respect of the recommendations contained in this report.</p>
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**7. Local Government (Access to Information) Act 1985:
List of Background Papers**

- 7.1 Technical Reforms of Council Tax – Empty Dwellings and Second Homes, Cabinet report, January 2013. **Available from Member Services on request.**
- 7.2 Council Tax Empty Property Liability – Cabinet report, February 2019. **Available from Member Services on request**

If the report is public, insert the following paragraph. If the report is exempt, contact Member Services for advice.

8. Freedom of Information

8.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.

Appendices

1. Council Tax Empty Property Liability policy
2. Council Tax Empty Premium Reduction Application form
3. Council Tax 'Major repairs' Application form
4. Customer First Analysis