



**Report Reference Number: E/19/30**

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**To:** Executive  
**Date:** 5 December 2019  
**Status:** Key Decision  
**Ward(s) Affected:** All  
**Authors:** Tammy Fox, Taxation, Benefits and Debt Team Leader and June Rothwell, Head of Operational Services  
**Lead Executive Member:** Cllr Lunn, Lead Executive Member for Finance and Resources  
**Lead Officer:** Julie Slatter, Director of Corporate Services & Commissioning

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**Title:** Empty Homes and Council Tax Premium Charges

## 1. Summary

- 1.1 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 allowed Local Authorities to increase the Premium charged on long term empty dwellings.
- 1.2 The Act allowed an increase on the premium for all properties which had been empty for 2 years and over and the Council agreed last year to introduce this from 1 April 2019. Further increases are allowable from 1 April 2020 and 1 April 2021 for properties that have been empty for longer.
- 1.3 The purpose of this report is to consider the amount of premium the Council wishes to charge going forward for long term empty properties.

## 2. Recommendations

- 2.1 The report recommends that the Executive approve the current empty premium for properties over 2 years is retained at 100% and for longer term empty properties it is increased to the maximum levels as follows:
  - 200% premium from 1 April 2020 for those properties which are empty for 5 years and over;
  - 300% premium from 1 April 2021 for those properties which are empty for 10 years and over.
- 2.2 The implementation of this is a further measure and central government has aimed it at encouraging owners of empty homes to bring them back into use along with the authorities own Empty Homes Strategy.

### 3. Background

- 3.1 The Local Government Finance Act 2012 inserted a new section (11B) which enabled Local Authorities to charge a maximum 50% premium in addition to the 100% Council Tax charge in relation to any long term empty domestic dwelling. Long term empty was classified as a dwelling which had been empty and unfurnished for 2 years or more. Selby District Council members approved the introduction of this premium from 1 April 2015.
- 3.2 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 was passed in November 2018 to allow Local Authorities to increase the premium charged on long term empty properties:
- From 1st April 2019 a 100% premium for properties that have been empty and unfurnished for 2 years or more. This will result in a 200% Council Tax charge.
  - From 1st April 2020 a 200% premium for properties that have been empty and unfurnished for 5 years or more. This will result in a 300% Council Tax charge.
  - From 1st April 2021 a 300% premium for properties that have been empty and unfurnished for 10 years or more. This will result in a 400% Council Tax charge.
- 3.3 Selby District Council agreed last year to increase the premium to 100% for all properties which had been empty for more than 2 years to take effect from 1 April 2019. No proposals were made at that time for the further increases allowable in subsequent years.

### 4. Empty properties

- 4.1 Currently there are 151 properties in the District being charged the Empty Premium of a 100% addition for council tax. If the additional premiums are introduced the potential increase could be -

From 1 April 2020

Duration	Number of properties	Estimated Council tax premium	SDC share 10%	NYCC share 72%
2 to 5 years	58	£195,366.00	£19,536.00	£140,663.00
Over 5 years	93	£298,331.00	£29,833.00	£214,798.00
Total	151	£493,697.00	£49,369.00	£355,431.00

From 1 April 2021

Duration	Number of properties	Estimated Council tax premium	SDC share 10%	NYCC share 72%
2 to 5 years	58	£195,366.00	£19,536.00	£140,663.00
5 years to 10 years	41	£131,324.00	£13,132.00	£94,553.00
Over 10 years	52	£250,511.00	£25,051.00	£180,368.00
Total	151	£577,201.00	£45,899.00	£415,584.00

4.2 The current 100% premium adds an additional amount of approximately £247,000 onto the standard Council Tax, this figure is then seen as an increase in the council tax base and is then shared amongst Selby District Council and the other preceptors.

4.5 The government has prescribed two classes of dwelling which are exempt from the premium and that is annexes and properties owned by members of the armed forces who are absent due to service. Government guidance also allows discretion not to charge the premium for those properties that are genuinely on the housing market for sale or rent. This discretion is considered individually by Council Tax Officers decision.

## **5. Risks**

### **5.1 Financial**

5.1.1 Without applying the increased premiums, there is risk that long-term empty dwellings have more of a detrimental effect on the council's new homes bonus income. For every property that becomes vacant for a period of 6 months or more, this negates off the total number of additions.

5.1.2 It is difficult to predict any financial impact of any further increases to the premium if these are agreed, as the aim of the proposal is to encourage empty properties to be brought back into use and then the premium would not be charged. However basing estimates on the current 93 properties which have been empty more than 5 years the additional charge of 200% could be approximately £300,000. It is not proposed that this income is included in the Council Tax base, given that the amount of premium being charged cannot be relied upon. The charge should reduce as work to bring empty properties in the District progresses.

5.1.3 There is a risk that raising additional charges on empty properties could lead to an increase in the creation of fictitious occupiers as a form of tax avoidance. This could include the creation of false tenancies and increased claims for single person's discounts to avoid premium payments. Steps will be taken to mitigate risks through increased property controls and inspections.

5.1.4 An allowance must however be made for this amount to actually be collected. Some accounts with the premium have a large amount of debt outstanding and the imposition of a premium can make some charge-payers even more determined not to pay their arrears. The premium can also trigger appeals by charge-payers due to the extra charge. The administration of appeals and debt recovery arising from the premium places a demand on staff time.

## **5.2 Legal**

5.2.1 These are set out in the body of the report.

## **6.0 Impact Assessment**

6.1 The increase to Council Tax premiums potentially impacts all Council Tax payers equally.

6.2 Communications with each owner will take place, to raise awareness of the change and maximise the opportunity for owners to sell or let before the change takes place and the increased charge is introduced.

## **7.0 Conclusion**

7.1 The Council has the opportunity to extend increased charges for empty properties. This will potentially incentivise more homes being brought back into use and increase income. The Executive are asked to approve the proposals for increased Council Tax premiums from 1 April 2020 and 1 April 2021.

### ***Contact Officer:***

Tammy Fox - Benefits, Taxation and Debt Team Leader, [tfox@selby.gov.uk](mailto:tfox@selby.gov.uk)