

North Tyneside Council

Report to Council Members

Date: 23 November 2023

Title: Council Tax Empty Property Premium

Portfolio(s):	Finance and Resources	Cabinet Member(s):	Councillor Anthony McMullen
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Report from Service			
Area:	Resources		
Responsible Officer:	Jon Ritchie, Director of Resources	(Tel: (0191) 643 5701)	
Wards affected:	All Wards		

PART 1

1.1 Executive Summary:

On 26 October 2023 the Levelling-up and Regeneration Bill received Royal Assent and thereby became the Levelling-up and Regeneration Act 2023 (“the Act”). Within the Act there are two changes made to existing legislation relating to Council Tax, namely:

- 1) Section 79 of the Act which amends section 11B(8) of the Local Government Finance Act 1992 (“the 1992 Act”) so that the time period whereby a vacant property can be classed as a “long-term empty property” and so can have a Council Tax Premium charged against it has been reduced from 2 years to 1 year. The amendments made to section 11B of the 1992 Act have effect for the financial years beginning on or after 1 April 2024.
- 2) Section 80 of the Act which introduces a new section 11C into the 1992 Act which concerns a Council Tax Premium that can now be charged against dwellings that are occupied periodically. Such dwellings are often referred to as “second homes”. The earliest time that a Council Tax premium could

be applied by the Authority in relation to “second homes” is 1 April 2025. This is because the Authority’s first determination on using this power must be made at least one year before the beginning of the financial year to which it relates.

Whereas not all sections of the Act have come into force, sections 79 and 80 of the Act came into force on 26 October 2023, the day the Act was passed.

The Long-Term Empty Property Premium was first introduced in North Tyneside in April 2020 following a decision taken by full Council on the 16 January 2020. The current Long-Term Empty Property Premium allows the Authority to charge 100% of the Council Tax liability as a Premium where a property has been empty and substantially unfurnished for 2 years. Other Long Term Empty Property Premiums apply where a property has been empty for longer periods.

The Government’s policy intention in introducing these changes to Council Tax payments for “long-term empty dwellings” is to encourage the owners of such properties to bring them back into use, either by occupation, renting the property out, or putting it on the market for sale. For the Authority, adoption of the revised timescales now available to it would support the work of its Housing Strategy Team, which has a number of ongoing programmes available to assist owners to reduce long-term empty homes across the borough.

A change such as this requires Council approval before it can be included in the budget planning process for 2024/25 onwards. If the recommendations in this report are approved, the updated position will be included in the Council Tax Base report to Cabinet, which will be considered on 22 January 2024.

The potential introduction of a second homes premium will be considered by officers and a report brought before full Council so that Members can consider if there should be the introduction of a Second Homes Council Tax Premium. As stated, such a Premium cannot be introduced until April 2025 at the earliest and more data is needed at this time to be able to consider the appropriateness of the Authority introducing such a Premium.

1.2 Recommendation(s):

It is recommended that Council:

- (1) agree that with effect from 1 April 2024, the current Long-Term Empty Property Council Tax Premium charged by the Authority be applied to dwellings that have been empty for 1 year rather than 2 years;
- (2) agree that the Director of Resources be given delegated authority to determine if any exemption from the Long-Term Empty Property Council Tax Premium should apply to a particular property as considered appropriate and that this delegation be included in the Officer Delegation Scheme which forms part of the Authority's Constitution.
- (3) Note that a further report will be presented to full Council on the potential application of the power to charge a Council Tax Premium on dwellings that are occupied periodically ("second homes").

1.3 Forward Plan:

- 1.3.1 It has not been possible to give twenty-eight days' notice of this report because the Levelling-up and Regeneration Bill only became an Act on 26 October 2023 which is the date on which sections 79 and 80 of the Act came into force. This item was included in the Forward Plan as soon as possible, and first appeared on the Forward Plan that was published on 7 November 2023.

1.4 Council Plan and Policy Framework

- 1.4.1 This report links directly to priorities identified in the 2021-2025 Our North Tyneside Plan.

A caring North Tyneside: People will be cared for, protected, and supported if they become vulnerable, including if they become homeless.

A thriving North Tyneside: We will reduce the number of derelict properties across the borough.

1.5 Information:

- 1.5.1 In the November 2017 Budget, the Chancellor of the Exchequer announced the Government's intention to legislate to bring the maximum charge for long-term empty properties in England up to 200%.
- 1.5.2 These changes enabled local authorities to increase Council Tax empty property premiums at the rates sets out below.

a) Since 1 April 2019 local authorities have had the discretionary power to charge a 100% Council Tax premium for properties that have been unoccupied and substantially unfurnished for more than two years.

b) Since 1 April 2020 local authorities have had the discretionary power to charge a 200% premium on those properties which have been unoccupied and substantially unfurnished for five years or more.

c) Since 1 April 2021 local authorities have had the discretionary power to charge a 300% premium on those properties which have been unoccupied and substantially unfurnished for ten years or more.

Current position in North Tyneside

1.5.3 In North Tyneside, the properties that currently incur an Empty Property Premium are as follows:

- 156 properties incur a premium of 100% because those properties have been empty and substantially unfurnished between 24 and 60 months (2 to 5 years).
- 42 properties incur a premium of 200% because those properties have been empty and substantially unfurnished between 60 and 120 months (5 to 10 years).
- 26 properties incur a premium of 300% because those properties have been empty and unfurnished for over 120 months (10 years).

1.5.4 In North Tyneside, there are estimated to be about 480 empty properties that would attract a Council Tax Premium at some point from April 2024 with the change in legislation referred to above.

1.5.5 The aim behind the introduction of Council Tax Premiums is to encourage owners to bring their long-term empty properties back in to use by providing a financial disincentive for absentee landlords or owners to retain empty properties on a long-term basis. It is therefore expected that if this amendment to policy is successful, the amount of additional Council Tax liability created will diminish. Since the Premium was introduced by the Authority in April 2020, it has had a positive impact on the Borough. At that time, it was estimated that there were around 450 properties empty and unused for a period of two years or more across the Borough. This has since

reduced to around 290 such properties which includes those that are exempt from the Premium, and those properties included at paragraph 1.5.3 above.

- 1.5.6 The majority of long-term empty properties in North Tyneside that would be impacted by this amendment to policy are in the lowest Council Tax band (A). Such properties are often in the more deprived areas of the borough. If more long-term empty properties are brought back into occupation, this could be a useful source of affordable housing.
- 1.5.7 However, the potential benefits of the proposals do need to be considered in the context that in some areas where there may currently be a lower demand for rental properties, some owners may feel forced into letting properties to avoid paying the Council Tax Premium.
- 1.5.8 Tackling empty and derelict properties is a key priority for the Authority within the 'Our North Tyneside' Council Plan. The Empty Homes and Private Sector Housing Officer within Housing and Property Services works with owners of empty properties to identify the most appropriate action that they can take to bring such property back into use. A combination of support and guidance and as a last resort enforcement can be used to reach a satisfactory result. Additional services provided include support to become a landlord and help setting up tenancies and finding tenants, advice on how to claim back Value Added Tax on renovation works for long-term empty properties and how to find a suitable builder and access to other Authority services.
- 1.5.9 The Authority operates a range of solutions for the re-use of empty properties This includes the "Empty Homes Leasing Scheme". This offers owners of long-term empty properties the opportunity to voluntarily lease their properties for use as affordable housing. The Authority will repair the empty property, let the property, and manage the tenancy as part of the Authority's housing stock. The Authority recovers the refurbishment costs, a management fee and any day-to-day repair costs through the rental income gained. The scheme is aimed at addressing the issues caused by long-term problematic empty properties which require a high level of investment to return them to occupation.
- 1.5.10 Where appropriate, the Authority and/or its trading company (Aurora Affordable Homes Limited) will consider the purchase and refurbishment of empty homes in the borough as well as introducing owners to property investors that are willing to purchase empty properties.

1.6 Decision options:

The following decision options are available for consideration by full Council:

Option 1

To agree the recommendations in paragraph 1.2 of this report.

Option 2

Not to agree the recommendations in paragraph 1.2 of this report.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reason:

The potential to encourage owners of long-term empty properties to bring them back into use should increase the possibility of affordable housing as the majority of these properties are in the lower Council Tax bands.

1.8 Appendices:

There are no appendices.

1.9 Contact officers:

Jon Ritchie, Director of Resources, tel. (0191) 643 5701

Tracy Hunter, Senior Client Manager, Revenues and Benefits, tel.
(0191) 643 7228

John Lloyd, Client Manager Revenues and Benefits, tel.
(0191) 643 7151

1.10 Background information:

The following background papers/information has been used in the compilation of this report and are available at the office of the author:

(1) [Local Government Finance Act 1992](#)

- (2) [The Rating \(Property in Common Occupation\) and Council Tax \(Empty Dwellings\) Act 2018](#)
- (3) [The Levelling-up and Regeneration Act 2023](#)
- (4) Equality Impact Assessment

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

If a decision is made to implement the amendment to Council Tax Premiums, then an initial projected increase in Council Tax income of circa £540,000 based on figures as at 1 October 2023 will occur. If initiatives are successful in bringing empty properties back in to use, then the amount received from Council Tax Premiums will reduce accordingly. Subject to approval of full Council the new arrangements will be incorporated into the Council Tax Base to be considered by Cabinet on 22 January 2024.

2.2 Legal

The legal implications relating to this decision are dealt with in the body of the report. The amendments brought about by the relevant sections of the Levelling-up and Regeneration Act 2023 specify the maximum percentage of Council Tax Premium that can be applied to properties that have been empty for the relevant period of time as set out in section 11B.

Section 67 of the Local Government Act 1992 states that the function of making a determination under section 11B of the 1992 Act – Higher amount for long-term empty dwellings: England – is matter for full Council.

A billing authority which decides under section 11B of the Local Government Finance Act 1992 to apply a higher level of Council Tax charge must publish a notice of it in at least one newspaper circulating in its area and do so within 21 days of the determination.

Section 80 of the Levelling-up and Regeneration Act 2023 also amends section 67 of the Local Government Finance Act 1992 and makes it clear that any decision taken under section 11C of the 1992 Act relating to a Council Tax Premium to be charged on “second homes” is a matter for full Council.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Consultation has taken place with the Senior Leadership Team and Lead Members.

2.3.2 External Consultation/Engagement

The Department for Levelling-up Housing and Communities have carried out a consultation, the outcomes of which have not yet been published.

The Authority will carry out appropriate engagement with those Council Tax payers that are affected as required by any subsequent Government guidance.

2.4 Human rights

There are no human rights implications directly arising from this report.

2.5 Equalities and diversity

An Equality Impact Assessment has been carried out. It concluded that should Council decide to implement the amendment to the Long-Term Empty Property Premium from 1 April 2024, there would be a negative financial impact on the owners of those properties which remain unoccupied and substantially unfurnished for over 1 year . There is no evidence to demonstrate a disproportionate impact in relation to those who have a protected characteristic.

Actions are being taken to either reduce or remove any potential negative impacts with regards to age, disability, and ethnicity.

2.6 Risk management

There are no specific risks associated with this proposal.

2.7 Crime and disorder

The reduction of long-term empty properties in the borough may lead to a potential reduction in vandalism and anti-social behaviour associated with these properties.

2.8 Environment and sustainability

There are no environment and sustainability implications directly arising from this report.

PART 3 – SIGN OFF

- Chief Executive x
- Director(s) of Service x
- Mayor/Cabinet Member(s) x
- Chief Finance Officer x
- Monitoring Officer x
- Assistant Chief Executive x