

**Meeting date:** 7 February 2019

**Report to:** Full Cabinet



**Subject/report title:** EMPTY PROPERTY PREMIUM POLICY

**Report from:** Director of Resources and Deputy Chief Executive

**Report author/lead contact officer:** Joanne Robinson Head of Income and Awards –  
joanne.robinson@solihull.gov.uk

---

**Wards affected:**

- All Wards |  Bickenhill |  Blythe |  Castle Bromwich |  Chelmsley Wood |  
 Dorridge/Hockley Heath |  Elmdon |  Kingshurst/Fordbridge |  Knowle |  
 Lyndon |  Meriden |  Olton |  Shirley East |  Shirley South |  
 Shirley West |  Silhill |  Smith's Wood |  St Alphege

**Public/private report:** Public

**Exempt by virtue of paragraph:**

---

**1. Purpose of Report**

- 1.1 To inform Cabinet of the proposed increases in the council tax premium charged for long-term empty properties with effect from 1 April 2019.
- 1.2 To inform Cabinet of the proposed Council Tax Charges on Empty Properties Policy from April 2019.

**2. Decision(s) recommended**

- 2.1 Cabinet is asked to recommend that Full Council approves an increase in the amount of council tax premium charged for long-term empty properties with effect from 1 April 2019.
- 2.2 Cabinet is asked to recommend that Full Council approves the Council's Council Tax Charges on Empty Properties Policy from April 2019.

**3. What is the issue?**

- 3.1 A change in legislation from April 2013 allowed billing authorities to charge an additional 50% empty property premium with regard to council tax where a domestic property had been unoccupied and unfurnished for two years or more. A decision was made by Full Council in December 2012 to implement this premium from 1 April 2013.

- 3.2 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 received royal assent on 1 November 2018. The Act amends Section 11B of the Local Government Finance Act and allows billing authorities to further increase by a defined percentage the amount of empty property premium payable for long-term empty properties within their area.

### Current Policy

- 3.3 In the last five years since the empty property premium was implemented £160,092 has been charged. The amount charged has increased slightly year on year suggesting that the level of charge has not influenced a change in behaviour to encourage owners to bring empty properties back into use.
- 3.4 The table below shows the amount of empty property premium charged in respect of each year up to 31 March 2018.

<b>Year</b>	<b>Amount of Empty Property Premium Charged (£)</b>
2013/14	28,638.92
2014/15	27,940.59
2015/16	30,621.84
2016/17	32,097.80
2017/18	40,793.08
<b>TOTAL</b>	<b>160,092.23</b>

- 3.5 The following table shows a breakdown by Ward of the number of properties classed as long term empty and subject to the empty property premium:-

<b>Ward</b>	<b>Average Days Empty</b>	<b>Number of Properties Charged</b>	<b>Continuously Empty Since 01.04.2013</b>
Bickenhill	2,479	2	1
Blythe	2,554	9	5
Castle Bromwich	1,613	2	1
Dorridge and Hockley Heath	2,092	6	1
Kingshurst and Fordbridge	1,130	8	0
Knowle	1,770	7	1
Lyndon	2,558	2	2
Meriden	1,380	3	0
Olton	1,662	4	1

Shirley East	4,495	3	2
Shirley South	2,984	2	1
Shirley West	1,535	2	1
Silhill	2,493	2	2
Smith's Wood	2,185	4	1
St Alphege	2,103	1	1
	<b>Totals</b>	<b>57</b>	<b>20</b>

### Proposed changes

- 3.6 It is proposed that charges are increased in line with The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018. This would mean additional charges as follows:-

	<b>Empty Property Premium</b> <i>(premium applied as a percentage of the Council Tax bill)</i>			
	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021 onwards</b>
Empty up to 2 years	0%	0%	0%	0%
Empty for 2 to 5 years	50%	100%	100%	100%
Empty for 5 to 10 years	50%	100%	200%	200%
Empty for 10 years or more	50%	100%	200%	300%

### Exceptions to the empty property premium

- 3.7 There are statutory council tax exemptions where unoccupied properties are exempt from council tax regardless of whether they are furnished or unfurnished. These include:-

- property owned by a charity that is unoccupied for less than 6 months
- property left unoccupied by someone who has gone to prison
- property left unoccupied by someone who has moved into a hospital or care home
- a property left unoccupied because the former owner has died (exempt for 6 months after probate granted)
- property which is empty because occupation is forbidden by law
- an unoccupied property waiting to be occupied by a minister of religion
- property unoccupied by someone who lives elsewhere to receive personal care or someone who has moved out to care for another person

- property left unoccupied by a student and was last occupied by that student
- property has been repossessed
- property left unoccupied by a bankrupt individual
- a vacant caravan pitch or boat mooring
- unoccupied property forming part of another property (annex) which cannot be let separately.

3.8 There are also statutory council tax discounts available in some cases where the property is left empty. These include:-

- a 50% discount is available to individuals who live in job-related dwellings who are also liable for council tax on another property
- a 50% discount is available for ministers of religion and service personnel who have a second home in England but who live in a job-related dwelling in England, Scotland or Wales.

3.9 The empty property premium would not apply to any case that qualified for a statutory council tax exemption or discount referred to in paragraphs 3.7 or 3.8.

#### **Waiving the premium**

3.10 The Council recognises that it may be appropriate in some circumstances to reduce or waiver the empty property premium for example:

- Where the owner of the property can demonstrate continuous, on going and realistic efforts to sell or let their property over the last 2 years since it became empty.
- Where the owner is experiencing particular legal or technical issues which is preventing the sale or letting of the property.
- With effect from 1 April 2019, where the property had been empty for two years or more and the new owner needs to carry out major repairs before they move in.
- Where the owner is suffering financial hardship as a result of the premium.

3.11 Any application made to reduce or waiver the premium will be considered as part of the Council Tax Discretionary Reductions Policy developed under Section 13A (1)(c) of the Local Government Finance Act.

#### **Council tax charges on empty properties policy**

3.12 The proposed policy to support the implementation of the additional empty property premium is attached at Appendix A.

3.13 The proposed policy sets out the charges to be levied in respect of empty unoccupied properties and also the guidelines to be applied when deciding whether an exception to applying the empty property premium may be considered.

### **4. What options have been considered and what is the evidence telling us about them?**

4.1 We could consider making no changes to the existing empty property premium; however there is little evidence to suggest that the existing premium has encouraged

owners to bring properties back into use. Many property owners are accustomed to paying the existing premium and are choosing to keep the properties empty.

## **5. Reasons for recommending preferred option**

- 5.1 The demand for housing in Solihull is high. Through charging the maximum empty property premium permitted by the legislation this will further encourage owners to bring empty properties back into use quicker than under the current charges.
- 5.2 For those owners who wish to bring their empty property back into use help and advice is available from the Council. An empty homes group was established in 2015 with a range of colleagues from various directorates to review progress on empty properties within Solihull. Since the group was formed 31% of the properties they reviewed are now occupied.
- 5.3 For those owners who are actively trying to bring their property back into use or who may suffer financial hardship as a result of the proposed changes they will be able to make an application to have their premium reduced or waived. The applications will be considered as part of the Council's Discretionary Reduction Policy

## **6. Implications and Considerations**

### **6.1 Delivery of key themes in the Council Plan:**

How will the options/proposals in this report contribute to the delivery of the key themes in the Council Plan?

- Improve Health and Wellbeing
- Managed Growth
- Build Stronger Communities – by applying the maximum premium permitted by legislation owners are more likely to bring empty properties back into use quicker than under the current charges.
- Deliver Value - by applying the maximum premium permitted by legislation this will maximise the level of collectable Council Tax.

### **6.2 Implications for children and young people, vulnerable groups and particular communities:**

#### **6.2.1 None**

### **6.3 Consultation and Scrutiny:**

#### **6.3.1 This report has not been presented to a Scrutiny Board however the proposals were reported to the Budget Strategy Group and the Resources and Delivering Value Scrutiny Board.**

#### 6.4 Financial implications:

- 6.4.1 Increasing the empty property premium to the maximum permitted could generate additional income of £36,000 for 2019/20, £81,000 for 2020/21 and £123,000 for 2021/22. This is based on the assumption that the current level and age of empty properties remains constant over the MTFS period.
- 6.4.2 The proposal to implement these increases forms part of the savings options developed through the course of the 2019/20 budget process, and as such has been reported to the Budget Strategy Group and the Resources and Delivering Value Scrutiny Board. If this proposal was not supported, alternative savings proposals would need to be identified.
- 6.4.3 In order to realise the benefit of the additional forecast income of £36,000 in the 2019/20 budget, it was necessary to include the anticipated effect in the calculation of the 2019/20 tax base before formal approval was secured. This assumption increased the gross tax base by 27 Band D equivalent dwellings. If the decision was made not to implement the change in the Empty Properties Policy for 2019/20, this would lead to a pressure in the MTFS.

#### 6.5 Legal implications:

- 6.5.1 The proposals in this report are in line with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.
- 6.5.2 Should the proposals be agreed the Council as the Billing Authority must publish a notice confirming the new charges in at least one newspaper circulating within its area and do so within 21 days of the date of the decision.

#### 6.6 Risk implications:

- 6.6.1 There is a risk that a change in behaviour could mean that the levels of additional income set out in 6.4.1 are lower than forecast. This will be kept under review.

#### 6.7 Statutory Equality Duty:

- 6.7.1 The policy sets out a clear framework for applying the premium. All applications for waiving the premium will be considered, monitored and recorded as part of our Council Tax Reductions Policy to ensure that there is no discrimination or less favourable treatment on the grounds of any protected characteristic (equality group) covered under the Equality Act.

### **7. List of appendices referred to**

- 7.1 Appendix A – Council Tax Charges on Empty Properties Policy

### **8. Background papers used to compile this report**

- 8.1 None

## **9. List of other relevant documents**

- 9.1 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018

<http://www.legislation.gov.uk/ukpga/2018/25/section/2/enacted>