

## Report to Council

**Subject** Council Tax | Empty Property Levy  
**Date** 30<sup>th</sup> January 2019  
**Author** Deputy Chief Executive and Director of Finance

### Purpose

The purpose of this report is to seek permission to change the amounts of council tax levied on properties in the Borough of Gedling which have been vacant for a period of two years or more.

### Recommendation(s)

#### THAT:

- 1) the Council adopts an empty property levy of 100% with effect from 1<sup>st</sup> April 2019 for dwellings which have been vacant for a period of two years or more,
- 2) the Council adopts an empty property levy of 200% with effect from 1<sup>st</sup> April 2020 for dwellings which have been vacant for a period of five years or more; and
- 3) the Council adopts an empty property levy of 300% with effect from 1<sup>st</sup> April 2021 for dwellings which have been vacant for a period of ten years or more.

## 1 Background

- 1.1 Section 12 of the Local Government Finance Act 2012 introduced a new Section 11B into the Local Government Finance Act 1992 Act giving local authorities the power to levy extra council tax of not more than 50% on domestic properties which have been **vacant for more than two years**, known as the empty property levy.
- 1.2 The Council has used this power since April 2013 and imposed the maximum empty property levy of 50% on top of the charge that would

apply if a domestic property was occupied.

- 1.3 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 received Royal Assent on 1<sup>st</sup> November 2018. It further amends s 11B of the 1992 Act and allows for incremental changes to be applied to the levy from 1<sup>st</sup> April each year from 2019 to 2021 (inclusive).
- 1.4 The Act allows the Council to charge an empty property levy of 100% (an increase from the previously allowed 50%) with effect from 1<sup>st</sup> April 2019.
- 1.5 Further, from April 2020 the Council will be able to increase the empty property levy for properties which have been vacant for five years or more to 200%; and from April 2021, the Council will be able to increase the empty property levy for properties which have been vacant for ten years or more to 300%.
- 1.6 Whilst the changes will generate additional revenue, the primary focus is to bring empty homes back into use and efforts have been made to coordinate the work of the Council's Revenues Services team with the work of the Council's Empty Homes team where properties have been vacant for long periods.
- 1.7 This additional levy **will not be applied in all cases** where a dwelling is vacant for more than two years as there already exist a number of statutory exemptions from council tax for dwellings left vacant in certain circumstances. e.g. dwellings left vacant by people receiving care or in care homes or dwellings owned by charities. Further, the Council can also apply discretionary discounts as it sees fit in cases such as hardship, fire or flooding. A table detailing the current breakdown of empty properties is attached at Appendix 1.
- 1.8 The Nottinghamshire Chief Financial Officers (CFOs) discussed this issue at a meeting held on 14<sup>th</sup> December 2018, and it was acknowledged that a consistent approach to the levy changes across Nottinghamshire would be advisable, and the adoption of the legislative changes at the maximum level would be supported by CFOs, subject to agreement by each respective Council.
- 1.9 A table illustrating the chronological progression of the charges set out in paragraphs 1.4 and 1.5 above is attached at Appendix 2.
- 1.10 It is important to note that the adoption of the increased empty property levy will not bring any additional properties within the scope of the levy; it merely increases the amount of council tax charged, and encourages

home owners who do not receive exemptions, to bring empty properties back into use.

## **2 Proposal**

- 2.1 It is proposed that the Council adopts the maximum allowed empty property levy charging schedule in the financial years 2019/20, 2020/21 and 2021/22 as set out in paragraphs 1.4 and 1.5 of this report and Appendix 2 to this report.

## **3 Resource Implications**

- 3.1 As at January 2019, there are 107 properties in the Borough where the empty property levy is being charged at the current maximum of 50%. As an annualised amount, this levy raises an additional £82k per year on top of the standard council tax charge.
- 3.2 Therefore, extrapolating this and assuming the levy does not result in some of these properties becoming occupied, the additional charge raised in 2019/20 would be a further £82k resulting in a total levy amount of £164k for 2019/20.
- 3.3 Based on the same number of properties remaining vacant and the same assumption that the levy does not result in some of these properties becoming occupied, the introduction of the proposed empty property levy would alter the total levy amount for the financial years 2020/21 and 2021/22 to £230k and £268k respectively. For illustrative purposes, these levy amounts are set out in the table at Appendix 3 to this report.
- 3.4 It must be recognised that this additional income would be allocated according to the share of council tax raised, and therefore only circa 9% would be taxation income for the Council.
- 3.5 However, as these changes are intended to bring empty properties back into use, to the extent that this is successful, the amount of additional council tax which will be raised from the levy charge should reduce. Additionally, some of the tax raised in respect of the current 50% empty property levy will be lost.
- 3.6 Adoption of the proposal in this report is likely to create a combination of additional increase in the levy charged as well as a reduction in the number of properties subject to those increased charges over the next three years. Therefore, attempts to estimate the financial impact any further would be purely speculative.

3.7 No additional resource will be required in the Revenues Services team to implement the recommendations of this report.

#### **4 Appendices**

4.1 Appendix 1 - Current Empty Property Breakdown

4.2 Appendix 2 – Chronological Progression of Charges

4.3 Appendix 3 – Levy Charge Projections

4.4 Appendix 4 – Equalities Impact Assessment

## Appendix 1 | Current Empty Property Breakdown

The table below details the number of long term empty properties in the Borough (greater than 2 years) and the number of those properties which are currently exempt, discounted or subject to a 50% levy charge.

Number of Years Empty	Empty Properties	Exempted Properties	Discounted Properties*	Properties Subject to 50% Levy
Greater than 2 years but fewer than 5 years	164	47	52	65
5 – 10 years	63	13	33	17
Greater than 10 years	68	7	36	25
<b>Totals</b>	<b>295</b>	<b>67</b>	<b>121</b>	<b>107</b>

### \* Note

Discounted properties are other empty property classes such as second homes, long term empty properties (those properties which have been vacant for more than six months but not more than two years) and properties considered to be uninhabitable.

These classes of property are either charged a standard council tax charge, or are discounted as detailed below:

- Discount class B    Second homes (10% discount)
- Discount C100      Empty property (less than one month) (100% discount)
- Discount C25        Empty property (less six months) (25% discount)
- Discount class C    Long term empty (Greater than six months but less than 2 years) (100% charge, not yet in levy)
- Discount class D    Uninhabitable (25% discount for 12 months)

## Appendix 2 | Chronological Progression of Charges

The table below is intended to further explain the changes set out by the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

Scheme Number	Effective Date	Scheme	Levy Value (%)
1	1 <sup>st</sup> April 2019	Greater than 2 years but less than 5 years	100
2	1 <sup>st</sup> April 2020	5 - 10 years	200
3	1 <sup>st</sup> April 2021	Greater than 10 years	300

All properties which have been vacant for more than two years will fall into **scheme number 1** from **1<sup>st</sup> April 2019**.

From **1<sup>st</sup> April 2020**, those properties which have been vacant for between five and ten years will fall into **scheme number 2** and properties which have been vacant for more than two years but fewer than five years will fall into **scheme number 1**.

From **1<sup>st</sup> April 2021**, those properties which have been vacant for more than ten years will fall into **scheme number 3**, those properties which have been vacant for between five and ten years will fall into **scheme number 2** and properties which have been vacant for more than two years but fewer than five years will fall into **scheme number 1**.

### Appendix 3 | Levy Charge Projections

The table below details the projected levy totals which will be realised in the relevant years based on the adoption of the recommendations of this report and based on the assumption that the levy does not result in some of the currently vacant properties becoming occupied.

<b>Estimated Value of 2018/19 Levy (£)</b>	<b>Estimated Value of 2019/20 Levy (£)</b>	<b>Estimated Value of 2020/21 Levy (£)</b>	<b>Estimated Value of 2021/22 Levy (£)</b>
<b>82,414</b>	<b>164,828</b>	<b>229,804</b>	<b>267,943</b>

## Appendix 4 | Equalities Impact Assessment



### EQUALITY IMPACT NEEDS ASSESSMENT

<b>Policy/Service/Procedure to be assessed</b>	Council tax empty property levy changes April 2019	
<b>Assessment completed by:</b>	Andrew Solley   Revenues Manager	
<p><b>Aims/objectives of the Policy/Service/Procedure</b></p> <p>From April 2019 the Council will be granted new powers to increase council tax levy on homes left empty and substantially unfurnished for over two years. These new powers are expected to help reduce the number of long-term empty domestic properties and bring them back into use through sale or rent. The Council is looking to implement the following changes to take advantage of these new powers and reduce the number of empty homes in the Borough:</p> <ul style="list-style-type: none"> <li>(a) to introduce an increased premium of 100% from 2019/20 for properties which have been vacant for two or more years;</li> <li>(b) to introduce an increased premium of 200% from 2020/21 for properties which have been vacant for five or more years;</li> <li>(c) to introduce an increased premium of 300% from 2021/22 for properties which have been vacant for ten or more years.</li> </ul>		
<b>Key Performance Indicator</b>	<b>Current Performance</b>	<b>Target</b>
None		

**Who are the customers and stakeholders of this service?**

Owners of empty homes will be directly impacted by the changes. Those whose property has been kept empty for a substantial period of time will be most affected as the charge increases over time. This impact could potentially increase their monthly costs significantly and could potentially encourage them to sell the property rather than risk paying the newer premium.

Those actively seeking accommodation, either through buying or renting are likely to be positively impacted by the proposed changes. The new levy charges are designed to encourage property owners to sell or let their empty homes. This change will mean more choice for home seekers and may also lower the price of renting or buying within the Borough as supply increases in relation to demand.

**Detail below what information you already have about the impact this policy/service/procedure has on the following groups including results from consultation, complaints, census:**

<b>Black and minority ethnic people</b>	Office of National Statistics figures show that Gedling has an increasing BME population. Gedling also has a high number of workers registering from A8 countries in the EU. Whilst a number of these workers may not reside within the area and there are no accurate details of languages spoken in the Borough it is possible that there may be a language barrier for some residents.
<b>Men/women and trans</b>	Gedling's population is split between 49% male and 51% female. There are no figures available on the proportion of transgender people in the Borough.
<b>Disabled people</b>	State of the Borough (SoB) figures show that around 18% of Gedling's population consider themselves to have a limiting long-term illness.
<b>Gay/Lesbian/bisexual</b>	No Office for National Statistics (ONS) data has been collected in any census on sexual

<b>People</b>	orientation.	
<b>People from different faiths</b>	Figures from the ONS suggest that 1.8% of Gedling's population have stated that their religious belief is one other than Christianity (71.8%), however 7.7% did not state their religion and 18.7% of residents said they did not have a religion. This suggests that at least 2,000 of Gedling's residents may be affected, for example these residents may be subject to religious festivals and/or holy days not recognised by the Council's working calendar, which is based on Christian religious festivals.	
<b>People of different ages</b>	Gedling has a higher than national average ageing population (SoB), with a 1.3% higher proportion of 65-74 year olds and a 0.9% higher proportion of over 75s.	
<b>How will this policy/service/procedure impact on the following groups:</b>		
	<b>Positive impact</b>	<b>Negative impact</b>
<b>Different racial groups</b>	<p>The council tax empty property levy is charged based on the status of the property i.e. how long the property in question has remained empty.</p> <p>The person subject to the levy is liable by virtue of their ownership of the property. No consideration as to the owner's racial group is made when deciding upon liability.</p>	None
<b>Men/women and trans</b>	<p>The council tax empty property levy is charged based on the status of the property i.e. how long the property in question has remained empty.</p> <p>The person subject to the levy is liable by</p>	None

	<p>virtue of their ownership of the property. No consideration as to the owner's gender is made when deciding upon liability.</p>	
<b>Disabled people</b>	<p>The council tax empty property levy is charged based on the status of the property i.e. how long the property in question has remained empty.</p> <p>The person subject to the levy is liable by virtue of their ownership of the property. No consideration as to the owner's disabilities is made when deciding upon liability.</p> <p>Potential exists for the partially sighted to have difficulty with print size on printed demand notices. This is mitigated by the availability digital and large print demand notices.</p>	None
<b>Gay/Lesbian/bi-sexual people</b>	<p>The council tax empty property levy is charged based on the status of the property i.e. how long the property in question has remained empty.</p> <p>The person subject to the levy is liable by virtue of their ownership of the property. No consideration as to the owner's sexual orientation is made when deciding</p>	None

	upon liability.	
<b>People from different faiths</b>	<p>The council tax empty property levy is charged based on the status of the property i.e. how long the property in question has remained empty.</p> <p>The person subject to the levy is liable by virtue of their ownership of the property. No consideration as to the owner's faith is made when deciding upon liability.</p>	None
<b>People of different ages</b>	<p>The council tax empty property levy is charged based on the status of the property i.e. how long the property in question has remained empty.</p> <p>The person subject to the levy is liable by virtue of their ownership of the property. No consideration as to the owner's age is made when deciding upon liability.</p> <p>An exception to this statement would be where an owner is below the age of 18 and therefore would be exempted from the payment of council tax.</p> <p>Note that older persons who leave properties empty in order to move into residential care homes are exempted from council tax payments and therefore</p>	None

	do not fall into the scope of these levy changes.	
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**What changes could be made to the policy/service/procedure to address any negative impacts?**  
 None identified.

**What monitoring will be carried out to ensure this policy/service/procedure meets diverse needs**  
 Notification received relating to any customers affected by these changes will be monitored and considered.

<b>What actions will be included in your service plan arising from this assessment?</b>			
<b>Action</b>	<b>Outcome</b>	<b>Date?</b>	<b>Who?</b>
None			

Are you satisfied that all aspects of this policy/service/procedure have been thoroughly assessed for all the strands of diversity and that no further investigation is required? **YES**  
**If no then a fuller impact assessment is required.**

Signed..... (Manager)    Signed..... (Corporate Equality Representative)