

## **COUNCIL TAX EMPTY HOMES PREMIUM, SECOND HOME PREMIUM, DISCOUNTS AND POLICIES**

### **1. RECOMMENDATION**

- 1.1 That the Corporate Affairs and Local Economy Overview and Scrutiny Panel recommends to Cabinet the following:
- a) that the empty homes premium as detailed in Section 3 remain unchanged
  - b) that the extension of the Empty Homes Premium as detailed in Section 4 be approved
  - c) that the introduction of a second homes premium of 100% as detailed in Section 4 be approved
  - d) that the removal of the council tax discount for properties in Prescribed Class D, as detailed in Section 5, be approved,
  - e) that the updated policies as detailed in Section 6 be approved

### **2. INTRODUCTION**

- 2.1 The purpose of this report is to consider the recommendations of the Council Tax Reduction Task and Finish Group on Council Tax Empty Homes Premium, a premium on second homes, council tax discounts and three Revenue and Benefits policy reviews.
- 2.2 The effective date of any change would be 1 April 2023 unless otherwise stated.

### **3. EMPTY HOMES PREMIUM**

- 3.1 The aim of introducing the Empty Homes Premiums is to encourage owners of empty properties to bring them back into use.
- 3.2 The government have stated that they “want to address the issue of empty properties. It can’t be right to leave a property empty when so many are desperate for a place to live”. Two years is considered sufficient time for homeowners to sell, rent or complete any major renovations that might be required, and the premium seeks to incentivise owners to bring their properties back into use.
- 3.3 There are certain exemptions in place for properties that are empty due to the occupant living in armed forces accommodation for job-related purposes, or to annexes being used as part of the main property. While not an exemption, guidance states that consideration should be given for properties which are genuinely for sale or available to rent, and that owners should not be penalised in cases of hardship. These decisions are to be made on a case-by-case basis and regularly reviewed.
- 3.4 Tackling empty homes is part of our Private Sector Empty Homes Strategy and the Private Sector Housing and Revenues teams work together. The council’s Private Sector Leasing Scheme is promoted on any Empty Home Premium communication.
- 3.5 If an unoccupied property is furnished, such that it is capable of being lived in, a premium does not apply.
- 3.6 The current empty homes premium and the level of discretion available are summarised as follows:

Conditions	Discretion available	Current premium applied by NFDC
Empty for 2 years or more	Up to 100%	100%
Empty for more than 5 years	Up to 200%	200%
Empty for more than 10 years	Up to 300%	300%

3.7 The Task and Finish reviewed these premiums and recommend no changes to these premiums.

#### 4. PROPOSED NEW PREMIUMS

4.1 The Queens speech in May 2022 included a specific Levelling Up and Regeneration Bill that proposes to give local authorities discretion to address second homes and to extend their exiting provisions in relation to empty homes.

4.2 The bill recognises the impact that high levels of second home ownership can have in some areas and introduces a new discretionary council tax premium on second homes of up to 100%. It will also allow councils to apply a council tax premium of up to 100% on properties which have been empty for longer than one year, rather than the two years as currently. The bill states this will encourage more empty homes into productive use, while enabling councils to raise and retain additional revenues to support local services and keep council tax down for residents.

4.3 These proposals require legislation to be laid and Royal Assent before they become available for billing authorities to implement. This will provide further details, including any exemptions. In addition, a determination must be made at least one year before the beginning of a financial year to which it relates, hence the reason for its inclusion. Therefore, should Royal Assent be received prior to 31 March 2023, the council could potentially apply these new proposals from 1 April 2024.

#### 4.4 Second Homes

4.4.1 There are 1,608 properties currently registered as being unoccupied and furnished, and therefore potentially second homes. The breakdown by council tax band is:

Band	A	B	C	D	E	F	G	H
No. of Second homes	128	126	224	387	287	212	201	40

4.4.2 The Group were supportive of applying a premium to second homes and recommend adopting a second homes premium of 100%, subject to legislation being laid.

#### 4.5 Empty Homes Premium

4.5.1 There are currently 203 properties that have been empty between 12 months and 24 months. The breakdown by council tax band is:

Band	A	B	C	D	E	F	G	H
No. of empty properties	26	27	49	46	29	13	11	2

4.5.2 The Group recommend applying a 100% empty homes premium where a property has been empty for more than one year, subject to legislation being laid.

## 5. DISCRETIONARY COUNCIL TAX DISCOUNTS

5.1 The Task and Finish Group reviewed the current discounts to council tax payers who meet specified criteria. These are summarised as follows:

Discount	Conditions	Discretion available	Current discount applied	Quantity in 21/22
Prescribed Class C	Property is unoccupied and substantially unfurnished	Discount between 0% and 100% for up to 6 months. Both amount and duration are discretionary.	100% for 1 month from date property <b>first</b> becomes unoccupied and unfurnished	5,278
Prescribed Class D	Property is unoccupied and substantially unfurnished and requires major repair works to render it habitable.	Discount between 0% and 100% for 12 months. Only the amount is discretionary, not the duration.	50%	461

5.2 The Group discussed the above discounts.

- A. **Prescribed Class C.** This discount applies to properties which are unoccupied and substantially unfurnished. Local authorities have discretion to set a discount of between 0 and 100% for any period up to 6 months. The discount applies from the date the property first becomes unoccupied and substantially unfurnished. After the discount ends, the full council tax is payable.

The current discount is 100% for 1 month. The reasoning for the discount is to allow sufficient time for changes in occupation or minor works to be undertaken. Members considered that this should encourage prompt turnover of properties and reduce “voids”. It also avoids billing landlords for small sums between lets.

The Group recommend no change.

- B. **Prescribed Class D.** This discount applies to properties which are unoccupied and unfurnished and where major repair works or structural alterations are required or under way, often referred to as “uninhabitable”.

Local authorities have discretion to set a discount of between 0 and 100% for a maximum period of 12 months. There is no discretion on the duration, only on the amount of discount. After 12 months the discount ends, the full council tax is payable. The current discount in this District is 50% for 12 months. Members were keen to encourage properties to be brought back into use.

The Group recommend reducing the discount from 50% to 0%.

## **6. POLICY REVIEWS**

### **6.1 FAIR COLLECTION AND DEBT RECOVERY POLICY**

6.1.1 The Group reviewed the current Fair Collection and Debt Recovery Policy for the Revenues and Benefits Service (Appendix 1). The policy has been updated following the introduction of Breathing Space.

6.1.2 Local Authorities are encouraged to approve a policy on how collection and debt recovery is administered. Nationally, Local Authorities have been criticised on how they deal with debts, in particular council tax. The recommended policy ensures the council's approach to debt collection is transparent and demonstrates our approach to working with taxpayers and partner organisations.

6.1.3 Having a fair collection and debt recovery policy will enable the council to sign up to the Citizens' Advice Council Tax protocol, and we have engaged with Citizens Advice New Forest with the policy.

6.1.4 The Group support the updated policy attached as Appendix 1 and recommend its approval and adoption with immediate effect.

### **6.2 DISCRETIONARY HOUSING PAYMENTS POLICY**

6.2.1 Local Authorities can award Discretionary Housing Payments (DHP's) where there is a shortfall between the rent a landlord is charging and the amount of Housing Benefit or the housing element of Universal Credit being awarded, or to help with housing costs.

6.2.2 The legislation covering Discretionary Housing Payments is the Discretionary Financial Assistance Regulations 2001, and delegated powers for decisions have been authorised. The policy review gives full regard to the updated Department for Work and Pensions Guidance Manual for Discretionary Housing Payments and demonstrates our proactive and collaborative approach to supporting households.

6.2.3 The Group support the updated policy attached as Appendix 2 and recommend its approval and adoption with immediate effect.

### **6.3 EXCEPTIONAL HARDSHIP PAYMENTS POLICY**

6.3.1 An Exceptional Hardship Payments Policy is to assist residents who have applied for and are entitled to Council Tax Reduction, and who are experiencing exceptional financial hardship. This is to provide further assistance where a resident is in receipt of Council Tax Reduction, but the level of support does not meet their full council tax liability.

6.3.2 The legislation covering Exceptional Hardship Payments is in S13A (1) (c) of the Local Government Finance Act 1992, and forms part of the Council Tax Reduction Scheme, and delegated powers for decisions have been authorised.

6.3.3 The Group support the updated policy attached as Appendix 3 and recommend its approval and adoption with immediate effect.

## **7. FINANCIAL IMPLICATIONS**

7.1 The financial implications of each of the above are:

**Empty Homes Premium** – applying a 100% premium after 1 year, instead of the current 2 years, would increase income by £120,000, of which the council's share is £12,000.

**Second Homes Premium** – applying a premium of 100% for second home properties could increase income by up to £3.6m, of which the councils share is £360,000.

**Council Tax Prescribed Class D** – reducing the discount from 50% to 0% could increase income by £208,000, of which the councils share is £20,800.

**8. CRIME & DISORDER IMPLICATIONS / ENVIRONMENTAL IMPLICATIONS / DATA PROTECTION IMPLICATIONS**

8.1 There are none.

**9. EQUALITY & DIVERSITY IMPLICATIONS**

9.1 There are no equality and diversity implications.

**For further Information Contact:**

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**Background Papers:**

Minutes of Task & Finish Group