



# Residents' Services Select Committee Minor Review Scoping Report - 2022/2023

## Empty Homes Council Tax Premium

### **1. OBJECTIVES**

#### **Aim of review**

The review aims to consider the feasibility of increasing the current Empty Homes Premium, applicable to non-exempt properties empty for more than two years, from the current 150% to 200%.

#### **Terms of Reference**

1. To fully investigate the feasibility and effect both on owners and the Council of applying the maximum Empty Homes Council Tax premiums on non-exempt properties empty for more than two years; and
2. To make any necessary recommendation to Cabinet based on the Committee's findings.

### **2. BACKGROUND**

#### **Empty Homes Premium**

From 1 April 2013, billing authorities, such as Hillingdon, have been able to charge a premium on a class of property that has been unoccupied and unfurnished for two years or more. The premium, when introduced, was up to an extra 50% of the Council

Tax on the property. Since 2019 it has been possible to increase this premium to 100% for properties that remain empty longer than 2 years.

Further increases are also now possible for properties empty for longer than 5 years (200%) and 10 Years (300%). At present Hillingdon charges a 150% Empty Homes Premium. Table 3 shows the potential yield should the Council decide to increase the premium from 150% to 200%.

**Table 3**

<b>Properties</b>	<b>LBH Council Tax</b>	<b>Increase @ 50%</b>	<b>Increase@100%</b>	<b>Potential Increased Yield</b>
<b>163</b>	<b>£224,441</b>	<b>£336,662</b>	<b>£448,883</b>	<b>£112k</b>

In July 2022 there were 163 properties attracting the Empty Property Premium of 150% yielding £337k of additional income for the Council; increasing this to 200% would yield an additional £112k.

The 163 properties identified in Table 3 had a total of £538k outstanding liability in July 2022 equating to an average debt of £3,033 per property. Council tax liability on a Band D property, attracting a premium, is £2,488.30, demonstrating that there are significant arrears amongst this group.

Initially during the recovery process there can be difficulties ascertaining the correct liable parties etc. Once established, recovery activity for the collection of debt accrued by the owners of empty properties follows the normal route for each year with the Council issuing statutory reminders and making application to the Magistrates Court for liability orders.

Those more difficult to collect debts may involve the Council resorting to using powers to obtain a charge on a property and, either awaiting, or forcing a sale. Such activity is resource intensive and requires a financial outlay by the Council before legal costs can be recovered from the proceeds of a sale further down the line.

Whilst increasing the Council's Empty Homes Premium from 150% to 200% will yield additional income for the Council, experience has shown that, due to the property being empty, recovery can take an extended period of time. As a result, it will likely be necessary to provide for the risk of non-payment and therefore limit the extent to which sums due through the Premium can be applied to finance services in the short term. However, in the medium-term, the additional income is more likely to be realised once recovery processes are undertaken.

## **Areas identified for improvement.**

An increase in the Empty Homes Premium added to Council Tax liabilities will add an additional financial incentive to bring properties back into use and potentially reduce the Council's expenditure on temporary accommodation and homelessness; however, the benefit from these initiatives is likely to be over the medium term, following a period of initial investment.

## **Current data, best practice, and research**

It is noted that neighbouring London Boroughs (Harrow, Hounslow, Brent, and Ealing) are all already applying the optimum premium of 200%.

## **Legislative / national context**

Council Tax was introduced on 1 April 1993 enabled by the Local Government Finance Act (LGFA)1992. The LGFA 1992 specified a number of exemptions and discounts in relation to unoccupied and empty properties. Some of the statutory exemptions for empty properties have since been replaced by local discounts enabled by the Local Government Finance Act 2012, including the power to charge a premium in addition to the standard council tax for properties that have been unoccupied and substantially unfurnished for more than two years.

From 1 April 2013, billing authorities have been able to charge a premium on a class of property that has been unoccupied and unfurnished for two years or more. The premium, when introduced, was up to an extra 50% of the council tax on the property. Since 2019 it has been possible to increase this premium to 100% for properties that remain empty longer than 2 years.

## **Executive Responsibilities**

The portfolio Cabinet Members responsible are Councillor Eddie Lavery in relation to Empty Homes as a policy area, and Councillor Martin Goddard in respect of Council Tax.

## **3. EVIDENCE & ENQUIRY**

### **Potential witnesses (including service users)**

Maureen Pemberton, Head of Revenues  
Iain Watters, Director – Strategic and Operational Finance  
Mark Billings, Head of Housing Options, Homelessness & Standards  
Debby Weller, Housing Policy and Strategy Manager

## Lines of Enquiry

Members will be interested in gaining a thorough understanding of the potential impact of increasing the Empty Home Premium in Hillingdon – both on the Council’s finances and in terms of housing stock in the Borough. Members will note that neighbouring boroughs are already charging the maximum premium but may be interested in learning what other local authorities are doing further afield.

As well as the clear policy reasons for looking at all available measures to tackle the number of empty homes, Members will also wish to consider the cost/benefit of any proposal to charge the maximum premium(s), i.e., the officer and internal resources required to implement this compared with the likely income that would be achieved as a result.

If Members are minded to recommend a change in the premium to charge the maximum amount, they may wish to consider whether it is feasible and legal to also introduce a discretionary policy in this regard, in exceptional circumstances – and who would authorise this.

## Future information that may be required

A detailed explanation of the potential impact of the increase.

## **4. REVIEW PLANNING & TIMETABLE**

Proposed timeframe & milestones for the review:

<b>Meeting Date</b>	<b>Action</b>	<b>Purpose / theme</b>	<b>Witnesses / officers attending</b>
8 September 2022	Agree Scoping Report	Information and analysis	Iain Watters
19 October 2022	Witness Session 1  De-brief, findings and recommendations	Information / analysis  To discuss key findings and potential recommendations	Maureen Pemberton, Iain Watters, Mark Billings, Debby Weller
24 November 2022	Approval of draft final report	Proposals – agree recommendations and final draft report to Cabinet	

## **Resource requirements of this review**

None.

## **Equalities impact**

N/A at this stage.

## **Background Papers / further reading**

- [Council tax : empty properties - House of Commons Library \(parliament.uk\)](#) - May 2020
- [Higher amount for long-term empty dwellings - GOV.UK](#)
- [Get in on the Act: Rating \(Property in Common Occupation\) and Council Tax \(Empty Dwellings\) Act 2018 | Local Government Association](#)