

# Bolton Council

<b>Report to:</b>	Cabinet		
<b>Date of meeting:</b>	2 <sup>nd</sup> December 2019		
<b>Report of:</b>	Director of Corporate Resources	<b>Report number:</b>	CEX133
<b>Contact officer:</b>	Phil Rimmer Head of Revenues & Benefits	<b>Telephone number</b>	01204 331541
<b>Report title:</b>			
<b>Not confidential</b>			
This report does not contain information which warrants its consideration in the absence of the press or members of the public.			
<b>Purpose:</b>	Consultation on changes to the Council Tax Long Term Empty Property premium.		
<b>Recommendations:</b>	Cabinet is recommended to approve consultation with residents and other interested parties		
<b>Decision:</b>	To consult with residents and other interested parties about increasing the council tax long term empty premium with effect from 1 April 2020.		
<b>Background documents:</b>	N/A		
<b>Signed:</b>	Leader/Executive Cabinet Member	Monitoring Officer	
<b>Date:</b>			

## Consultation with other officers

Finance	No	
Legal	Yes	Helena Gorman
HR	No	
Equality Impact Assessment required?	Yes	
(a) Pre-consultation reports	Yes	
Is there		

a need to consult on the proposals?

**(b) Post consultation reports**

Please confirm that the consultation response has been taken into consideration in making the recommendations.

<b>Vision Outcome</b>	1. Start Well	X
	2. Live Well	X
	3. Age	X

<b>s</b> Please identify the appropriate Vision outcome(s) that this report relates or contributes to by putting a cross in the relevant box.	Well	
	4. Prosperous	X
	5. Clean and Green	X
	6. Strong and Distinctive	

## 1. INTRODUCTION & BACKGROUND

- 1.1 Empty properties that have been unoccupied, and substantially unfurnished for two years or more, are currently subject to an additional 50% Council Tax premium. This means that the Council can apply a total charge of 150% in these cases.
- 1.2 On 1<sup>st</sup> November 2018 legislation was passed by the government to allow billing authorities to increase the maximum Council Tax premium.
- 1.3 It is proposed that these new powers are used with effect from 1<sup>st</sup> April 2020 to support the Council's strategy to bring empty properties back into use.

## 2. ISSUES

- 2.1 Properties that remain empty for more than 2 years contribute to the lack of affordable housing available in the Borough.
- 2.2 Long term empty homes also fall into disrepair leading to a negative impact on local areas within the Borough. In some cases, this can contribute to anti-social behaviour as these properties can be subject to vandalism and illegal occupation.
- 2.3 In order to help Councils to tackle the problem of affordable housing the Government introduced The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018. This gives billing authorities additional powers to increase the Council Tax premiums on long-term empty properties.
- 2.4 Currently there are approximately 1,375 empty properties in Bolton that have remained empty for six months or more. This includes 425 properties that have been empty for two years or more and 215 properties that have been empty for more than 5 years.
- 2.5 A range of exemptions will remain in place and these can be found at **Appendix A**.

## 3. OPTIONS

- 3.1 The table below sets out details of the level of premium that can be charged depending on the period a property has remained empty

Financial Year From	Maximum premium that can be applied to properties that have been empty for:		
	<b>2 years</b>	<b>5 years</b>	<b>10 years</b>
2020/21	100%	200%	
2021/22	100%	200%	300%

- 3.2 It is proposed that the Council charges the increased premiums with effect from 1<sup>st</sup> April 2020 in relation to properties that have been empty for more than 2 years and 5 years, and with effect from 1<sup>st</sup> April 2021 for properties that have been empty for more than 10 years.

## 4. IMPACTS AND IMPLICATIONS

- 4.1 Increasing the premium will increase the level of revenue available to the Council. Estimates of the potential increase in revenue are set out in **Appendix B**.

- 4.2 The Council has the legal power to increase premiums under the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018. This has amended the billing authority's discretionary powers under Section 11B of the Local Government Finance Act 1992 to apply a premium on long term empty properties.
- 4.3 It is anticipated that an increase in the long-term empty premium will result in additional complaints from owners however, any residents experiencing financial hardship will be able to make an application to the Council Tax Reduction fund.
- 4.4 It is anticipated that an increase in the long-term empty premium will result in more properties being brought back into use. Since the introduction of the empty property premium in April 2013, the number of properties that have been empty for more than 2 years has reduced from 630 to 425.
- 4.5 There are no staffing implications, although it is anticipated we will see an increase in the number of visits we carry out to ensure properties furnished and so exempt from the empty property charge.
- 4.6 The increased charges are likely to be more difficult to collect and so we expect to see an increase in write offs.
- 4.7 An Equality Impact Assessment can be found at **Appendix C**.

## 5. **CONSULTATION**

- 5.1 There is no legal requirement to consult however, it is proposed that an online consultation is placed on the Bolton Council website and that letters are sent to all the current owners of those properties that would be affected.

## 6. **VISION 2030**

- 6.1 Bringing long term empty properties back into use will provide additional housing in the Borough, reduce the risk of properties falling into disrepair and becoming the focus of anti-social behaviour.

## 7. **RECOMMENDATIONS**

- 7.1 The Executive Cabinet Member/Cabinet is recommended to:
- Give approval to consult with residents and affected parties on the proposal to increase the Council Tax long term empty premium with effect from 1 April 2020.

## **APPENDIX A - Council Tax Exemptions for Empty and Unoccupied Properties**

- Unoccupied dwellings owned by a charity are exempt for up to six months
- Dwellings left unoccupied by people who are detained e.g. in prison.
- Unoccupied dwellings which were previously the sole or main residence of a person who has moved into a hospital or care home.
- Dwellings left empty by deceased persons are exempt until 6 months after probate has been granted.
- Unoccupied dwellings where occupation is prohibited by law.
- Unoccupied clergy dwellings
- Unoccupied dwellings which were previously the sole or main residence of a person who is the owner or tenant and has moved to receive personal care.
- Unoccupied dwellings which were previously the sole or main residence of a person who is the owner or tenant and has moved to provide personal care to another person.
- Unoccupied dwellings where the owner is a student who last lived in the dwelling as their main home.
- Unoccupied dwellings which have been taken into possession by a mortgage lender.
- Unoccupied dwellings where the person who would otherwise be liable is a trustee in bankruptcy.
- Empty caravan pitches and boat moorings.
- Dwellings which form part of a single property which includes another dwelling and may not be let separately from that dwelling, without a breach of planning control (e.g. annexes).

### **Exemptions to the 50% Premium for properties that have been unoccupied and unfurnished for more than 2 Years**

- Where the property would be the sole or main residence of a person in the armed forces who is posted away from home.

An annex to a property that is being used as part of the main residence of the main dwelling.

## APPENDIX B – Empty Property Calculations by Band

		2019/20 Basic 100% Charge	2019/20 Premium Charge	2019/20 Premium Charge using 2020/21 rules	2019/20 Premium Charge using 2021/22 rules
Band A	2-5 years	£1,174.47	£1,761.71	£2,348.94	£2,348.94
Band A	5-10 years	£1,174.47	£1,761.71	£3,523.41	£3,523.41
Band A	10+ years	£1,174.47	£1,761.71	£3,523.41	£4,697.88
Band B	2-5 years	£1,370.22	£2,055.33	£2,740.44	£2,740.44
Band B	5-10 years	£1,370.22	£2,055.33	£4,110.66	£4,110.66
Band B	10+ years	£1,370.22	£2,055.33	£4,110.66	£5,480.88
Band C	2-5 years	£1,565.96	£2,348.94	£3,131.92	£3,131.92
Band C	5-10 years	£1,565.96	£2,348.94	£4,697.88	£4,697.88
Band C	10+ years	£1,565.96	£2,348.94	£4,697.88	£6,263.84
Band D	2-5 years	£1,761.71	£2,642.57	£3,523.42	£3,523.42
Band D	5-10 years	£1,761.71	£2,642.57	£5,285.13	£5,285.13
Band D	10+ years	£1,761.71	£2,642.57	£5,285.13	£7,046.84
Band E	2-5 years	£2,153.20	£3,229.80	£4,306.40	£4,306.40
Band E	5-10 years	£2,153.20	£3,229.80	£6,459.60	£6,459.60
Band E	10+ years	£2,153.20	£3,229.80	£6,459.60	£8,612.80
Band F	2-5 years	£2,544.70	£3,817.05	£5,089.40	£5,089.40
Band F	5-10 years	£2,544.70	£3,817.05	£7,634.10	£7,634.10
Band F	10+ years	£2,544.70	£3,817.05	£7,634.10	£10,178.80
Band G	2-5 years	£2,936.18	£4,404.27	£5,872.36	£5,872.36
Band G	5-10 years	£2,936.18	£4,404.27	£8,808.54	£8,808.54
Band G	10+ years	£2,936.18	£4,404.27	£8,808.54	£11,744.72
Band H	2-5 years	£3,523.42	£5,285.13	£7,046.84	£7,046.84
Band H	5-10 years	£3,523.42	£5,285.13	£10,570.26	£10,570.26
Band H	10+ years	£3,523.42	£5,285.13	£10,570.26	£14,093.68

## Equality Impact Assessment

<b>Title of report or proposal:</b>
Council Tax - Changes to Council Tax Long Term Empty Property premiums

<b>Directorate:</b>	Chief Executive's Department
<b>Section:</b>	Revenues and Benefits
<b>Date:</b>	18th November 2019

Public sector bodies need to be able to evidence that they have given due regard to the impact and potential impact on all people with 'protected characteristics' in shaping policy, in delivering services, and in relation to their own employees.

Under the Equality Act 2010, the council has a general duty to have **due regard** to the need to:

1. **eliminate unlawful discrimination**, harassment, victimisation and any other conduct prohibited by the Act;
2. **advance equality of opportunity** between people who share a protected characteristic and people who do not share it; and
3. **foster good relations** between people who share a protected characteristic and people who do not share it.

By completing the following questions, the three parts of the equality duty will be consciously considered as part of the decision-making process.

Details of the outcome of the Equality Impact Assessment must also be included in the main body of the report.

1. **Describe in summary the aims, objectives and purpose of the proposal, including desired outcomes.**

Empty properties that have been unoccupied and substantially unfurnished for two years or more

are currently subject to an additional 50% Council Tax premium which means that the total charge is 150%.

On 1<sup>st</sup> November 2018 legislation was passed by the government to allow billing authorities to increase the maximum Council Tax premium, as follows:

Financial Year From	Maximum premium that can be applied to properties that have been empty for:		
	<b>2 years</b>	<b>5 years</b>	<b>10 years</b>
2019/20	100%		
2020/21	100%	200%	
2021/22	100%	200%	300%

It is proposed that these new powers are used to support the Council's strategy to bring empty properties back into use.

These proposals will have a financial impact for those people who own an empty property that has been empty for 2 years or more. It is anticipated that, overall, the proposals will not affect the borough's most financially vulnerable people. This is because the people who will be affected by the proposals will be property owners, and in most cases, there will be positive equity on the property. However, it is recognised that the increased costs resulting from the proposals could be an additional financial burden for those who own empty properties and/or second homes, for example if there is negative equity on the property.

**2. Is this a new policy / function / service or review of existing one?**

It is a review of an existing policy.

**3. Who are the main stakeholders in relation to the proposal?**

- Homeowners of long-term empty properties (over 2 years), this includes:
  - Individuals who own more than one property
  - Landlords – both private and social landlords
  - Property developers and investors
  - Local housing services, including the Empty Homes Team
  - Staff within the Council Tax Service
  - Local communities, who may benefit from long term empty properties being brought back into use.

**4. In summary, what are the anticipated (positive or negative) impacts of the proposal?**

It is anticipated that the proposals will have a positive impact by:

- encouraging more people to bring long term empty properties back into use.
- Increasing income generated from empty property, to assist the council to deliver vital services to the boroughs most vulnerable people.
- Supporting the council's work around neighbourhood renewal, which is of relevance for the borough's most socio-economically disadvantaged areas.
- However, it is recognised that the proposals will have a financial impact for people or businesses that own a long-term empty property. This will be directly related to the property ownership rather than any protected characteristic, but there may be some considerations arising from certain circumstances, such as:
  - Where a property becomes empty and unfurnished because the owner has moved into alternative housing (e.g. sheltered housing). In this case the owner would be required to pay council tax on the property while also paying it for their new place of residence. This may increase the risk of financial vulnerability for older people and/or people who have a disability or infirmity which requires specialist housing support.
  - Where an individual or family has inherited a property, an increase in the charge may have an impact on the financial viability of retaining that property or increase the cost of retaining the property pending a sale.
  - Where people have ended up with an empty property through unforeseen changes in personal circumstances or influences beyond their control.
  - Higher council tax charges in general may put potential buyers off where properties have been empty for some time. Especially where they need renovation work or where they won't be occupied immediately following the purchase.
  - In relation to landlords, it is recognised that they could be financially affected by the changes. However, this is likely to be minimal as they are unlikely to have many properties that will remain empty for more than two years.

It is important to confirm that there is already a discretionary fund for assisting people who find themselves in financial hardship due to empty property charges and this is to be maintained. This is available on a case by case basis and we already have an application process for it.

In addition, other council tax exemptions for unoccupied properties will continue to be in place for a range of circumstances (Appendix A)

**5. What, if any, cumulative impact could the proposal have?**

None

**6. With regard to the stakeholders identified above and the diversity groups set out below:**

Consider:

- How to avoid, reduce or minimise negative impact (if you identify unlawful discrimination, including victimisation and harassment, you must stop the action and take advice immediately).
- How to **advance equality of opportunity**. This means considering the need to:
  - Remove or minimise disadvantages suffered by people with protected characteristics due to having that characteristic.
  - Take steps to meet the needs of people with protected characteristics that are different from people who do not have that characteristic
  - Encourage protected groups to participate in public life and in any other activity where participation is disproportionately low
- How to **foster good relations**. This means considering the need to:
  - Tackle prejudice; and
  - promote understanding between people who share a protected characteristic and others.

	<p><b>Is there any potential for (positive or negative) differential impact? Could this lead to adverse impact and if so what?</b></p>	<p><b>Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group, or for any other reason? Please state why</b></p>	<p><b>Please detail what actions you will take to remedy any identified adverse impact i.e. actions to eliminate discrimination, advance equality of opportunity and foster good relations</b></p>
<p><b>Race</b> (this includes ethnic or national origins, colour or nationality, and caste, and includes refugees and migrants; and gypsies and travellers)</p>	<p>It is not anticipated that the proposals will have a specific impact in relation to race.</p>	<p>N/A</p>	<p>The proposals are subject to consultation with key stakeholders, and effective and timely communication of any changes will be essential.</p> <p>A discretionary fund is already established to support individuals in financial hardship on a case by case basis.</p>

			<p>Also, some dwellings may qualify for exemptions and/or discounts under government regulations. The council will continue to provide information about these through its billing process and on its website, to ensure that people are aware of their entitlements.</p> <p>See Appendix A above.</p>
<p><b>Religion or belief</b> (this includes any religion with a clear structure and belief system. Belief means any religious or philosophical belief. The Act also covers lack of religion or belief)</p>	<p>It is not anticipated that the proposals will have a specific impact in relation to religion.</p>	N/A	As above
<p><b>Disability</b> (a person is disabled if they have a physical or mental impairment which has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities)</p>	<p>There may be some considerations in relation to disability.</p> <p>For example: if a property has become empty because the owner has permanently moved into sheltered or adapted accommodation, there may be a financial impact in relation to the reduction in the discount for unfurnished empty homes.</p>	N/A	As above
<p><b>Sex / Gender</b></p>	<p>It is not anticipated that the proposals will have a specific impact in relation to sex/gender.</p>	N/A	As above

<p><b>Gender reassignment / Gender identity</b> (a person who's deeply felt and individual experience of gender may not correspond to the sex assigned to them at birth, they may or may not propose to, start or complete a process to change their gender. A person does not need to be under medical supervision to be protected)</p>	<p>It is not anticipated that the proposals will have a specific impact in relation to gender reassignment/Gender identity.</p>	<p>N/A</p>	<p>As above</p>
<p><b>Age</b> (people of all ages)</p>	<p>There may be some considerations in relation to age.</p> <p>For example: if a property has become empty because the owner has permanently moved into sheltered or adapted accommodation, there may be a financial impact in relation to the reduction in the discount for unfurnished empty homes.</p>	<p>N/A</p>	<p>As above</p>
<p><b>Sexual orientation</b> - people who are lesbian, gay and bisexual.</p>	<p>It is not anticipated that the proposals will have a specific impact in relation to sexual orientation.</p>	<p>N/A</p>	<p>As above</p>
<p><b>Marriage and civil partnership</b> (Only in relation to due regard to the need to eliminate discrimination)</p>	<p>It is not anticipated that the proposals will have a specific impact in relation to marriage and civil partnership.</p>	<p>N/A</p>	<p>As above</p>

<p><b>Caring status</b> (including pregnancy &amp; maternity)</p>	<p>It is not anticipated that the proposals will have a specific impact in relation to caring status.</p>	<p>N/A</p>	<p>As above</p>
<p><b>Socio-economic</b></p>	<p>The proposal will have a financial impact on individuals and landlords who own empty properties. However, as those affected will be property owners, and therefore own property assets, it is not anticipated that the proposals would affect the borough's most financially vulnerable.</p>	<p>There will be a financial impact as a result of the increased council tax charges for long-term empty properties.</p>	<p>The proposals will help to bring empty properties back into use, which would have a positive impact for Bolton's neighbourhoods.</p> <p>By bringing more empty properties back into use it is anticipated that this would benefit Bolton's most socio-economically disadvantaged people by supporting renewal and helping to improve housing conditions.</p>
<p><b>Other comments or issues.</b></p>	<p>The proposal will have a financial impact on landlords and property developers, if:</p> <ul style="list-style-type: none"> <li>- Properties that become unoccupied are not re-occupied immediately.</li> <li>- Properties are undergoing or requiring major repairs or alterations.</li> </ul> <p>In addition, the proposals may affect individuals or families who have inherited a property and may have an impact on the financial viability of retaining that property or increase the cost of retaining the property pending a sale.</p>		
<p><b>Please provide a list of the evidence used to inform this EIA, such as the results of consultation or other engagement, service take-up, service monitoring, surveys, stakeholder comments and complaints where appropriate.</b></p>	<p>Evidence used:</p> <ul style="list-style-type: none"> <li>• New Government legislation around long term empty properties.</li> <li>• House of Commons, Empty Housing Briefing 29 May 19</li> <li>• Council Tax, empty property statistics and benchmarking data.</li> </ul>		

**This EIA form and report has been checked and countersigned by the Directorate Equalities Officer before proceeding to Executive Cabinet Member(s)**

**Please confirm the outcome of this EIA:**

<b>No major impact identified, therefore no major changes required – proceed</b>	<input type="checkbox"/>
<b>Adjustments to remove barriers / promote equality (mitigate impact) have been identified – proceed</b>	<input checked="" type="checkbox"/>
<b>Positive impact for one or more groups justified on the grounds of promoting equality - proceed</b>	<input type="checkbox"/>
<b>Continue despite having identified potential for adverse impact/missed opportunities for promoting equality – this requires a strong justification</b>	<input type="checkbox"/>
<b>The EIA identifies actual or potential unlawful discrimination - stop and rethink</b>	<input type="checkbox"/>

**Report Officer**

**Name:**

**Phil Rimmer**

**Date:**

**8<sup>th</sup> November 2019**

**Directorate Equalities Lead Officer**

**Name: Donna Cooper**

**Date: 22<sup>nd</sup> November 2019**

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