

Cabinet Report



Listening Learning Leading

Report of Head of Finance

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Wards affected: All

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To: CABINET on 30 January 2025

To: COUNCIL on 13 February 2025

Council tax long-term empty property premium duration change

Recommendation(s)

Cabinet recommends to Council that, with effect from 1 April 2026, the following amendments are made to the council's long-term empty property premiums (LTEPP):

- (a) to reduce the current empty property duration allowed, prior to a council tax LTEPP commencing, down from two years to one year. This change is provided for within the Levelling-up and Regeneration Act 2023
- (b) adopting all LTEPP exceptions laid out within the Council Tax (Prescribed Classes of Dwellings and Consequential Amendments) (England) Regulations 2024, published on 1 November 2024 (listed within the body of the report below).

Implications (further detail within the report)	Financial	Legal	Climate and Ecological	Equality and diversity
	Yes	Yes	No	No
Signing off officer	SIMON HEWINGS	NICK BENNETT	N/A	N/A

Purpose of Report

1. The purpose of this report is to enable the council to adopt an amended (reduced) empty duration before a LTEPP becomes applicable. It also recognises that there may be instances and certain situations where it would be inappropriate for this duration change to apply and, as such, it also introduces the application of the exceptions recently published within The Council Tax (Prescribed Classes of Dwellings and Consequential Amendments) (England) Regulations 2024. These six LTEPP exception classes can be summarised as follows:

Table showing the exceptions which apply to the council tax premiums	
Classes of Dwellings	Definition
Class E	Dwelling which is or would be someone's sole or main residence if they were not residing in job-related armed forces accommodation.
Class F	Annexes forming part of, or being treated as part of, the main dwelling.
Class G	Dwellings being actively marketed for sale (12 months limit)
Class H	Dwellings being actively marketed for let (12 months limit)
Class I	Unoccupied dwellings which fell within exempt Class F - deceased, and where probate has recently been granted (12 months from grant of probate/letters of administration)
Class M	Empty properties requiring or undergoing major repairs or structural alterations. (12 month limit)

Corporate Objectives

2. One of the council's priorities is to provide the homes people require and ensure housing is available that meets local needs. With waiting lists high and many families in temporary accommodation the council must continue to tackle the issue of empty homes, which can also attract squatters, vandalism, and anti-social behaviour. Reducing the LTEPP duration for which they stand empty from two years down to one year allows local authorities to strengthen the incentive for owners of empty homes to bring them back into use sooner.

Background

3. Since 2013 councils in England have had the power to charge additional council tax on long-term empty homes. For the purposes of council tax, long-term empty homes are dwellings which have been unoccupied and substantially unfurnished for a period of

time. Currently that duration is fixed as a minimum of two years. However, in 2024 the empty homes council tax premium was strengthened so that councils can charge the premium on homes that have been empty for one or more years (rather than the previous minimum two years). This discretionary change formed part of the Levelling-up and Regeneration Act 2023.

4. Apart from the exemptions set out within The Council Tax (Prescribed Classes of Dwellings and Consequential Amendments) (England) Regulations 2024, it is proposed that from the commencement of the 2026/27 financial year the long-term empty duration be reduced from a minimum of two years down to a minimum of one year. This will also provide owners of empty dwellings sufficient notice to make any appropriate changes or engage with the council.

Options

5. Cabinet recommends to Council to proceed with the LTEPP modification detailed above, i.e. reducing the empty duration from a minimum of two years to one year.
6. Another option would be to decide on an alternative empty duration between one and two years before the empty property attracts a LTEPP.
7. Alternatively, we do nothing and leave the current two year LTEPP unchanged.

Financial Implications

8. Although not the reason for making the recommended change, if the proposal were to be accepted then there would potentially be a slight increase in tax base and extra council tax revenue, although the likely financial benefit to this council would be minimal.
9. It would not be possible to establish any definitive figures or tax base increases but, purely based on the current caseload of dwellings that have remained empty for over a year but less than two years, i.e. not currently subject to any premium, there would be approximately 140 dwellings impacted (obviously this figure is constantly subject to change throughout any financial year).
10. On the assumption that the above approximate volume are empty when the LTEPP change commences then it could generate extra revenue (at district council level) of up to c £21,000 per year. However, the listed exceptions will have an impact on this plus, if the premium duration change were to have its desired effect of incentivising owners to bring empty homes back into use sooner, which is the primary aim, then extra empty property revenue is likely to be a lot less.

Legal Implications

11. The LTEPP has been in place for several years, having originally been adopted back in 2013 when legislation first came into force. This recommended change is purely surrounding its minimum duration prior to the premium charge being incurred and, as covered above, has been provided for within the Levelling-Up and Regeneration Act 2023. Furthermore, all exceptions specified under the Council Tax (Prescribed Classes of Dwellings and Consequential Amendments) (England) Regulations 2024, have been included.

Climate and ecological impact implications

12. None – As agreed with the Climate team, the use of the Climate Impact Assessment Tool is not required for the decision set out in this report.

Equalities implications

13. There are no equalities implications.

14. In making decisions the council has given regard to its equalities duties. No Equality Impact Assessment for the proposed change has been conducted.

Consultation and public survey

15. In order to consider wider views and allow for public feedback, a survey was launched on 15 October 2024 and ran for a six week duration, closing on 26 November 2024. A sizeable portion of current empty homeowners were also contacted and invited to respond to the LTEPP survey.

16. These results (available within a separate LTEPP report) revealed just over 74 per cent of responders either agreed or strongly agreed with the proposal to reduce the current two year empty duration. Three per cent neither agreed nor disagreed, and just under 23 per cent either disagreed or strongly disagreed. However, 51 per cent of those responders disagreeing cited grounds for their disagreement which will already be captured under the exceptions list, such as deceased cases and dwellings undergoing repair. If these cases are disregarded it inflates the 'agreed/strongly agreed' result to 84 per cent.

Risks

17. There is a low risk of increased fraudulent activity, as some empty property owners may attempt to avoid additional premiums. This could lead to a slight increase in administration work, inspections and reviews.

Other implications

18. None.

Conclusion

19. The proposal by the Cabinet Member for Finance, is to implement these changes in accordance with legislation, with the intention of trying to incentivise empty property owners to bring addresses back into use sooner (where possible). It is believed reducing the current two year duration down to one year will help achieve this in certain instances.

Background Papers

20. The Council Tax (Prescribed Classes of Dwellings and Consequential Amendments) (England) Regulations 2024