

Harborough District Council

Report to Cabinet Meeting of 10th February 2025



Title:	Empty Property Strategy and Council Tax Premiums
Status:	Public
Key Decision:	Yes
Report Author:	Elaine Bird Head of Regulatory Services
Portfolio Holder:	Cllr Knight – Portfolio for Wellbeing
Appendices:	A. Empty Property Strategy B. Feedback from the Joint Overview and Scrutiny Panel

Summary

Members will recall that at January's Cabinet¹ they gave their agreement to consult on the Draft Empty Property Strategy and the proposals relating various Council Tax Premiums. The consultation took two parts; firstly members were consulted via the Joint Budget Overview & Scrutiny Panel meeting on 22 January; their conclusions are shown at Appendix B. Secondly, a public consultation started on 21 January 2025 concluded on 10 February 2025. A verbal update on the conclusions will be given at this meeting.

Recommendations

That Cabinet

1. Approve the Draft Empty Property Strategy as set out in Appendix A
2. Approves
 - i) PROPOSAL 1 – From 1st April 2025, remove one month 100% Council Tax Discount for empty unoccupied and unfurnished empty properties and charge full Council Tax from point of ownership.
 - ii) PROPOSAL 2 – From 1st April 2025, charge properties empty for one to five years, twice standard Council Tax (200%). Empty Properties for five to ten years, three times standard Council Tax (300%). Empty properties ten years or more, four times standard Council Tax (400%)
 - iii) PROPOSAL 3- From 1st April 2026 second homeowners would pay double Council Tax (a 100% surcharge) from day one.

Reasons for Recommendations

¹ Cabinet, January 2025: [Covering report](#) for Draft Empty Property Strategy and Council Tax Premiums

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| iv) The updated empty homes strategy and the changes to council tax premiums, discounts and exemptions should help to incentivise the owners of respective empty or second homes to bring them back into residential use. |
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1. Purpose of Report

- 1.1 To report back to Cabinet the outcome of the consultation on the empty property strategy and review of the Council Tax Premiums for empty and second homes.
- 1.2 To seek approval of the Empty Property Strategy
- 1.3 To seek approval of the Council Tax Premiums from 1st April 2025 for empty properties as set out in Proposals 1 and 2 in section 3.6.
- 1.4 To seek approval of the introduction of Council Tax Premiums from 1st April 2026 for second homes as set out in Proposal 3 in section 3.6.

2. Background

- 2.1 At the Cabinet meeting of the 20th January 2025, members considered the draft Empty Property Strategy and the introduction of additional Council Tax Premiums for empty properties and second homes.
- 2.2 The Empty Property Strategy and additional Council Tax Premiums was considered by the Joint Scrutiny Panel on the 22nd January 2025 and feedback from this committee is included in the report for consideration.
- 2.2 The Empty Homes Premium and Second Homes Premium are additional charges levied on properties that are not the primary residence of the owner. The Empty Homes Premium applies to properties that have been unoccupied and substantially unfurnished for a specific period, while the Second Homes Premium targets properties used as a secondary residence
- 2.3 Following this meeting the draft strategy and proposed additional Council Tax Premiums was subject to public consultation between 21st January 2025 to 10 February 2025. The results of the public consultation will be verbally updated at this meeting.

3. Details

- 3.1 There is no statutory duty to bring empty properties back into use, however it is recognised that long term empty properties can have a detrimental impact on the local community and when brought back into use can provide much needed accommodation
- 3.2 The draft strategy as set out in appendix A consolidates all the powers/initiatives currently available to the Council in relation to bringing empty properties back into use into a single document and introduced a tool for officers to use to prioritise their work on empty properties. This enables resources to be targeted to properties where there is the greatest impact.
- 3.3 The Empty Property Strategy Review focused on the following priority areas

- Utilising the application of council tax premiums for empty properties as a deterrent against continued long-term empty properties (see later).
 - Standardising the application of Council Tax Premiums across the Leicestershire Revenues and Benefits Partnership
 - Establishment of a risk matrix of empty properties that will enable a programme of redevelopment to be undertaken that will award the community the widest benefit in based on the principles of value for money.
 - Consideration of the use of financial assistance to owners of long-term empty properties which are suitable to be used to tackle temporary accommodation issues.
 - Provision of a dedicated resource to tackle empty properties across the district.
- 3.4 As part of the review of the Empty Property Strategy review, the Council conducted a review of the council tax discounts and exemptions with the focus on empty homes and second homes to promote occupancy and reduce the impact of housing shortages. The proposed changes align with other local authorities in the Leicestershire Revenues and Benefits Partnership.
- 3.5 Currently the Council applies the following discounts and premiums to empty properties

Empty, Unoccupied and Unfurnished Discounts - a property that is empty and unfurnished is not be charged Council Tax for one month

Empty Property Premium - a Council Tax premium of 50% for properties empty between two and five years is applied.

- 3.6 The Council Tax review focused on three proposals

PROPOSAL 1 - From 1st April 2025, remove one month 100% Council Tax Discount for empty unoccupied and unfurnished empty properties and charge full Council Tax from point of ownership.

PROPOSAL 2 – From 1st April 2025, charge:

- **Properties empty for one to five years, twice standard Council Tax (200%).**
- **Empty Properties for five to ten years, are charged three times standard Council Tax (300%).**
- **Empty properties ten years or more, are charged four times standard Council Tax (400%)**

PROPOSAL 3- From 1st April 2026 second homeowners would pay double Council Tax (a 100% surcharge) from day one.

- 3.7 The draft empty property strategy and proposed changes to the Council Tax Premiums were considered by the Joint Scrutiny Committee on the 22nd January 2025. A summary of their conclusions is shown at Appendix B.

4. Implications of Decisions

Corporate Priorities

4.1 This report contributes to the delivery of the following corporate priorities:

Place and Community; there will be adequate supply of housing to meet local needs across all tenures and price ranges and reducing the potential for homelessness.

Environment and Sustainability; In line with our climate action plan, our carbon footprint will be reduced ensuring a sustainable future.

Prosperous local economy; Ensure that Harborough District's towns, villages and rural areas remain attractive and vibrant places to live, work invest and visit

Consultation

4.2 In line with the Council's commitment to transparency and community engagement, a consultation has been conducted regarding updated Empty Property Strategy and proposed changes to Council Tax discounts and exemptions. The consultation was issued to gather feedback from stakeholders.

4.3 The primary goal of the consultation is to assess the potential impact of the proposed changes on the community and to gather valuable feedback that will inform the decision-making process. By engaging with residents and local authorities, the Councils aim to create a fair and equitable Council Tax system that reflects the needs of our community.

4.4 The feedback collected during the consultation will be crucial in shaping the Council's approach to dealing with empty properties and the final proposals for Council Tax discounts and exemptions.

4.5 Details of the consultation of the Joint Budget Overview & Scrutiny Panel are shown at Appendix 1, together with the responses. In respect of the public consultation these will be verbally updated at the meeting as the closing date was 10 February 2025.

4.6 The survey asked for opinions on
Empty Property Strategy

- The council's approach to identifying and prioritising empty properties
- The council's approach to providing help and assistance to owners of empty properties
- The council's approach to enforcement to deliver the empty property strategy

Council Tax Premiums

- Proposal 1 - Remove one month 100% council tax discount for empty, unoccupied and unfurnished properties and charge full council tax from the point of ownership.
- Proposal 2 – Charge Empty one to five years, twice standard council tax (200%), Empty five-10 years three times the standard council tax (300%), Empty 10 years or more four times the standard council tax (400%).
- Proposal 3- Second Home owners would pay double Council Tax (a 100% surcharge) from day one

Financial

4.7 The cost relating to the update of the Empty Homes Strategy will be met from within current resources. However, there are specific elements that will have individual financial implications which are included in the draft 25-26 budget; these include:

- i. Consideration of the use of financial assistance to owners of long-term properties which are suitable for to be used to tackle temporary accommodation issues.
 - The council could provide capital funding to support redevelopment costs; this would be linked to potential overage/clawback upon sale. An allocation of £100k is included in the 2025/26 capital programme.
- ii. Provision of dedicated resource to tackle empty properties across the district.
 - The 2025/26 budget includes a proposition of a full-time, 2-year fixed term contract post to support the delivery of the empty property strategy.
- ii. Application of council tax premiums and discounts to deter against the continuation of long-term empty properties and use of second homes.
 - If the premiums and discounts are agreed, the Leicestershire Revenues & Benefits Partnership will be able to administer a 3-partner approach to the application of premiums and discounts.
 - Based on the number of empty properties in Table 1 (and no reduction in such properties); the estimated net total council tax income (for all preceptors and the billing authority) is £556k in 2025/26; £981k in 2026/27. For the council alone (billing authority), the net council tax income is £35k in 2025/26, £69k in 2026/27.

Legal

- 4.8 The legislation for charging premiums on empty homes and second homes is derived from the Local Government Finance Act 1992, as amended by the Levelling Up and Regeneration Act 2023.

The Act gives the Council as a billing authority the power to charge a discretionary Council Tax premium for properties empty for at least one year up to a maximum level set by law, depending on the length of time the property has been empty. There are a number of discounts and exemptions which would prohibit the ability to charge a premium.

Section 11C of the 1992 Act inserted by the 2023 Act gives the Council as a billing authority power to charge a discretionary Council Tax premium of up to 100% for properties which are periodically occupied, referred to as second homes.

A second home is defined as a dwelling that is substantially furnished and has no resident (i.e., it is not someone's sole or main residence). Section 11C (3) of the 1992 Act requires that the first decision to impose a premium for second homes must be taken at least 12 months before the financial year to which it would apply

Environmental Implications

- 4.9 Long term empty properties have the potential to increase anti-social behaviour in a local community. Focusing resources on the long-term empty properties can reduce the impact of anti-social behaviour.
- 4.10 Bringing empty properties back into use provides an opportunity to promote sustainable housing practices through improved energy efficiency measures.

Risk Management

- 4.11 Bringing empty properties back into use can be challenging and time consuming. Enforcement action may be costly and there is no guarantee that all enforcement cost will be recovered.

- 4.12 The introduction of higher Council Tax premiums may increase the amount of nonpayment which will increase the demands on the debt recovery process or result in owners of empty properties employing strategies to evade the premium, taking into consideration the exemptions.
- 4.13 The Empty Property Officer resource, will be funded for a fixed term of 2 years. Working with empty property owners can be resource intensive and time consuming. Following the 2-year period, the lack of a dedicated resource will have an impact on the effective delivery of the strategy.

Equalities Impact

- 4.14 An equalities impact assessment has been undertaken as part of this review. There has been a large increase in the number of applications to the Council's housing register over recent years. Bringing empty properties or underutilised second homes back into use can help meet this demand for housing.

Changes to discounts and exemptions may disproportionately affect vulnerable populations, including low-income families, the elderly, and individuals with disabilities. It is essential to assess how these groups might be impacted by increased financial burdens and to ensure that support mechanisms are in place. We will continue to monitor the impact of the introduction of additional premiums on vulnerable groups

Data Protection

- 4.15 There are no data protection issues associated with this report.

5. Alternative Options Considered

- 5.1 The Council does have the option not to implement a strategy and/or make changes to the Council Tax Premiums or discounts and do nothing. However, there is a high demand for suitable accommodation across the district and bringing empty properties back into use could meet some of this unmet need.

Doing nothing with empty underutilised and problem properties may create further social consequences and implications for Council resources and service delivery, including more enforcement action which requires more significant invention.

6. Recommendation

That Cabinet

- Approve the Draft Empty Property Strategy as set out in Appendix A
- Approves
 - a. PROPOSAL 1 – From 1st April 2025, remove one month 100% Council Tax Discount for empty unoccupied and unfurnished empty properties and charge full Council Tax from point of ownership.
 - b. PROPOSAL 2 – From 1st April 2025, charge properties empty for one to five years, twice standard Council Tax (200%). Empty Properties for five to ten years, three times standard Council Tax (300%). Empty properties ten years or more, four times standard Council Tax (400%)
 - c. PROPOSAL 3- From 1st April 2026 second homeowners would pay double Council Tax (a 100% surcharge) from day one.

7. Background papers

[Report to Cabinet Meeting 20 January 2025](#)

[Report to Joint Overview and Scrutiny Meeting 22 January 2025](#)