

<b>Report to:</b>	Cabinet	<b>Date:</b> 12 January 2022
<b>Subject:</b>	Council Tax on Empty Properties and Second Homes	
<b>Report of</b>	Leader and Cabinet Member for Finance and Growth	

## Summary

The Cabinet, at its meeting on 17 November 2021, agreed to consult on the proposal to remove the Council Tax discount applied to empty properties and second homes.

Consultation commenced on 23 November 2021 and ended on 4 January 2022. Over 200 contributions were received. This report details the outcome of the consultation and seeks approval to remove the discount currently available when a property becomes unoccupied and unfurnished, to support the Council's budget position.

The proposal would bring the Council in line with all Greater Manchester authorities that no longer provide discounts on empty properties or second homes after 6 months. The proposal would also see Bury brought in line with four other neighbouring Greater Manchester authorities who offer no initial discounts. Trafford offer no discount from the first month and Salford offer no discount from the second month. Appendix 1 provides the analysis of what the other authorities allow.

## Recommendations

Cabinet is asked to:

1. Consider the outcomes of the consultation exercise attached at Appendix 2.
2. Agree to the removal of the discretionary Council Tax discount for empty properties and second homes with effect from 1 April 2022.

## Reasons for recommendations

Bury Council, like other local authorities, has seen an increase in demand on public services with reduced funding levels. A number of savings will be proposed to enable it to balance its budget. Some of the savings will affect front line services and may reduce service provision and other savings, like this proposal, have no impact on the levels of service the Council currently provides.

The Council has a strategy of bringing long-term empty homes back into use at the earliest opportunity. The return of long-term empty homes back into the community will not provide the complete solution for the demand for homes within the area, but it will play a part in its solution reducing pressure on the existing housing stock. A new level of charges should help encourage the reintroduction of long-term empty properties. Empty homes have a detrimental impact on surrounding areas and can lead to anti-social behaviour in the vicinity of empty properties.

The proposal affects a small proportion of Bury's population for a period of time but can deliver significant income for the Council. Other neighbouring authorities in the Greater Manchester area no longer provide discounts on empty properties or second homes and haven't done for some time.

The policy will reduce the number of empty properties in the Borough and support the Council in achieving a balanced budget for 2022/2023. Recognising that this will protect savings from having to be made from front line services.

### **Alternative options considered and rejected**

The Cabinet could choose to make no change to the council tax discounts for empty properties; however, alternative proposals would be required to support the production of a balanced budget, which is a legal requirement.

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## **1. Background**

- 1.1 In April 2013, the Government gave Local Authorities power to determine the level of empty property discounts in dwelling classes B, C and D (Section 12 of the Local Government Finance Act 2012). The changes give greater flexibilities to Local Authorities to manage pressures on council tax.
- 1.2 The Council currently applies a discount of 100% in the first month if a property is empty, 25% following the 1st month and up to 2 years. Properties undergoing major works are eligible for 50% discount for a period of 1 year.
- 1.3 In August 2021 Bury had 1,841 homes which were not only empty but were attracting a Council Tax discount of £784,368. This is against a council tax base of 84,469 properties. These homes ranged from properties in band A, to some of the more expensive properties within the district at band H.

## **2. Consultation**

### **2.1 Approach and Responses**

- 2.1.1 Cabinet agreed at its meeting on 17 November to consult on the discretionary Council Tax options. Online consultation commenced via the Council's One Community website on 23 November 2021, concluding on 4th January 2022.
- 2.1.2 The consultation was open to all, but owners of properties that were either currently empty, or were second homes, were specifically targeted and were sent a letter containing details of the online survey and hard copies provided on request.
- 2.1.3 1809 people were made aware of the consultation by writing or e-mailing to them directly. There were 254 visitors to the survey, 197 contributors leaving 201 contributions. In some questions the respondents were able to select multiple responses. The council has 84,469 properties where council tax is applied but each property may have a number of residents who are able to respond to the consultation.
- 2.1.4 The feedback from the consultation can be found at Appendix 2.

### **2.2 Themes**

- 2.2.1 Themes emerging from the consultation included:
  - Renovation works will improve standards of properties, and there can sometimes be a delay with builders, planning permission etc that the landlord is unable to control.

- When a tenant vacates a rental property, it can then take time to bring the property back up to standard to become rented again.
- If a property is empty or a second home, there was a view that Council Tax should not have to be paid as Council services are not being used.
- If a property is empty but sold and awaiting new occupants there was a concern about paying Council Tax in that circumstance.

2.2.2. As the consultation was targeted to those which would be affected by any changes, it was anticipated that feedback would largely not support the proposal to remove the discount. However, it should be noted that the proposal affects a small proportion of Bury's population for a period of time but can deliver significant income for the Council. The current number of empty properties reflects 2.2% of the total council tax base.

## **2.3 Response to Consultation Feedback**

2.3.1 Empty properties pose a risk to the community through anti-social behaviour and adversely affect neighbourhoods. Encouraging properties to come back into use can take between a couple of weeks to a number of years. This policy would encourage landlords to ensure works are undertaken within an appropriate time scale returning properties to use of the community as quickly as possible.

2.3.2 The proposal to remove the Council Tax discount would encourage landlords to bring properties back up to standard and into use of the community as quickly as possible.

2.3.3 The removal of the existing discretionary discounts on empty properties would generate additional income for the council of approx. £750,000 per annum which could then be used to support essential council services.

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### **Links with the Corporate Priorities:**

The proposals support the Council's policy on reducing the number of empty properties in the Borough, encouraging economic development and regeneration.

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### **Equality Impact and Considerations:**

1. This proposal does not adversely affect equality.
2. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows: A public authority must, in the exercise of its functions, have due regard to the need to –
  - a. Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - b. Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - c. Foster good relations between persons who share a relevant protected characteristic and persons who do not share it. 16.

The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

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## Environmental Impact and Considerations:

The decision would have no carbon impact.

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## Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
There would be a risk that it would be harder to collect Council Tax from absent owners.	A clear policy informing homeowners of the requirements and a reduction in the number of changes of rates would reduce the number of interactions and rate changes.
The increase in the number of homes within the area could help relieve pressure on the current housing requirement.	An increase in homes would lead to an increase in Council Tax collected which is then available to be spent on the community. Encouraging new home tenants to be part of our community, encouraging economic development and regeneration.

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## Legal Implications:

The Council has held a public consultation regarding this proposal. Following the principles of good consultation legally any consultation must take place at a time when the proposals are still at their formative stages. The Council must provide the consultees with sufficient information to enable them properly to understand the proposals being consulted upon and to express a view in relation to it. The information must be clear, concise, accurate and must not be misleading. The consultees must be given adequate time to consider the proposals and to respond.

The Council must give genuine and conscientious consideration to the responses received from the consultees during the consultation before making its final decision, appendix 1 sets out the responses received from Members of the public. The report summarises the views and key themes received from the consultation.

As part of its decision-making process, the Council must have “due regard” to its equalities duties. Under Section 149 Equality Act 2010, the Council in exercise of its adult care and support functions, must have “due regard” to the need to eliminate unlawful discrimination, advance equality of opportunity between persons who share a protected characteristic and those who do not, foster good relations between persons who share a relevant protected characteristic and persons who do not share it in order to tackle prejudice and promote understanding.

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## Financial Implications:

The removal of the existing discretionary discounts on empty properties would generate additional income for the council of approx. £750,000 per annum which could then be used to support essential council services.

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## Background papers:

Bury Empty Homes Strategy - <https://www.bury.gov.uk/CHttpHandler.ashx?id=22243&p=0>

Council Tax Empty properties – 17<sup>th</sup> November 2021

<https://councildecisions.bury.gov.uk/documents/s29196/Council%20Tax%20for%20Empty%20Properties>