

The **Public Sector Equality Duty** (Section 149 of the Equality Act) requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people carrying out their activities.

The Equality Duty supports good decision making – it encourages public bodies to be more efficient and effective by understanding how different people will be affected by their activities, so that their policies and services are appropriate and accessible to all and meet different people’s needs. The Council’s Equality and Safety Impact Assessment (ESIA) includes an assessment of the community safety impact assessment to comply with Section 17 of the Crime and Disorder Act and will enable the Council to better understand the potential impact of proposals and consider mitigating action.

Name or Brief Description of Proposal	To remove the one month council tax exemption for empty and unfurnished properties (Empty Property Class C Discount). Removing this exemption is expected to lead to an increase in income due to additional council tax received.
Brief Service Profile (including number of customers)	
This budget income proposal would impact anyone with an empty and unfurnished property currently liable for council tax. The current system means that the first month is not payable. The proposal would mean that no exemption would be offered from April 2023. The number of customers who could potentially be impacted was projected by assessing 2021/22 data. In 2021/22 11,511 exemptions were granted, comprising 1,204 Southampton City Council properties and 10,307 properties from other landlords.	
Summary of Impact and Issues	
The loss of the Empty Property Class C Discount of one month is more likely to affect landlords as these discounts are generally awarded for small periods of void between one tenant moving out and another moving in. This would impact the council as well as landlords in the private rented sector.	
Other parties that would be affected are: <ul style="list-style-type: none"> • owners of properties that are for sale but not occupied • owners / landlords of properties that are being substantially refurbished, but do not qualify for the class A exemption. (For example: after destructive tenants or very long term lets or after purchase) • tenants that have signed a tenancy but do not take up residence (very rare cases, for example during a trial separation) • people who have inherited property but are unable to sell during the time frames. (Mitigation - referral to allocations, property could be let 	

short term whilst for sale)

- people whose property is due to be repossessed and sold but is still in that process, but no longer resident
- The City Council's housing portfolio – the Housing Revenue Account will have to pick up the cost of this for their properties that become vacant

There are separate exemptions in Council Tax to cover the situations when a property is empty because the resident has entered a care home, or because the property is awaiting probate. These exemptions mean people in those situations do not have to pay council tax and Local Authorities do not have discretion to change these areas.

Tenants receiving housing benefit, universal credit or council tax support would not be impacted by this proposal as their benefits are based on being in the property.

If implemented, the one month council tax exemption would be removed for all residents, so would be applied equally. This change would therefore not impact any member of a protected group more than any other resident.

Local Authorities in England, Scotland and Wales have considerable discretion over the levels of council tax discount available on unoccupied properties. They may require full council tax payment from the owners of empty second homes, properties undergoing major repair, or properties that are 'unoccupied and substantially unfurnished'.

Council Tax regulations do not require the Authority to gather equality data. Asking for such data would be considered to be excessive for the purpose of tax collection and therefore would not be GDPR compliant.

The immediate impact of the proposals, if implemented, will mean that owners of empty and unfurnished properties will have to pay 100% of council tax payable as soon as the dwelling becomes empty.

The assessment carried out identified further detail shown below:

Landlord	Number exemptions granted 21/22	Value claimed
SCC	1,204	£93,721.22
Other landlords	10,307	£593,889.40
Totals	11,511	£687,610.62

Band	Number of properties	Annual charge 21/22	Monthly sum (currently not payable)
A	5957	1,096.26	317651.1
B	3197	1,278.97	193205.1
C	1649	1,461.68	117195.7

D	511	1,644.39	40051.03
E	148	2,009.81	13947.53
F	41	2,375.23	4479.03
G	8	2,740.65	1081.25
H	0	3,288.78	0
Total	11,511		£687,610.62

It also identified that the council benefits financially from the one month council tax exemption as it is not payable on empty council accommodation.

Based on these figures, the proposed annual income to the General Fund is approximately £600,000 and the additional annual cost to the Housing Revenue Account has been estimated at approximately £94,000.

Potential Positive Impacts

This proposed policy change aims to incentivise owners to bring empty properties back into use to ensure they are not a wasted resource for both the owner (economic) and the council (social and economic). It has potential benefits to increase supply of housing in the city and raising additional income to be used to deliver services.

Responsible Service Manager	Andrew Armour
Date	1/9/2022
Approved by Senior Manager	Vanessa Shahani
Date	04/10/2022

Potential Impact

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
Age	No impact identified	None
Disability	As above	As above
Gender Reassignment	As above	As above
Marriage and Civil Partnership	As above	As above
Pregnancy and Maternity	As above	As above
Race	As above	As above
Religion or Belief	As above	As above

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
Sex	As above	As above
Sexual Orientation	As above	As above
Community Safety	No known impact	
Poverty	<p>Property owners are ultimately responsible for Council Tax in the absence of an occupier so this proposal will mainly affect landlords as tenanted properties are the most likely to become empty.</p> <p><u>Impact of Covid19</u></p> <ul style="list-style-type: none"> • Government legislation suspending possession action so landlords unable able to escalate recovery action to the point of eviction • Following Covid, there has been a rise in evictions from the private sector • Between January 2022 and March 2022 there has been a 37% increase in homelessness approaches 	<p>Colleagues in housing have contributed to this proposal and have been consulted to ensure that the impact on the HRA is fully understood. Landlords have been encouraged to contribute to the consultation. Advice will be taken from the National Residential Landlords Association about how best to engage with the range of landlords in the city to ensure they are aware of the change.</p>
Health & Wellbeing	<p>If the proposal results in increased numbers of people presenting as homeless (see below – other significant impacts) this would have an impact on their health and wellbeing.</p> <p>Whilst it is difficult to assess, there is the potential for an overall impact on the health and wellbeing of Landlords impacted by the effects of Covid19 on their livelihoods due to the factors outlined above.</p>	<p>Colleagues in housing have contributed to this proposal and have been consulted to ensure that the impact on the HRA is fully understood. Landlords have been encouraged to contribute to the consultation. Advice will be taken from the National Residential Landlords Association about how best to engage with the range of landlords in the city to ensure they are aware of the change.</p>

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
<p>Other Significant Impacts</p>	<p>As the main impact of this proposal will be felt by landlords, it is worth considering the tax reforms introduced from 20/21. Two key changes are:</p> <ul style="list-style-type: none"> • tapering of mortgage interest tax relief (landlords currently are only able to offset 20% of mortgage interest payments) and • a change to Capital Gains Tax, making this liable for payment within 30 days of selling a property (previously had over a year) <p>Renters Reform Bill to be introduced by May 2023:-</p> <ul style="list-style-type: none"> • Section 21 'no fault' evictions to be abolished • Periodic tenancies to become standard • Notice periods for rent increases to be doubled • Minimum decent homes standards introduced • Tenants given more rights to keep pets • It will become illegal for landlords to have blanket bans on renting to families with children or those in receipt of benefits • Government's plans to upgrade as many homes as 	<p>Colleagues in housing have contributed to this proposal and have been consulted to ensure that the impact on the HRA is fully understood. Landlords have been encouraged to contribute to the consultation. Advice will be taken from the National Residential Landlords Association about how best to engage with the range of landlords in the city to ensure they are aware of the change.</p>

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
	<p>possible to EPC band C by 2030</p> <ul style="list-style-type: none"> • The Renter’s Reform Bill and move to EPC band C, on top of the legacy of Covid, may mean more landlords leave the private rented sector • There is little affordable private rental accommodation in the city • There is local pressure for affordable accommodation linked to Ukraine families being made homeless from the Friends and Family visa scheme, as well as demand to house refugees from Afghanistan, currently housed in a local Bridging Hotel • The tax reforms and Covid impact may mean some landlords with smaller portfolios choose to move out of the rental market. This would reduce the potential for savings highlighted in this paper • This could in turn increase the number of people presenting as homeless to the council, which would increase pressure on that service • This proposal could also strain the relationships with private landlords that the council is currently trying to strengthen 	

