

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE
THURSDAY, 1 FEBRUARY 2024

Report Title	Council Tax - Second Homes Premium and Empty Homes Premium			
Purpose of Report	To implement a Council Tax Premium on second homes from 01 April 2025 and amend the Council Tax Premium for empty homes to be 100% for properties empty between one and five years (currently two and five years) from 01 April 2025			
Decision(s)	<p>The Committee RECOMMENDS to Council that it:</p> <p>1) introduces a Premium on second homes from 01 April 2025 2) amends the empty homes premium to apply after one year from 01 April 2025 3) Delegates to the Strategic Director of Resources the ability to make minor changes to the scheme in accordance with regulations and guidance</p> <p>Notice to be published in at least one local newspaper within 21 days of the determination</p>			
Consultation and Feedback	The Bill does not currently require a Local Authority (whether a Precepting or Billing Authority) to undertake any consultation before considering whether to introduce a Premium.			
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Options	Council could choose not to introduce or amend a premium			
Background Papers	None			
Appendices	None			
Implications (Further details at end of the report)	Financial	Legal	Equality	Environmental
	Yes	Yes	Yes	No

1. INTRODUCTION / BACKGROUND

- 1.1 The Governments Levelling Up and Regeneration Bill put forward proposals to charge discretionary Council Tax premium options on second homes. The Bill received Royal Assent on 26th October 2023 and gives Local Authorities the option to include a Council Tax premium on second homes and a reduction from two years to one year before an empty home premium is applied.
- 1.2 For Council Tax purposes second homes are properties that are furnished but where no-one lives as their main residence. Council Tax is charged currently at 100%.
- 1.3 The Act addresses the issue of empty furnished properties with a 100% increase in Council Tax to be applied to second homes and closes the loophole where furnishing an empty property negates the Empty Homes Premium.

- 1.4 The premium for second homes can only be implemented with at least one year's notice. Therefore, there would need to be a decision of the Billing Authority for a premium to be implemented from 1 April 2025 before 1 April 2024.
- 1.5 On 17 December 2019 Strategy and Resources Committee adopted the following premiums from 01 April 2020 for Long Term Empty Properties
 - 100% for those properties which have been empty for two years and over.
 - 200% for those properties which have been empty for five years and over.
 - 300% for those properties which have been empty for 10 years and over
- 1.6 The Government encourages billing authorities to adopt Council Tax premiums on long-term empty properties with the purpose of incentivising property owners to bring those empty properties back into use.
- 1.7 There are currently 189 properties that attract the long-term empty premium.

Empty Premium	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
100%	18	28	18	13	7	8	5	4	101
200%	18	8	10	8	6	2	0	0	52
300%	9	6	9	6	6	0	0	0	36

2. MAIN POINTS

- 2.1 For second homes, up to 100% premium can be charged where there is no resident in the dwelling and that dwelling is substantially furnished.
- 2.2 There is no legal definition for what constitutes substantially furnished. This can vary depending on the size of the property and therefore the test is can you reasonably live there, is there a table, chairs and a bed for example. In any disputed cases we will always visit and make an assessment.
- 2.3 With increased pressure to find housing for people in need the Council wants to encourage homeowners to bring homes into use to the benefit of all residents. The premium supports the council's strategy to bring empty homes back in to use more quickly and generate additional council tax income.
- 2.4 All Gloucestershire authorities are in the process of proposing to implement this change.
- 2.5 Based on the 535 properties identified as being a second home, the additional Council Tax charge raised in 2023/24 would have been £1,152,914, generating around £138,350 for Stroud District Council.
- 2.6 For long term empty properties, whilst difficult to predict movement in those coming back into use, it is estimated that an additional 152 properties will attract the premium having been empty for over 12 months.
- 2.7 Based on the 152 properties identified as being empty for over 12 months, the additional Council Tax raised in 2023/24 would have been £327,555, generating around £39,307 for Stroud District Council.

3. CONCLUSION

- 3.1 Expectations are that government will issue detailed guidance of requirements along with any exclusions to charge the premium.

- 3.2 The report recommends that the council agree that a premium on second homes be implemented from 1 April 2025, along with amending the empty homes premium to apply after one year from 01 April 2025 subject to any exemptions set out in subsequent regulations and for implementation to be in accordance with those regulations and guidance.
- 3.3 A further report will come before committee during 2024 with additional detail behind regulations, detailed guidance, and implications on the Second Homes Premium before the charge is introduced in April 2025.

4. IMPLICATIONS

4.1 Financial Implications

The report sets out the estimated financial impacts of the introducing the premium on Second Homes and of introducing the empty homes premium after one year rather than two.

Council Tax collected is shared between the County Council, the Police and Crime Commissioner and the relevant Parish Council.

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4.2 Legal Implications

The Levelling Up and Regeneration Act 2023 amends the Local Government Finance Act 1992 as follows:

Long-term empty dwellings

Section 79 of the 2023 act amends Section 11b of The Local Government Finance Act 1992 so that for financial years beginning on or after 1 April 2024 dwellings unoccupied and substantially unfurnished for a continuous period of at least one year, instead of two years, are subject to the council tax premium

Dwellings occupied periodically

Section 80 of the 2023 inserts a new Section 11(C) of The Local Government Finance Act 1992 giving the Council power, by determination, to charge a premium of 100% where there is no resident of a dwelling, and the dwelling is substantially furnished.

The first determination must be made at least one year before the beginning of the financial year to which it relates meaning this cannot come in to effect before 1 April 2025.

There is a requirement to publish any determination made under section 11B or 11C in a local newspaper

Section 67(2) of The Local Government Finance Act 1992 provides that the power to decide to introduce a premium can only be exercised by full Council.

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4.3 Equality Implications

The council is committed to equality and the fair application of the policy, ensuring that people receive fair outcomes in the standard of service they receive from the Council, regardless of their race, gender, age, religion or belief, sexual orientation, marital or civil

partnership status and/or disability in line with the principles set out in the Equality Act 2010.

4.4 Environmental Implications

There are no significant implications within this category.