

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE
THURSDAY, 2 FEBRUARY 2023

Report Title	COUNCIL TAX PREMIUM - SECOND HOMES			
Purpose of Report	To implement a Council Tax Premium on second homes from 01 April 2024.			
Decision(s)	The Committee RECOMMENDS to Council that, subject to the necessary legislative provisions being brought into force, it introduces a Premium on second homes from 01 April 2024 and that a notice is to be published in at least one local newspaper within 21 days of determination.			
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 a premium			
Background Papers	None			
Appendices	None			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	Yes	Yes	Yes	No

1. INTRODUCTION / BACKGROUND

- 1.1 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%.
- 1.2 The government are introducing legislation to allow for a premium on second homes. This is contained within the Levelling Up and Regeneration Bill (“the Bill”) currently making its way through the Parliamentary process and closes the loophole where furnishing an empty property negates the Long-Term Empty premium.
- 1.3 The Bill has completed its passage in the House of Commons and had its first reading in the House of Lords on 19th December 2022.
- 1.4 Unless there are changes to the Bill as it progresses through Parliament, the changes cannot take effect before 1 April 2024.
- 1.5 The premium for second homes can only be implemented with at least one years notice. Therefore, there would need to be a decision of the Billing Authority for a premium to be implemented from 1 April 2024 before 1 April 2023.
- 1.6 Should legislation not be passed as intended then the premium will not be introduced.

2. MAIN POINTS

- 2.1 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 485 properties identified as being a second home, the additional Council Tax charge raised in 2022/23 would have been £1,012,347.

3. CONCLUSION

- 3.1 Once legislation is passed, expectations are that government will issue detailed guidance of requirements along with any exclusions to charge the premium.
- 3.2 The Levelling Up and Regeneration Bill also includes proposals to make changes to the Empty premium. These changes include reducing the period from 2 years to 1 year effective from April 2024.
- 3.3 A further report will be bought back to this committee during 2023 to provide the detail around administration and to also include the proposed changes to the Long-Term Empty premium
- 3.4 In the meantime, the report recommends that any changes that the Levelling Up and Regeneration Bill make to the Council Tax legislation the council agree that a premium on second homes be implemented from 1 April 2024.

4. IMPLICATIONS

4.1 Financial Implications

The expected extra tax to be generated by this premium is shown at paragraph 3.5. The Medium Term Financial Plan assumes that this will generate £100k a year for the District Council from 2024/25 onwards if the premium is levied.

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4.2 Legal Implications

The recommendations set out within this report are subject to the Levelling Up and Regeneration Bill receiving Royal Assent. There will need to be a review of the legal position once it becomes law in conjunction with any relevant guidance issued by the Secretary of State to ensure the resolution remains appropriate.

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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.