

Board/Committee:	Full Council
Date of meeting:	7 th February 2024
Title:	Council Tax Discounts and Premiums
Author:	<i>Chris Ward</i>
Status:	For Decision

Purpose

This report seeks approval to amend the current Council Tax Premiums charged on unoccupied and unfurnished properties with effect from 1st April 2024 and to introduce a new premium charge on second home properties – property that is furnished and periodically occupied with effect from 1st April 2025.

Recommendation

- i) It is recommended that Full Council resolves to implement a 100% premium for properties that have been empty and unfurnished for a period between 1 and 5 years. This will change the current policy of charging a 100% premium where a property is empty and unfurnished for period between 2 and 5 years.
- ii) It is further recommended that Full Council resolves to implement a 100% premium for second homes which will be effective from 01 April 2025, the earliest opportunity for the Council to introduce this change.
- iii) Provides delegated authority to the Section 151 Officer to vary the premiums in line with government guidance.

1.0 Background

1.1 In May 2022 Government published the Levelling Up and Regeneration Bill, which included proposals to further address empty properties via the application of council tax premiums, as well as measures that recognise the impact that high levels of second homes can have in some areas.

1.2 The Levelling Up and Regeneration Act received Royal Assent on 26 October 2023. The Act amends the period from 2 years to 1 year before a Council Tax premium can be charged on properties that are left empty and unfurnished. This takes effect from 1st April 2024. The Act also introduces a further premium that may be charged on second homes from 1st April 2025.

2.0 Report

2.1 ***Premiums on Empty Properties*** – Billing Authorities are encouraged to charge council tax premiums on empty properties to incentivise property owners to bring properties back into use. At present, premiums can be charged where properties are left empty and substantially unfurnished for periods of two years or more.

Where a dwelling remains unoccupied and substantially unfurnished for a period of two years or more, the Council has previously resolved to charge an empty homes premium of the relevant maximum in addition to the full council tax charge. The relevant maximum is:

- 100% for dwellings that have remained unoccupied and substantially unfurnished for a period of two years and less than 5 years.
- 200% for dwellings that have remained unoccupied and substantially unfurnished for a period of at least 5 years.
- 300% for dwellings that have remained unoccupied and substantially unfurnished for a period of at least 10 years.

2.2 Table 1 -Potential council tax revenue granted from a 100% premium on properties empty for more than one year but less than 2 years (Figures as at 15/12/2023 based on 23/24 charges)

Property Band	Number of Properties	Current 2023/24 Band Charge £	Current Value £	Value with 100% premium £*
Band A	27	£1,360.06	£32,641.44	£65,82.88
Band B	34	£1,586.74	£53,949.16	£107,898.30
Band C	20	£1,813.41	£13,6268.2	£72,536.40
Band D	14	£2,040.09	£28,561.26	£57,122.52
Band E	3	£2,493.44	£7,480.32	£14,960.64
Band F	0	£2,946.80	£0	£0
Band G	1	£3,400.15	£3,400.15	£6,800.30
Band H	1	£4,080.18	£4080.18	£8,160.36
Total	435		£166,380.70	£332,761.40

* Excludes any amount for non-collection, or for any changes in usage of the dwelling and any class of property awarded protection under government guidance. This is full amount including preceptors charges – Gosport’s share is 12%

2.3 Premiums on Second Homes – Where a dwelling is classified as a second home, the Council has previously resolved to provide a discount of 0%, in essence meaning the full council tax charge is levied on second homes. Until the Levelling Up and Regeneration Bill was enacted, the Council had no powers to apply a premium to second homes.

2.4 A Billing Authority's first determination under the act must be made at least one year before the beginning of the financial year to which it relates. The earliest implementation date therefore is 01 April 2025.

2.5 Table 2 - Potential council tax revenue generated from a 100% premium on second homes (Figures as at 15/12/2023 based on 23/24 charges)

Property Band	Number of Properties	Current 2023/24 Band Charge £	Current Value £	Value with 100% premium £*
Band A	20	£1,360.06	£27,201.20	£54,402.40
Band B	38	£1,586.74	£60,300.30	£120,600.60
Band C	33	£1,813.41	£59,842.53	£119,685.10
Band D	84	£2,040.09	£171,367.60	£342,735.10
Band E	24	£2,493.44	£59,842.56	£119,685.10
Band F	14	£2,946.80	£41,255.20	£82,510.40
Band G	4	£3,400.15	£13,600.60	£27,201.20
Band H	0	£4,080.18	£0	£0
Total	977		£433,409.95	£866,819.90

* Excludes any amount for non-collection, or for any changes in usage of the dwelling and any class of property awarded protection under government guidance. This is full amount including preceptors charges – Gosport’s share is 12%

2.6 Analysis shows the application of a 100% premium on second homes could increase the level of collectable council tax by approximately £433K across all preceptors (see Table 2) and charging a 100% premium on properties empty for more than one year but less than 2 years could increase the level of collectable council tax by approximately £166K across all preceptors

2.7 Legal Requirements - Local Authorities may only exercise statutory powers which have been given to them by Parliament. The Levelling Up and Regeneration Act received Royal Assent on 26 October 2023. Which enables Local Authorities to charge a 100% premium on empty and unoccupied property after 12 months from 1st April 2024 and a 100% premium on second homes with 1 years notice. After the Council’s Resolution, the decision must be published in a Local Newspaper within 21 days.

3.0 Conclusion

3.1 The Act allows councils to apply a premium on second homes from 01 April 2025 and brings forward the date from which a premium can apply to empty properties. This allows councils to raise additional revenue and to acknowledge the impact that second homes and empty homes can have on some communities. In particular in the case of empty properties, this may incentivise property owners to bring properties back into use.

- 3.2** If these changes bring empty properties back into use, it would be supporting the demand for housing within the Borough.
- 3.3** If these changes increase revenue via council tax, it similarly provides opportunities to support the Council's objectives, though ultimately it will be for the Council to establish the best use of any additional income when setting future budgets.
- 3.4** The premiums recommended, subject to Full Council approval, have a significant positive financial implication. Based on the data in Tables 1 and 2 above, this may equate to approximately £599K based upon the current makeup of the tax base. It would be prudent however to assume a downward shift, as property owners change the use of properties, sell, or as a result of other changes in circumstances. It may therefore be prudent to assume this value reduces by 20% to £479K. Implementing these changes will increase revenues to all preceptors on the Collection Fund, with the Council's share being approximately 12%, totalling £57,504

Financial Services comments:	<i>Contained within the report</i>
Legal Services comments:	<i>Contained within the report</i>
Equality and Diversity:	<i>n/a</i>
Climate Change implications:	<i>None</i>
Crime and Disorder:	<i>n/a</i>
Service Improvement Plan implications:	<i>none</i>
Corporate Plan:	<i>Supports homes for local people</i>
Risk Assessment:	<i>Failure to meet legal requirements may open council up to legal challenges. Failure to take into account government guidance may open the up to legal challenges</i>
Background Papers:	Levelling-up and Regeneration Act 2023 (legislation.gov.uk) Consultation on proposals to exempt categories of dwellings from the council tax premiums in England
Appendices:	<i>Appendix 1 Summary of Consultation on exempt categories of dwellings from the council tax premiums in England</i>
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