



COMMITTEE TITLE: ORDINARY COUNCIL

DATE: 13 DECEMBER 2023

REPORT TITLE:	Council Tax premium
REPORT OF:	Tim Willis, Interim Director of Resources

REPORT SUMMARY

This report is to introduce a Council Tax premium of 100% for second homes (unoccupied and furnished dwellings) within the borough, with effect from 1 April 2025. This 100% premium is in addition to the standard Council Tax charge. The Levelling Up and Regeneration Act 2023 sets out that when determining its decision, each billing authority has to adopt the agreed percentage of any premium by the 31 March prior to the financial year in which it wants to introduce the changes. This decision therefore requires agreement by 31 March 2024, to come into effect from 1 April 2025.

RECOMMENDATION

Members approve the implementation of the Council Tax premium of 100% for second homes (unoccupied and furnished dwellings) within the Borough, with effect from 1 April 2025.

SUPPORT ING INFORMATION

1.0 REASON FOR RECOMMENDATION

1.1 The introduction of the Levelling Up and Regeneration Act 2023 allows the Council to make amendments to the levying of Council Tax premiums within the borough with effect from 1 April 2025.

2.0 BACKGROUND INFORMATION

2.1 The report identifies decisions required by full Council and makes recommendations to change the Council's approach in respect of the Council Tax premium for second homes. The introduction of the Levelling Up and Regeneration Act 2023 allows the Council to make amendments to the levying of Council Tax premiums within the borough with effect from 1 April 2025.

2.2 Where a change is proposed, there is a requirement to determine the level of any discount or premium and a decision is now required to be made by full Council under the new 11C of the Local Government Finance Act 1992.

2.3 The Levelling Up and Regeneration Act 2023 sets out that when determining its decision, each billing authority has to adopt the agreed percentage of any premium by the 31 March prior to the financial year in which it wants to introduce the changes. This decision therefore requires agreement by 31 March 2024, to come into effect from 1 April 2025.

2.4 Once determined, any resolution of the Council will be published in a local newspaper(s) within 21 days of the decision.

2.5 At present, English billing authorities may only impose an empty homes premium on properties that are 'unoccupied and substantially unfurnished'. This term is defined via case law, not in legislation. However, it does not cover dwellings that are no one's sole or main residence but are furnished, second homes. An empty homes premium could, therefore, not be imposed on properties that are maintained as second homes for regular use by their owners.

2.6 Section 80 of the Levelling Up and Regeneration Act 2023 will insert a new section 11C into the Local Government Finance Act 1992. This will permit billing authorities to apply a premium to properties that have no resident and are "substantially furnished", second homes. The maximum Council Tax charge in these cases would be a standard 100% charge plus, if the recommendations are accepted by Council, a premium of 100% making a total Council Tax charge of 200% for second homes.

2.7 There would be no requirement for a property to have been used as a second home for a fixed period of time before the premium can apply.

2.8 As with other changes introduced by the Act, section 11C (3) requires that the first decision to impose this class of premium must be taken at least 12 months before the financial year to which it would apply. In effect this means that premiums for second homes will not take effect until the 2025/26 financial year at the earliest. However, it is essential that a decision is made by Council before 31 March 2024 to give the required one year notice.

2.9 The Act provides that a dwelling cannot be subject to both a second homes premium and an empty homes premium imposed under section 11B of the 1992 Act, and that an existing empty homes premium would cease to apply to a property which became subject to a second homes premium.

2.10 Should the Council at any time, wish to vary or revoke a decision to impose any type of premium, this can be done at any time before the beginning of the financial year to which it would apply.

2.11 The intention of the legislation change is to close the current loophole in relation of empty homes premium and also encourage the use of second homes as a primary residence.

2.12 It should be noted that, should the recommendation be accepted, of the income detailed below, the Council's share of this would be 11%, Essex County Council 74%, Essex Police, Fire and Crime Commissioner 11% and Essex Fire and Rescue Service 4%. The rough estimate of additional Council Tax income that would be generated from the implementation of this 100% second home premium is £227,251. For Brentwood this would be £25k from 2025/26.

	Current	Proposed	Current number of second homes (as at 08/11/2023)	Estimated additional income per annum
<p>Second Homes Premium</p> <p>No one's sole or main residence and which is substantially furnished.</p> <p>Premium of 100% is charged in addition to the second home Council Tax charge of 100%</p>	N/A	100% premium	109	£227,251

3.0 OTHER OPTIONS CONSIDERED

3.1 Should the Council decide not to accept the recommendations, the existing premiums will remain in place.

3.2 The Levelling Up and Regeneration Act 2023 also allows for the charging of a 100% premium on empty, unfurnished properties after one year, rather than two years under current arrangements. This is not proposed at this time, but can be revisited when considering the 2025/26 Council Tax premiums.

4.0 RELEVANT RISKS

4.1 The main risk associated with the implication of the recommendations will be the increase in non-compliance, with some taxpayers actively trying to avoid the new charges by providing incorrect information to the Council.

4.2 The Council already has processes and procedures in place in order to ensure that all charges are applied correctly. Further compliance procedures will be established to ensure that the new second homes premium is applied in accordance with the legislation and the Council's requirements.

5.0 ENGAGEMENT/CONSULTATION

5.1 There is no statutory requirement to consult on any matters contained within this report. However, a resolution made on or before 31 March 2024 will allow the premium to come into force from 1 April 2025 (its earliest commencement date).

6.0 FINANCIAL IMPLICATIONS

6.1 Financial implications have been included within the report. The Council is the billing authority and collects Council Tax on behalf of all the preceptors and parishes within the Borough. All income collected is accounted for within the Collection Fund account and

distributed to preceptors the following year, through a deficit/surplus mechanism. The tax base for the Borough which takes account of valid discounts and exemptions on properties is calculated in October for the following budgeted year. Therefore, the Council will start to see the effect of these changes from the year 2025/26.

7.0 LEGAL/GOVERNANCE IMPLICATIONS

Name & Title: Claire Mayhew, Acting Joint Director – People & Governance & Monitoring Officer

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7.1 The legislation that covers this report and the recommendations made is as follows:

- S11B of the Local Government Finance Act 1992
- S11C of the Local Government Finance Act 1992 (as introduced by the Levelling Up and Regeneration Act 2023);
- Levelling Up and Regeneration Act 2023.

7.2 Due to the changes in the legislation, the Council will be required by statute to be mindful of any regulation and guidance issued by the Secretary of State.

8.0 ECONOMIC IMPLICATIONS

Name & Title: Phil Drane, Director - Place

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8.1 Properties that are vacant for long periods of time, can lead to problems with squatters, anti-social behaviour and have a direct impact on the amount of housing available in the Borough. The potential of adding the 100% premium may incentivise the owners to bring properties back into full use and occupation.

9.0 EQUALITY & HEALTH IMPLICATIONS

Name & Title: Kim Anderson, Corporate Manager - Communities, Leisure and Health

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9.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- a. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful.
- b. Advance equality of opportunity between people who share a protected characteristic and those who do not.
- c. Foster good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.

The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

An Equality Impact Assessment has been completed Appendix A.

10.0 ENVIRONMENTAL IMPACT

Name & Title: Henry Muss, Sustainability & Climate Officer
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10.1 None.

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APPENDICES

Appendix A: Equality Impact Assessment.