

REPORT OF Revenues & Benefits Team Leader
To: Full Council
Subject: Update on Agreed Changes to Council Tax Legislation Following the Levelling Up and Regeneration Bill receiving Royal Assent – Long Term Empty Premiums, Second Home Premiums & Review Current Council Tax Local Discount Policy
Date: 22nd January 2024

PURPOSE OF REPORT: To update on the changes agreed at Full Council 30th January 2023 in relation to Council Tax legislation proceeding through parliament at that time for Long Term Empty Properties and Second Homes. The bill relating to these changes, The Levelling Up and Regeneration Bill, received Royal Assent on 26th October 2023.

1. INTRODUCTION

The Levelling-up and Regeneration Bill includes the following amendments to The Local Government Finance Act 1992 which can be applied from 1st April 2024 & 1st April 2025:

- Current legislation allows Local Authorities to charge 100% premium when a property has been unoccupied and unfurnished for over 2 years, the new legislation will allow 100% premium to be charged after 1 year from 1st April 2024.
- Second Homes, properties that are furnished but no-one's main residence, currently these properties are liable for a full Council Tax charge, the new legislation will allow Local Authorities to charge up to 100% premium from 1st April 2025, subject to Council's approval and being advertised at least one year before this date.

On 5th September 2022 Full Council agreed with a recommendation from the Member Budget Working Group to adopt these premium changes. subject to the Bill being passed through parliament. However, the bill has taken longer to proceed through parliament hence the delay in implementation.

2. REPORT

This report is an update following the Bill receiving Royal Assent.

By implementing these changes, it will encourage homeowners to occupy/bring their empty properties back into use. In light of the current housing crisis any action which increases the supply of properties to the private rented sector is to be welcomed.

3. IMPLICATIONS

Legal Implications

Not applicable as following government legislation.



Financial Implications

The below figures show the number of second homes and empty properties as at 15th November 2023 and additional income that would be realised, based on a Band D equivalent, if the policies were in place for the current financial year (23-24).

Band	No. of 2nd Homes	2 nd Homes Convert to Band D Equivalents	No. of Empty Properties	Empty Homes – convert to Band D Equivalents
A	392	261	50	33
B	255	199	37	29
C	213	189	27	24
D	204	204	34	34
E	104	127	12	15
F	35	51	4	6
G	14	23	2	3
H	3	6	0	0
Total	1220	1060	166	144

Theoretical additional Income 23/24						
Band D Equivalents	Properties	County	PCC	Fire	TDC	Total
2nd Homes	1,060	£1,732,178	£277,254	£102,597	£195,040	£2,307,069
Empties	144	£235,315	£37,665	£13,938	£26,496	£313,414
Total	1,204	£1,967,493	£314,919	£116,535	£221,536	£2,620,483

The additional (theoretical) Council Tax income accruing to Torridge would be circa £222k. It would also generate additional income for Torridge's preceptors, who are also facing a difficult financial environment.

If the policy is approved (assuming no change in property numbers number and maximum increases in council tax) the financial impact for Torridge over the next 2 years would be as follows:

	24-25	25-26	2 Year Total
Empties	£27,288	£28,104	£55,392
2nd Homes		£206,878	£206,878
Total	£27,288	£234,982	£262,270

Human Resources Implications

There will be a requirement for more investigations to be undertaken by Council Tax Officers when properties change from second homes to occupation as a main residence and when unoccupied and unfurnished properties become occupied or furnished. The Revenues & Benefits Visiting Officer would also undertake visits to properties to verify the changes and ensure the premium charges are removed correctly.

Sustainability/Biodiversity Implications

By applying the maximum premiums for second home and unoccupied and unfurnished properties it will encourage owners/liable persons to bring properties back into use, which could assist with the local housing needs.



Equality/Diversity

None directly attributable to this policy

Risk Management

Owners attempting to avoid the Long-Term Empty Premiums may claim their properties are furnished. By having a clear definition in the Policy of what constitutes a furnished property and a Visiting Officer inspecting the property to confirm if the property is considered furnished or substantially unfurnished will reduce this risk.

Second Homeowners attempting to avoid the Premium by saying they have moved into the property as a sole or main residence. Checks will be made with the Council at their previous address to ensure they have updated them with their change of residence. Further proof of ID – such as Driving Licence, proof of where registered for doctors, schools etc. may also be requested.

Compliance with Policies and Strategies

An updated policy is included with this report. The exemptions to the premiums have been included in the policy but we are still waiting for the official Government guidance to be issued.

Data Protection (GDPR) Implications

Only data that is necessary for the performance of the service is collected; data is held securely and can only be accessed by officers who have a legitimate need to view/use it.

Data will be kept for as long as is necessary but no longer than six years plus the current year.

Lead Member Views

Councillor Newton

Date of Consultation – 10th January 2023

The report from 30th January 2023 meeting was the formal adoption of the policy Full Council agreed in principle on the 5th September 2022. The additional income generated for the Council and its Preceptors is welcome given the difficult financial circumstances faced by the public sector. This policy may also encourage homeowners to bring empty properties back into use and thus alleviate some of the symptoms of the current housing crisis.”

CONCLUSIONS

This report indicates the potential increased revenue that could be generated by adopting these changes.

Applying the premiums a year earlier on long term empty properties and charging a premium on second homes would encourage owners/liable persons to occupy/bring empty properties back into use.

On 5th September 2022 Full Council agreed to adopt these premium changes effective from 1st April 2024, subject to the Bill being passed through parliament. The Bill has passed through parliament on 26th October 2023.

5. RECOMMENDATIONS

It is recommended that:



To reaffirm the changes agreed by Full Council on the 30th January 2023, in relation to The Levelling-up and Regeneration Bill amendments to The Local Government Finance Act 1992, following the delay in the Bill receiving Royal Assent.

The changes agreed are as follows:

- From 1st April 2024 - Charge 100% premium when a property has been unoccupied and unfurnished for over 1 years (currently 100% premium is charged after 2 years).
- From 1st April 2025 - Second Homes, properties that are furnished but no-one's main residence, charge 100% premium (currently a normal full charge is applicable).
- Agree the Local Council Tax Discount and Premium Policy that reflects any changes made.

