

<b>Item No</b>	<b>Referred from:</b>	<b>OVERVIEW &amp; SCRUTINY COMMITTEE</b>
<b>5B</b>	<b>Date:</b>	<b>29 JANUARY 2024</b>
	<b>Title of item:</b>	<b>COUNCIL TAX PREMIUMS FOR EMPTY AND SECOND HOMES</b>
<b>To be considered alongside agenda item:</b>		<b>9</b>

The report considered by the Overview & Scrutiny Committee at the meeting held on 29 January 2024 can be viewed here: [Agenda for Overview and Scrutiny Committee on Monday, 29th January, 2024, 7.30 pm | North Herts Council \(north-herts.gov.uk\)](#)

**RECOMMENDED TO CABINET:**

- (1) That in accordance with Section 11B and 11C of the Local Government Finance Act 1992 as amended by Section 2 of the Rating (Properties in Common Occupation) & Council Tax (Empty Dwellings) Act 2018 and the Levelling Up and Regeneration Act 2023, Cabinet considers increasing the council tax premiums on empty homes and introducing a new premium on second homes in a phased approach as follows:
  - (1.1) That from 1 April 2025 the Council adopts the following full Premium levy rates:
    - Properties empty for one year but less than five will receive a 100% Premium.
    - Properties empty for five years but less than ten years a 200% Premium.
    - Properties empty for more than ten years a 300% Premium.
  - (1.2) That from 1 April 2024 until 31 March 2025 the following interim premiums are introduced:
    - Properties empty for one year but less than two will not receive a Premium.
    - Properties empty for more than two years, but less than five years will receive a 100% Premium.
    - Properties empty for five years but less than ten years a 150% Premium.
    - Properties empty for more than ten years a 200% Premium.
- (2) That from 1 April 2025 a 100% Premium is levied on all properties that are determined as a second home, subject to any exceptions once these have been confirmed by Regulations and that the Service Director – Customers in consultation with the Executive Member for Finance and IT is delegated authority to make any amendments following further confirmation of the Regulations.

**REASONS FOR DECISIONS:**

- (1) To support the principle of bringing unoccupied properties back into occupation in line with the proposed empty homes strategy. At the time of writing there are 43 properties that have been unoccupied for over five years.
- (2) The introduction of a phased approach of increasing the premiums enables us to advertise the changes. As the introduction of premiums for properties unoccupied for between one and two years is new there will be no expectation on the owners of these properties of an additional premium and therefore it is recommended that this aspect is deferred until 2025 to allow time to advertise the change.
- (3) In respect of a premium on Second Homes the Council is required to give one year's notice as this is the Council's first determination in this regard and therefore a resolution must be made before the end of the 2023/24 financial year in order to bring in the premium from 01 April 2025.
- (4) The Council does have the ability to revoke the decision in relation to Second Homes premium, during the year should any consultation that is carried out provide evidence that this would not be effective.

*Audio recording – 2 hours 26 minutes 7 seconds*

Councillor Ian Albert, Executive Member for Finance and IT, presented the report 'Council Tax Premiums for Empty and Second Homes', and advised that:

- This report detailed the proposed changes to Council Tax premiums on empty and second homes which followed the updated government legislation.
- The Council had previously only been allowed to introduce a Council Tax premium on the length of time a home was unoccupied.
- In 2019 the Council introduced the current 100% premium for a property empty for more than 2 years.
- North Herts has 157 properties that have been empty for over 2 years.
- The recent change in legislation allowed a premium to be charged on a home that has been empty for less than 1 year.
- This paper related to the ability for the Council to increase Council Tax premiums to encourage empty homes to be brought back into occupation.
- A premium could be avoided if a homeowner furnished an empty home which changed it into a second home.
- North Herts Council awarded a 10% Council Tax discount on second homes.
- From 1 April 2024 the changes to premium would affect the 43 properties in North Herts which had been empty for over 5 years. The Council would be contacting all of these residents to make them aware of this change.

The following Councillors asked questions:

- Councillor Adam Compton
- Councillor Ralph Muncer
- Councillor David Levett

In response to questions, the Service Director – Customers, advised that the Empty Homes & Second Homes Premium Policy was still in draft form and could not be finalised until government regulations had been received. The Service Director apologised that the draft policy was not circulated to Members with the agenda and advised that she would circulate a copy to Members following the meeting.

In response to questions, the Revenues Manager, advised that a property that was furnished, but was not in occupation all the time, was classed as a second home. A second home could be in another district to the main home of a homeowner.

The following Members took part in a debate:

- Councillor Ralph Muncer
- Councillor David Levett

Points raised in debate included:

- Members felt uncomfortable voting on the recommendations without having time to read and scrutinise the content of the draft policy, which had not been circulated before the meeting.
- The second homes premium would have more relevance and impact on other areas of the country, such as Cornwall where there was a higher population of holiday homes, but would not be such an issue for North Herts.

The Chair advised that he split voting on the recommendations into two parts, to ensure Members were clear on the content of each.

Councillor Nigel Mason proposed and Councillor Mick Debenham seconded and, following a vote, it was:

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Councillor Daniel Wright-Mason proposed and Councillor Matt Barnes seconded and, following a vote, it was:

***RECOMMENDED TO CABINET:***

- (2) That from 1 April 2025 a 100% Premium is levied on all properties that are determined as a second home, subject to any exceptions once these have been confirmed by Regulations and that the Service Director – Customers in consultation with the Executive Member for Finance and IT is delegated authority to make any amendments following further confirmation of the Regulations.

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