



**REPORT of  
DIRECTOR OF RESOURCES**

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to  
**STRATEGY AND RESOURCES COMMITTEE  
26 JANUARY 2023**

**COUNCIL TAX DISCRETIONARY DISCOUNT LEVELS**

**1. PURPOSE OF THE REPORT**

- 1.1 To inform members of Government proposal to change aspects of the Council powers regarding discounts and premiums in terms of how these would be reflected in local Council Taxes and the Council Tax base from 1 April 2024.
- 1.2 To seek a decision on proposed changes to the Council Tax charges for Empty and Second homes (which are no one's sole or main residence), which would encourage bringing homes back into use and support the Districts Housing needs as follows:
  - (i) Reducing the length of time that a property becomes subject to an Empty Homes Premium, from two years to 12 months;
  - (ii) Levying a new Council Tax Premium for Second Homes.

**2. RECOMMENDATIONS**

To the Council

- (i) That the following changes are approved to have effect from 1 April 2024:
  - a. An empty home premium of 100% is levied on properties empty longer than one year;
  - b. The Council Tax for second homes which are no one's sole or main residence is increased by 100% through the application of a premium at the maximum permitted amount.
- (ii) That no changes are made to the Councils Section 13a1C discretionary reduction policy to specifically deal with empty properties which are being marketed for sale;
- (iii) That these decisions are reviewed as part of the budget setting process for 2024 / 25 and annually thereafter.

**3. SUMMARY OF KEY ISSUES**

- 3.1 Following a change in legislation in 2012 the Council agreed to implement a Council Tax Premium for properties that had been empty and unoccupied for more than two years from 2013. This policy change supported the Councils Housing Strategy, to encourage empty homes to be brought back into use.

- 3.2 In 2018 legislation was introduced permitting the levels of Council Tax Premium to increase further, and Members agreed to implement the maximum charges which are set out below.

3.3 **Current (and historic) Position**

**Financial Year 2019 / 20**

| <b>Period Property Unoccupied</b> | <b>Maximum Premium Chargeable</b> |
|-----------------------------------|-----------------------------------|
| 0-2 years                         | 0%                                |
| 2 years                           | 100%                              |

**Financial Year 2020 / 21**

| <b>Period Property Unoccupied</b> | <b>Maximum Premium Chargeable</b> |
|-----------------------------------|-----------------------------------|
| 0-2 years                         | 0%                                |
| 2 years                           | 100%                              |
| 5 years                           | 200%                              |

**Financial Year 2021 / 22**

| <b>Period Property Unoccupied</b> | <b>Maximum Premium Chargeable</b> |
|-----------------------------------|-----------------------------------|
| 0-2 years                         | 0%                                |
| 2 Years                           | 100%                              |
| 5 years                           | 200%                              |
| 10 years                          | 300%                              |

**Financial Year 2022 / 23**

| <b>Period Property Unoccupied</b> | <b>Maximum Premium Chargeable</b> |
|-----------------------------------|-----------------------------------|
| 0-2 years                         | 0%                                |
| 5 years                           | 200%                              |
| 10 years                          | 300%                              |

- 3.3.1 The level of empty home premium is confirmed each year as part of council tax setting arrangements.

3.4 **New Proposals**

- 3.4.1 The 2022 Levelling up and Regeneration Bill allows the imposition of a 100% Council Tax Premium after 12 months of a property becoming empty and unoccupied, instead of 24 months.

- 3.4.2 It also introduced the ability to levy a premium of not more than 100% for properties that are used as second homes. These are properties that are furnished but are not the sole or main residence of anyone. There is currently no Premium charged for second homes.

- 3.4.3 It is recommended that the Council adopts the maximum Council Tax premiums for both Empty Homes, and Second Homes.

- 3.5 The proposal being considered today would mean that the level of premium going forwards would be as set out below.

### 3.6 New Charges

#### Financial Year 2023 / 24

| Period Property Unoccupied | Maximum Premium Chargeable |
|----------------------------|----------------------------|
| 0-2 years                  | 0% (Unchanged)             |
| 5 years                    | 200%(Unchanged)            |
| 10 years                   | 300%(Unchanged)            |
|                            |                            |
| <b>Second Home</b>         | <b>None</b>                |

#### Financial Year 2024 / 25

| Period Property Unoccupied      | Maximum Premium Chargeable |
|---------------------------------|----------------------------|
| 0-1 Year                        | 0% (Unchanged)             |
| <b>1 year (New Charge)</b>      | <b>100% New</b>            |
| 2 Years                         | 100%(Unchanged)            |
| 5 years                         | 200% (Unchanged)           |
| 10 years                        | 300% (Unchanged)           |
|                                 |                            |
| <b>Second Home (New Charge)</b> | <b>100% New</b>            |

### 3.7 Empty Home Premium Changes

- 3.7.1 Following the imposition of an Empty Homes Council Tax Premium in 2012 the total number long term empty homes has reduced from 117 to 82 properties.
- 3.7.2 In 2022 there were seven properties that were charged the 300% premium, having been empty for over ten years.
- 3.7.3 The current policy disincentivises leaving properties empty, and the proposed changes would provide further encouragement to bring not only empty homes back into use, but also second homes, supporting the high demand for housing in the District.
- 3.7.4 Current guidance regarding Empty Homes recommends that due consideration should be given to the health of the local housing market when making determinations and decisions on whether or not to include properties which are being offered for sale or rent in the scope of the Empty Homes premium charge.
- 3.7.5 It is considered that the current market is such that a period of 12 months is currently a sufficient period in which to sell or let a property within the district. However there remains a discretion to consider individual cases where the imposition of a premium would cause the Council Tax payer significant financial hardship or there are other exceptional circumstances.
- 3.7.6 Members are asked to endorse the current approach which, as stated, allows for a reduction in cases of exceptional hardship as set out in **APPENDIX 1**.

### 3.8 Second Homes

- 3.8.1 The charging of a Council Tax Premium for second homes would encourage more properties to be brought back into full or partial use to support the local housing market.

- 3.8.2 The charge would only apply to substantially furnished properties that are no ones sole or main residence.
- 3.8.3 There is no evidence to suggest that any reduction in the number of second homes being used for temporary / holiday accommodation would have a detrimental impact on tourism or the local economy. It is likely to only have a positive impact with returning some properties into full or partial use for local housing.
- 3.8.4 There are currently 242 second homes that may be impacted by the proposed policy change.

### 3.9 Financial implications

- 3.9.1 There would be limited financial benefit in this policy change as the Major Precepting Authorities would receive the largest share on any Council Tax charged. Additionally imposing any increase during a period when the cost of living is going up could make it difficult to collect. The main benefit of this policy change would be to support the wider strategic aim of bringing more homes back into use to help meet the districts high demand for housing.
- 3.9.2 The table below shows the amount of council tax payable for a Band D property assuming there was no increase from the current level of council tax:

| Premium % | Band D Council Tax £ | Premium Payable £ | Total Payable £ |
|-----------|----------------------|-------------------|-----------------|
| 0         | 1970.19              | 0                 | 1970.19         |
| 100       | 1970.19              | 1970.19           | 3940.38         |
| 200       | 1970.19              | 3970.48           | 5910.57         |
| 300       | 1970.19              | 5910.57           | 7880.76         |

- 3.9.3 Using the above Band D amount the additional premium would amount to approximately £476,00 of which approx. £51,000 would be retained by Maldon District Council.
- 3.9.4 Any decision to not charge a Council Tax Premium would be dealt with on a case by case basis, through the Councils discretionary reductions policy at **APPENDIX 1**, but any cost associated with a reduction would wholly fall to the District Council, and the Council Tax payers of the District more generally.
- 3.9.5 Customers have a right of appeal against a decision to charge a Council Tax Premium. Firstly to the Council, who will consider any evidence presented, and a further right of appeal to an Independent Tribunal.

## 4. CONCLUSION

- 4.1 The imposition of the maximum permitted level of Council Tax incentivises the use of property that might otherwise be left empty or occupied infrequently, thereby supporting the Housing needs of the District.
- 4.2 The current policies provide for reductions in exceptional circumstances.
- 4.3 Customers have a right of appeal, ultimately to an Independent Tribunal should they want to challenge a decision to charge a Council Tax

## 5. IMPACT ON STRATEGIC THEMES

- 5.1 The exercising of discretion to set level of council tax contributes towards the core values of being open, transparent and accountable for our actions.

## 6. IMPLICATIONS

- (i) **Impact on Customers** – Customers with second homes or empty properties will be required to pay higher levels of Council Tax.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – Failure to agree the level of charge by 31 March 2023 would prevent the Authority changing the Council Tax discount arrangements for empty properties / second homes from 1 April 2024.
- (iv) **Impact on Resources (financial)** – Minimal.
- (v) **Impact on Resources (human)** – None.
- (vi) **Impact on the Environment** – None.
- (vii) **Impact on Strengthening Communities** – None.

Background Papers: None.

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