



Chelmsford City Council

21 February 2024

Amendments to Council Tax Premiums in respect of empty properties

Report by:

Cabinet Member for Connected Chelmsford

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Purpose

To confirm the extension, as agreed by Cabinet on 14 March 2023 and Full Council on 25 July 2023, of Council Tax premiums levied in respect of empty properties once a property has been empty and unfurnished for 12 months or if a property is empty, substantially furnished and nobody's main residence (a second home), and to clarify implementation dates and exceptions.

Options

1. To confirm the implementation dates of extended 100% Council Tax premiums as detailed in the recommendations
2. To agree local exceptions to the 100% Council Tax premiums as detailed in the recommendations
3. To note proposed statutory exceptions to the 100% Council Tax premiums and agree delegated powers to implement them

Recommendations

That Cabinet recommends to Full Council that the imposition of a Council Tax premium of 100% after a property has been empty and unfurnished for 12 months is effective from 1 April 2024.

That Cabinet recommends to Full Council that the imposition a Council Tax premium of 100% in respect of unoccupied dwellings, which are substantially furnished and nobody's main residence (second homes), is effective from 1 April 2025.

That Cabinet notes the proposed statutory exceptions to the imposition of Council Tax premiums and agrees an additional local exception in respect of second homes where planning constraints do not permit sale or lease of a property.

1. Background

- 1.1. Following its meeting on 14 March 2023, Cabinet recommended to Full Council that the scope of existing Council Tax premiums in respect of empty properties should be extended to apply to empty and unfurnished properties after they had been empty for 1 year rather than the current 2 years. Cabinet also recommended that a Council Tax premium of 100% should be applied to second homes, which are defined as properties which are empty, substantially furnished and nobody's main residence. Full Council accepted these recommendations at its meeting on 25 July 2023. The Cabinet report from 14 March 2023 is attached as a background paper to this report.
- 1.2. At the time of the original report, the Levelling-up and Regeneration Bill, which contained the provisions to amend s.11 of the LGFA 1992 to allow the imposition of these premiums, was still passing through Parliament and it was not clear when increased premiums could be imposed. The Bill has now received Royal Assent and definite commencement dates for these measures can now be set.
- 1.3. The Levelling-up and Regeneration Act 2023 includes provisions allowing the Secretary of State to define cases where Council Tax premiums may not be imposed. Such regulations have not yet been laid but an earlier consultation has given an indication of the situations where the Government is likely to legislate.
- 1.4. Local authorities also have the power to decide additional cases where they may not wish to impose a premium and this report makes a specific suggestion for approval. This report requests delegated authority to the Director for Connected Chelmsford to implement agreed local exceptions and any others which the Government may subsequently prescribe by regulation or guidance.

2. Long Term Empty Premium extension

2.1. As described in the background paper, the long term empty premium currently applies to properties which have been empty and substantially unfurnished for at least 2 years. The recommendation made by Cabinet and approved at Full Council was to reduce that timescale so that properties empty for 12 months would attract a 100% Council Tax premium. The Levelling-up and Regeneration Act 2023 confirms that this change can be applied from 1 April 2024. Applying the change results in the following situation:

Length of time property empty	Council Tax payable
0 to 3 months	0%
3 months to 1 year	100%
1 to 5 years	200% (100% Council Tax plus 100% premium)
5 to 10 years	300% (100% Council Tax plus 200% premium)
More than 10 years	400% (100% Council Tax plus 300% premium)

2.2. Not all properties which are empty and unfurnished attract a Council Tax liability. There are exemptions for properties awaiting probate or empty because: the resident is in prison or in a care home; the property has been repossessed, cannot be lived in by law or has been compulsorily purchased and will be demolished.

3. Properties empty and substantially furnished – ‘second homes’

3.1 The Levelling-up and Regeneration Act 2023 has specified that at least one financial year’s notice must be given of an intention to apply a 100% Council Tax premium in respect of properties which are described as ‘dwellings occupied periodically’. In effect, these properties are empty, substantially furnished and nobody’s sole or main residence. The year’s notice period means that the premium can be applied with effect from 1 April 2025.

3.2 The Council will use the intervening time until 1 April 2025 to advise existing second home owners, who currently benefit from a 10% discount on their Council Tax, of the change in policy and its financial effect.

4. Exceptions to the imposition of Council Tax premiums

4.1 The Government has released the results of a consultation which sought views on possible categories of dwelling which should be dealt with as

exceptions to the Council Tax premiums

<https://www.gov.uk/government/consultations/proposals-to-exempt-categories-of-dwellings-from-the-council-tax-premiums/consultation-on-proposals-to-exempt-categories-of-dwellings-from-the-council-tax-premiums-in-england> . This can be viewed as a useful indication of the Government's likely approach when it uses its powers within the Levelling-up and Regeneration Act to specify types of property which will not be subject to the imposition of Council Tax premiums, either indefinitely or for a finite period.

4.2 The consultation proposed that the following classes of property would be exceptions to premiums:

- **Properties undergoing probate** – both empty properties and second homes are likely to be exempt from the premium for up to 12 months after the grant of probate or letters of administration.
- **Properties that are actively being marketed for sale or rent** – likely to be exempt for up to six months, although either guidance or a local policy will be required to clarify the evidence required to support such an exception.
- **Empty properties undergoing major repairs** – likely to apply for 6 months where empty properties are undergoing major repair work or structural alteration.
- **Annexes forming part of, or being treated as part of, the main dwelling** – such annexes are proposed to be completely exempt from imposition of any premium.
- **Job-related dwellings** – currently there is a discount of up to 50% for properties which are unoccupied because the owner is required to live elsewhere for employment purposes. The discount applies where the dwelling is provided for the better performance of the duties of the post and it is the type of employment where it is customary for employers to provide dwellings for employees. The Government proposes that the dwelling should also be an exception to the second home premium. The exception will not apply in cases where somebody chooses to have an additional property in order to be closer to their place of work, whilst maintaining a family home elsewhere or where an individual is posted to a new location but maintains their previous address.
- **Occupied caravan pitches and houseboat moorings** – the Government proposes that these caravans and boats should be an exception to the second home premium.
- **Seasonal homes where year-round or permanent occupation is prohibited or has been specified for use as holiday accommodation or prevents occupancy as a person's sole or main residence** – the Government proposes that properties which have restrictions or conditions preventing occupancy for a continuous period of at least 28 days in any 12 month period, or specifies its use as a holiday let, or prevents occupancy as a person's sole or main residence should be an exception to the second homes premium.

4.3 In addition to the likely Government exceptions above, it is proposed that the Council also makes the following exception to the second homes premium – where a property is prevented from being marketed for sale or lease by a planning condition it should not be subject to the second homes premium. The rationale for this is that there are cases where properties are technically second homes, but the owners are prevented from disposing of them. In this event, the policy would simply penalise owners and not contribute to increasing the stock of available housing.

4.4 A policy will need to be developed to encompass all local and statutory exceptions and it is recommended that the Director of Connected Chelmsford is granted delegated powers to develop and amend existing policies as appropriate in conjunction with the Revenue and Benefit Services Manager.

5. Conclusion

5.1 This report confirms the use of financial penalties as a method to encourage owners to bring under-used accommodation back into general residential use. It clarifies the dates of implementation and identifies potential exceptions to the policy. Having declared a housing crisis in February 2022, the Council is obliged to use appropriate available methods to increase the supply of residential accommodation to its residents.

List of appendices:

None

Background papers:

Cabinet 14 March 2023 [agenda item 6.1– Amendments to Council Tax Premiums in respect of empty properties with effect from 1 April 2024](#)

Corporate Implications

Legal/Constitutional: All relevant legal considerations are addressed within the body of the report and the proposed policy.

Financial: Increases to the level and scope of Council Tax premiums is likely to generate additional income

Potential impact on climate change and the environment: None.

Contribution toward achieving a net zero carbon position by 2030: None

Personnel: None

Risk Management: None

Equality and Diversity: None

(For new or revised policies or procedures has an equalities impact assessment been carried out? If not, explain why)

Health and Safety: None

Digital: None

Other:

Consultees:

Director of Connected Chelmsford and Legal and Democratic Services Manager

Relevant Policies and Strategies: The report takes into account the following policies and strategies of the Council:

Chelmsford Housing Strategy 2022-2027
