

Decision Maker: PORTFOLIO HOLDER FOR RESOURCES, COMMISSIONING
AND CONTRACT MANAGEMENT

Date: Monday 5 February 2024

Decision Type: Non-Urgent Non-Executive Key

Title: COUNCIL TAX – SECOND HOME PREMIUM

Contact Officer: Jayne Carpenter, Revenues and Benefits Manager
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Chief Officer: Peter Turner, Director of Finance

Ward: (All Wards);

1. Reason for report

1.1 Proposal that a public consultation exercise is undertaken in which it is recommended that a Second Home Premium is introduced from April 2025.

2. **RECOMMENDATION(S)**

The PDS is requested to:

- consider the introduction of a Second Home Premium and the Equality Impact Assessment at Appendix 1

The Portfolio Holder is asked to:

- approve that a public consultation exercise is undertaken recommending that a 100% Second Home Premium is introduced from 1 April 2025.

Impact on Vulnerable Adults and Children

1. Summary of Impact: The Revenues Service impacts on all residents in the Authority including vulnerable adults/and those with children.
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Corporate Policy

1. Policy Status: New Policy
 2. Making Bromley Even Better Priority
 - (5) To manage our resources well, providing value for money, and efficient and effective for Bromley's residents
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Financial

1. Cost of proposal: Estimated £8500 for one off consultation and set up costs
 2. Ongoing costs: should the proposal be approved following consultation, approximate net additional income of £398k could be generated. This is dependant of the number of properties recorded as second homes for Council Tax.
 3. Budget head/performance centre: Exchequer - Revenues
 4. Total current budget for this head: £3.9m
 5. Source of funding: Existing Revenue Budget for 2024/25
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Personnel

1. Number of staff (current and additional): 3 plus Liberata staff
 2. If from existing staff resources, number of staff hours: From existing Revenue budget for 2024/25
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Legal

1. Legal Requirement:
Local Government Finance Act 1992
The Council Tax (Administration and Enforcement) Regulations 1992
The Local Government Finance Act 2012
Rating Law and Practice; England and Wales
The Levelling up and Regeneration Act 2013.
 2. Call-in: Not applicable
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Procurement

1. Summary of Procurement Implications: The Revenues Service forms part of the Exchequer Services contract
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Property

1. Summary of Property implications: Not applicable
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Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability implications: Not applicable
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Impact on the Local Economy

1. Summary of Local Economy implications: Not applicable
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Impact on the Health and Wellbeing

1. Summary of Health and Wellbeing implications: Not applicable
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Customer Impact

1. Summary of Health and Wellbeing implications: The Second Home Premium effects 362 properties.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: Not applicable

3. COMMENTARY

3.1 Background

Section 80 (2) of the Levelling Up and Regeneration Act 2023 (that received Royal Assent on 26 October 2023) inserted Section 11C into the Local Government Finance Act 1992 which permits Councils to apply a discretionary Council Tax premium of up to 100% on periodically occupied properties (Second Homes) from 1 April 2025.

The aim of the premium is to encourage owners to bring these properties back into permanent use and increase the availability of homes.

3.2 Definition of a Second Home

A property is defined as a Second Home when it does not have a permanent occupant(s) and is substantially furnished. These are properties that are occupied periodically and are not considered sole or main homes.

3.3 The number of properties affected by the introduction of a Second Home Premium

At the 31 December 2023 there were 362 properties recorded as Second Homes and the “band” split is shown below:

Council Tax Band	A	B	C	D	E	F	G	H	Total
Number of properties recorded	12	36	91	94	64	36	21	8	362

3.4 Exemption

The only exemption from this premium relates to properties classified as a second home because the occupant has been required by an employer to move elsewhere for job related purposes. For example, a member of the armed services who is required to move into Ministry of Defence accommodation in Great Britain as part of their posting.

3.5 Grace period

It is proposed that a 3 month grace period from the Second Home premium will apply to any person or company that is liable for Council Tax on a residential property that has been left substantially furnished and vacant.

The grace period will apply when:

- a residential property is left furnished but vacant for a period of 3 months or less – no premium will be applied.
- a residential property is left furnished but vacant for period over 3 months - no premium will apply for the first 3 months, but will be applied from month 4.

For example, if a resident has to temporarily leave their home to care for a relative who lives in another part of the country or abroad for 2 months, they would not be liable for the

premium. A landlord who has a break between tenants but only for a maximum of 3 months would also not be liable for the premium.

For operational purposes the premium will automatically be applied, and that the persons or companies responsible for paying Council Tax will be required to apply for a grace period if eligible.

3.6 Consultation

It is being proposed that a 4-week public consultation exercise is undertaken recommending that a 100% Second Home Premium is introduced from April 2025.

4 IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 Attached as Appendix 1 is the Equality Impact Assessment (EIA). The assessment did not identify any impact on groups with protected characteristics.

5 FINANCIAL IMPLICATIONS

5.1 The table below shows the projected additional income that may be available should the level of the premium be introduced. These figures are based on the number of second homes at the 31 December 2023 and Band “D” Council Tax levels for 2023/24 with a 15% reduction to reflect the potential change in use.

	£'000	£'000
Potential additional Council Tax raised through the increase in the Premium	667	
Less 15% assumed reduction in Second Homes	<u>-100</u>	
Total potential additional income	557	
Less GLA estimated proportion of 20.8%	<u>-117</u>	
Potential Additional net income for LBB		450
Less additional collection costs		<u>-52</u>
Net additional potential income for LBB		398

5.2 The estimated additional collection cost of 52k is based on a full-time equivalent member of staff covering the tasks of billing, recovery, visiting and customer services. The costs also cover printing, postage, traveling, tribunal appearances and legal costs.

5.3 These figures might be significantly reduced by properties going back into permanent occupation. An assumption has been made that the number of second homes may reduce and corresponding income will fall by 15%.

5.4 The one-off set up and consultation costs of approximately £8500 will be met from existing revenue budgets.

6. TRANSFORMATION/POLICY IMPLICATIONS

One of the “Making Bromley Even Better” ambitions is to manage our resources well, providing value for money, efficient and effective services for Bromley’s residents.

7. LEGAL IMPLICATIONS

7.1 Section 80 (2) of the Levelling Up and Regeneration Act 2023 inserted Section 11C into the Local Government Finance Act 1992 which permits Councils to apply a discretionary Council Tax premium of up to 100% on periodically occupied properties (Second Homes) from 1 April 2025.

The Act requires Local Authorities to give at least one year’s notice of its intention to levy a Second Home premium.

7.2 There is no statutory duty to consult on the Second Home Premium however to do so represents best practice. Having consulted then the Council must have regard to the consultation outcome although it is not bound by it.

8. CUSTOMER IMPACT

8.1 The Second Home Premium currently impacts on 362 properties.

Non-Applicable Sections:	Personnel, Procurement, Property, Impact on the Economy, Impact of Health and Wellbeing and Ward Councillors views
Background Documents: (Access via Contact Officer)	