

**Decision Maker:** EXECUTIVE

**Date:** Wednesday 27 March 2024

**Decision Type:** Non-Urgent 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);

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1. Reason for report

1.1 Proposal that a 100% Second Home Premium is introduced from April 2025.

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**2. RECOMMENDATION(S)**

**The Executive is requested to:**

- 2.1 consider the responses to the public consultation exercise at Appendix 1**
- 2.2 consider the Equality Impact Assessment**
- 2.3 approve the introduction of the 100% Second Home Premium from 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: £6621 for one off consultation
  2. Ongoing costs: should the proposal be approved following consultation, approximate net additional income of £411k 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: At the 13 March 2024 the Second Home Premium effects 352 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
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### **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.

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.

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

In many areas, where there is a high demand for housing, bringing second homes back into permanent use could become an important source of homes for households who need them.

At the meeting held on 5 February 2024, the Executive, Resources and Contracts PDS scrutinised the proposal to undertake a consultation exercise recommending that a Second Home premium is introduced. The Committee proposed not to proceed with a consultation.

Having, considered the proposal, the Portfolio Holder decided to proceed with the consultation as it related to the imposition of a new Council Tax charge for second home owners.

#### **3.2 Consultation**

A public consultation exercise was undertaken recommending that a 100% Second Home Premium is introduced from April 2025.

The consultation exercise ran for 4 weeks, commencing on 19 February 2024 and closing on the 15 March 2024.

The on-line survey was available on the Bromley website for the whole period. In addition to the survey:

- all second homeowners were contacted by email, where an address was known, or by letter, inviting them to submit a response.
- a random selection of residents were asked to take part with invites sent by email incorporating a link to the web page
- social media campaign was undertaken to encourage participation.

In total, 124 responses were received, 21 were from verified second home owners and 103 from verified Bromley residents, all of which were received via the website.

To summarise, the main findings were that:

60.5% of the overall respondents agreed that a 100% Second Home Premium should be introduced.

73% of the residents agreed that a premium should be applied.

100% of the second home owners who responded were against the introduction.

The responses to the recommendation are contained at Appendix 1

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

At the 13 March 2024 there were 352 properties recorded as Second Homes, this is reduction of 10 since the 31 December 2023. The “band” split is shown below:

<b>Council Tax Band</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>Total</b>
Number of properties recorded	11	35	85	87	65	38	23	8	<b>352</b>

### **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.

## **4. IMPACT ON VULNERABLE ADULTS AND CHILDREN**

- 4.1 An Equality Impact Assessment (EIA) was undertaken. The assessment did not identify any impact on groups with protected characteristics. A copy of the assessment can be found at:

[Equality impact assessments – London Borough of Bromley](#)

## **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 13 March 2024 and Band “D” Council Tax levels for 2024/25 with a 15% reduction to reflect the potential change in use.

	£'000	£'000
Potential additional Council Tax raised through the increase in the Premium	686	
Less 15% assumed reduction in Second Homes	<u>-102</u>	
Total potential additional income	584	
Less GLA estimated proportion of 20.8%	<u>-121</u>	
Potential Additional net income for LBB		463
Less set up/potential additional collection costs		<u>-52</u>
<b>Net additional potential income for LBB</b>		<b>411</b>

5.2 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%.

5.3 The estimated set up and potential additional collection costs of £52k include on the cost of the software changes required to levy the premium, amendments to bill templates and the requirement of a full-time equivalent member of staff covering the tasks of billing, recovery, visiting, customer services and tribunal appearances and legal costs.

5.4 The consultation costs of £6221 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 352 properties.

<b>Non-Applicable Sections:</b>	Personnel, Procurement, Property, Impact on the Economy, Impact of Health and Wellbeing and Ward Councillors views
Background Documents: (Access via Contact Officer)	FSD24013