

FAREHAM

BOROUGH COUNCIL

Report to Council

17 October 2024

Subject: **Council Tax Long Term Empty and Second Home Premium Charges**

Report of: **Assistant Director (Finance and ICT)**

SUMMARY

On 23 February 2024, Council considered a report recommending the adoption of discretionary changes to Council Tax premiums on Long Term Empty Properties and Second Homes.

The changes were driven by The Levelling Up and Regeneration Act 2023, a wide-ranging bill which gives Councils the power to levy a Council Tax Premiums of up to 100% on Long Term Empty Properties and properties used as Second Homes. The main objectives of the powers are to help with the housing shortage and provide incentives for all properties to become occupied.

By adopting these changes, the Council was required to declare its intentions at least 12 months prior to the financial year in which the changes came into force on 1 April 2025. So, the owners of the properties affected by these changes were notified in March 2024.

Unfortunately, whilst the correct elements of the changes were detailed in the report approved on 23 February, it has been discovered that the wrong version of the Council Tax Discounts, Reliefs, Exemptions & Premiums Guide (Appendix A (V2)) was attached to the February report, this latest report seeks to correct that.

RECOMMENDATION

At the Council meeting on 23 February 2024, the Council agreed:

- (a) a new 100% premium on second homes and restricted second homes after 12 months, from 1 April 2025;
- (b) an earlier 100% premium for Long Term Empty Properties which have been empty and unfurnished for a period between 1 and 5 years (previously a period between 2 and 5 years);
- (c) the Council's Section 151 Officer be granted delegated power to waive these premiums or alter the policy in exceptional circumstances after consultation with the Executive portfolio holder with responsibility for Local Tax Collection; and
- (d) an update to the Council Tax Discounts, Exemption and Premiums Policy, (Appendix A to this report).

Whilst the correct elements of the policy detailed above were approved in the report, unfortunately Appendix A included did not reflect those changes, so we now seek a correction of the formal minute by approving the correct attached appendix (Appendix A (V2)) to apply retrospectively, as was originally intended.

INTRODUCTION

1. Fareham Borough Council is a designated Billing Authority and responsible for the collection of Council Tax and distributing it to the precepting bodies. Council Tax is a local contribution to the many services provided in the borough by Fareham Borough Council, Hampshire County Council, Hampshire Police & Crime Commissioner and Hampshire Fire and Rescue Service.
2. Some properties or households are eligible for discounts, reliefs, or exemption from Council Tax, or have premiums added where the property has been empty for more than 2 years. Most of these adjustments are mandatory reductions and contained in Legislation, other adjustments are discretionary and can be set locally by the Council. A full summary of all current Council Tax reductions is attached in the Council Tax Discounts, Exemption and Premiums Policy (Appendix A (V2)).
3. This report seeks the correction of the formal minute by approving the correct attached appendix (Appendix A (V2)) to now apply retrospectively, as was originally intended.

BACKGROUND

4. Fareham has a shortage of affordable residential accommodation, and the introduction of Council Tax premiums will help bring properties back into full time use.
5. The Levelling Up and Regeneration Act 2023 (Regulation 79 and 80) empowers Councils to apply a premium on properties left empty for more than 1 year. The legislation recognises the impact that high levels of second home ownerships can have in some areas and seeks to encourage owners to bring empty properties back into use sooner.
6. Since the original report, Regulations have been laid before Parliament on 7 October 2024 setting out the exceptions to Council Tax Premiums on second and long-term empty homes. The Council Tax (Prescribed Classes of Dwellings and Consequential Amendments) (England) Regulations 2024
7. In the original report, powers were delegated to the Council's Section 151 Officer to amend the policy in line with the Government's requirements, as now set out in Legislation.

RISK ASSESSMENT

8. An Equality Impact Assessment was carried out by the Government to support the introduction of this new legislation and the Council is satisfied that, having regard to the exemptions provided within its scheme as mitigation, no further detailed impact assessment is required There are no significant risk considerations in relation to this report.
9. There is a risk of inconsistency in the treatment of long-term properties and second homes in neighbouring Councils.

CONCLUSION

10. Whilst the correct elements of the policy were detailed in the report, which was approved by Council on 23 February 2024, we now seek a correction of the formal minute by approving the correct attached appendix (Appendix (V2)) to apply retrospectively, as was originally intended.

Appendices: (Appendix A (V2))

Background Papers: None

Reference Papers:

Report to Council 23 February 2024

<https://moderngov.fareham.gov.uk/documents/s36938/Item%2020%20-%20Council%20Tax%20report.pdf>

[Levelling-up and Regeneration Act 2023 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/2023/1/section/1)

[The Council Tax \(Prescribed Classes of Dwellings and Consequential Amendments\) \(England\) Regulations 2024 \(legislation.gov.uk\)](https://www.legislation.gov.uk/uksi/2024/1000/made)

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