

11th March 2025

KEY DECISION? YES/NO

REPORT NO. FIN2509

COUNCIL TAX SECOND HOME PREMIUM

SUMMARY:

In May 2022, the Government's "The Levelling Up and Regeneration Bill" put forward proposals to charge a discretionary Council Tax premium on second homes. The bill received Royal Assent on 26 October 2023 and gives Local Authorities the option to include a council tax premium on properties which are occupied periodically (second homes) of up to 100%.

A council must make its first determination to charge a second homes premium at least one year before the financial year to which it will apply. This is to provide owners of these dwellings sufficient notice to make any appropriate changes.

RECOMMENDATIONS:

Cabinet is asked to:

- 1) Approve that council tax to be increased by 100% from 1 April 2016 for second home properties as set out in regulations and detailed in this report.
- 2) Approve the amendment to the long-term empty homes policy to include charging an additional 100% to second homes.

1. INTRODUCTION

- 1.1. In May 2022, the Governments "The Levelling Up and Regeneration Bill" put forward proposals to charge a discretionary Council Tax premium on second homes. The bill received Royal Assent on 26 October 2023 and gives Local Authorities the option to include a council tax premium on properties which are occupied periodically (second homes) of up to 100%.

2. BACKGROUND

- 2.1. For Council Tax purposes second homes are properties that are furnished but where no-one lives in the property as their main residence. Council Tax is charged at the standard 100% charge, in line with the property council tax band.

The Levelling Up and Regeneration Act 2023 enables Billing Authorities to determine a higher amount for properties occupied periodically (second homes) of up to an additional 100%. The conditions are:

- There is no one resident at the property as their sole or main residence; and
 - The property is substantially furnished.
- 2.2. There is no legal definition for what “constitutes substantially furnished”. Details of what the council considers to be the definition of “substantially unfurnished” is where the property has only a small amount of furniture, equipment and items that are not enough to support anyone living there long-term.
- 2.3. In any disputed cases we will always visit the premises and make an assessment.
- 2.4. With increased pressure to find housing for people in need the Council want to encourage homeowners to bring second homes back into use to the benefit of all residents. The premium supports the council’s empty homes strategy.
- 2.5. The council is already levying premium charges for long-term empty homes in Rushmoor (unoccupied and unfurnished) which allows additional charges as follows:
- 100% additional Empty Homes Premium on properties which are empty for more than two years but less than five years.
 - 200% additional Empty Homes Premium on properties which are empty for more than five years but less than ten years.
 - 300% additional Empty Homes Premium on properties which are empty for more than ten years.

3. DETAILS OF THE PROPOSAL

- 3.1. Currently, the Council is levying second home charges for properties in respect of the 2024/25 period. The total charged levied is £302k.
- 3.2. Of the £302k levied 11% (approximately £33,195) is retained locally by the Council and forms part of our service budget income.
- 3.3. The Levelling-up & Regeneration Act 2023 introduced new powers for councils to charge premiums on second homes. Councils have the discretion to decide whether to introduce a premium in their local area or parts of the area on second homes. They also have the discretion to decide on the level of the premium, up to the maximum statutory threshold of 100%.

- 3.4. A council must make its first determination to charge a second homes premium at least one year before the financial year to which it will apply. This is to provide owners of these dwellings sufficient notice to make any appropriate changes.
- 3.5. When using these powers, councils can determine the second homes they will apply a premium to. This enables the council to tailor the determination to local circumstances.
- 3.6. The Government has made regulations to allow exceptions to these premiums. These exceptions to the premium are mandatory.

The exceptions include:

- Properties subject to probate (limited to a 12-month exception).
 - Properties actively being marketed for sale or to let (limited to 12-month exception).
 - Job related dwellings (leaving your property unoccupied as it's a stipulation in your employment to be resident at your place of work, for example, Publicans, Resident Caretakers and Ministers of Religion).
 - Seasonal homes where year-round, permanent occupation is prohibited.
- 3.7. The Government has provided guidance for the second discount premium at the following link
[Council Tax information letter 2/2024: proposals to exempt categories of dwellings from the council tax premiums in England - GOV.UK](#)
 - 3.8. Full details of this Second Home Premium Charge can be seen in the policy (Appendix 1) of this report, which includes the current levy on long-term empty properties. The guidance notes have been taken into consideration when devising this policy.
 - 3.9. In summary the proposal is to apply a 100% second home premium (the maximum permitted level) with effect from 1 April 2026. This proposal would best support council and government policy in helping to reduce the number of empty homes by giving the highest incentive to owners to bring the properties back in to use, by either selling or renting the property.
 - 3.10. The council will not charge a second home premium on those properties where Government has made exceptions or properties that are occupied by residents who have main homes elsewhere and reside in the borough during the week to be nearer to their place of work.
 - 3.11. On this basis, the total number of properties the Council could charge a levy on is 98. This amounts to a total additional income of £207k, with the council retaining £23k. The remaining monies will be shared amongst the other preceptors at proportionate levels.

- 3.12. Information has been obtained from our neighbouring North Hampshire Local Authorities. Basingstoke and Deane Borough Council plan to impose a second home premium charge of 100% from 1st April 2026 and Hart District Council currently have no plans to impose a premium charge on second homes.

4. IMPLICATIONS

Legal Implications

- 4.1. Charging the premium on second homes is in line with the Local Government Finance Act 1992 (as amended).
- 4.2. In accordance with the regulations, the second home premium will be promoted through a public notice and will come into effect from 1st April 2026, allowing the 12- month lead in period. All owners of second home properties impacted by this decision will be written to, to ensure that they are aware of the change.

Financial Implications

- 4.2. All financial figures provided in this report are based on 2024/25 Council Tax charges.
- 4.3. Based on the current number of second homes in Rushmoor, there would be an increase in the Collection Fund of £207k, of which £23k would come directly to the Councils budget. The remaining funding would be shared with Council Tax preceptors at proportionate levels.

Risks

- 4.4. The implementation of the long-term empty home's premium introduced from 2013/14 prompted a number of complaints from affected taxpayers. It is likely that any increase in a premium charge on second homes will have the same affect.
- 4.5. As outlined in paragraph 4.7 below, less than one percent of the properties in Rushmoor will be affected by this change.
- 4.6. The actual income generated from the second home premium charge may be less than that estimated in the report. The intention of the second home premium charge is to bring second home properties back into use, so if the policy change is successful it will result in fewer properties paying the second home premium charge.

Impact on Residents

- 4.7. There are 98 properties affected by the proposed change to the second home premium charge. This is against 42,757 domestic properties in the borough. This would, therefore, only affect a very small number of residents in the borough, approximately 0.2%

5 CONCLUSIONS

5.1. In conclusion, cabinet are asked to:

- Approve the council tax second homes premium charge of 100% effective from 1st April 2026.
- Approve the amendment to the Council Tax Long Term Empty Homes Policy to include the second home premium charge.

LIST OF APPENDICES/ANNEXES:

Appendix 1 – Council Tax Long Term Empty Homes and Second Homes Discount Policy.

BACKGROUND DOCUMENTS:

[Council Tax information letter 2/2024: proposals to exempt categories of dwellings from the council tax premiums in England - GOV.UK](#)

Local Government Finance Act 1992

The Levelling Up and Regeneration Act 2023

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APPENDIX 1

Council Tax Empty Homes Policy (Including Second Homes)

Council Tax Empty Property and Second Home Charges

Some empty properties are exempt or receive a discount for Council Tax purposes. This means that a reduced amount of Council Tax is payable in respect of these properties. There are various classes and circumstances under which a property can be made exempt or receive a discount. These are listed below with a definition. These notes are for guidance only, further information can be obtained from the Council Tax Team on 01252 398912.

If a property has been unoccupied and unfurnished for a continuous period of two years or longer, then the property will be subject to a Council Tax Empty Homes Premium Charge of 100%. This is on top of the 100% liability, meaning 200% of the Council Tax will become payable.

If your bill indicates that a discount or exemption has been allowed, you must tell the Council within 21 days of any change of circumstances, which affects your entitlement.

EXEMPTIONS

The table below shows exemptions for *unoccupied* dwellings:

CLASS	DEFINITION OF EXEMPTION
B	Empty and owned by charities (time limit of 6 months)
D	Left unoccupied by persons in detention (except for non-payment of Council Tax)
E	Left unoccupied by long-term patients in hospitals or care homes
F	Left unoccupied by deceased person (for up to 6 months after probate)
G	Unoccupied where occupation is prohibited by law
H	Unoccupied pending use by a Minister of Religion
I	Left unoccupied by people receiving care
J	Left unoccupied by people providing care
K	Left unoccupied by student(s) where the student(s) remain liable
L	Unoccupied where the mortgagee is in possession
Q	Unoccupied in the possession of a trustee in bankruptcy
R	Unoccupied caravan pitch or house boat mooring
T	Unoccupied Annexe which cannot be let separately without a breach of the Town & Country Planning Act

DISCOUNTS FOR EMPTY PROPERTIES

The table below shows discounts for **unoccupied** dwellings:

Property that is undergoing major structural repair works or structural alterations	50% discount for 12 months; then full Council Tax is payable
Property that is unoccupied and unfurnished	100% discount for 2 months; then full Council Tax is payable
Empty Property Premium	<p>100% premium added to Council Tax where a property has been unoccupied and unfurnished for longer than two years.</p> <p>From 1 April 2020, a 200% premium is added to full Council Tax bill if the property has been unoccupied and unfurnished for 5 years.</p> <p>From 1 April 2021, a 300% premium is added to the full Council Tax bill if the property has been unoccupied and unfurnished for 10 years.</p>
Second Home Discount (Substantially Unfurnished)	<p>No discount applicable, unless you leave a property empty because you are required to live somewhere else for work purposes, when you may be entitled to a 50% discount).</p> <p>From 1 April 2026, a 100% premium charge will be added to the Council Tax bill from the day the property becomes a second home (substantially unfurnished).</p>

Exemption to both long-term empty and second homes council tax premiums

Two classes of property are exempt from the long-term empty and second home council tax premiums are:

- Properties undergoing probate:** Inherited properties have a 12-month exception from the empty and second home premiums after probate or letters of administration have been granted. The property will be liable for the standard rate of council tax once the class F exemption has ended; but a premium cannot be levied for a 12-month period.

- **Properties being actively marketed for sale or let:** A 12-month exception to both the empty and second home premiums applies to properties that are actively marketed for sale or let. The exception would run from when the exception first applies until the end of the exception period or until the property is no longer actively marketed, sold, or let (whichever is sooner).

Exceptions to the long-term empty home's premium only

- **Empty properties undergoing major repairs:** properties undergoing major repairs or structural alternations will have a 12-month exception from the empty home's premium.

Exceptions to the second homes premium only

- **Annexes forming part of, or being treated as part of, the main dwelling:** A second homes premium will be exempt for annexes which form part of a single property which includes at least one other dwelling. The exception does not apply to annexes where they are not being used as part of the main residence.
- **Job related dwellings:** A second homes premium cannot be charged for job-related dwellings. This exception will not apply to cases where someone chooses to have an additional property to be closer to work while having a family home elsewhere or where an individual is posted to a new location but maintain their previous address.
- **Occupied caravan pitches and boat moorings:** A pitch occupied by a caravan and a mooring occupied by a boat are an exception to the second homes premium.
- **Seasonal homes where year-round or permanent occupation is prohibited or has been specified use:** Where properties have planning restrictions or other conditions on occupation or use in place which prevent year-round occupation, the government will legislate so that such properties are an exception to the second homes premium

Rushmoor Borough Council have also determined that we will not charge a second home premium on properties that are occupied by individuals who have main homes elsewhere and choosing to reside in the borough during the week to be nearer to their place of work.

Discretionary power to waive the long-term empty and second home premium charge in exceptional circumstances.

The premium charge is calculated from two years after the property became unoccupied and unfurnished. This may be before the current owner became liable for the property, so the owner is liable for the charge when the two-year anniversary is reached, regardless of when their ownership of the property began.

The second home premium charge takes effect from the first day the property becomes a second home for council tax purposes.

There are exceptional circumstances in which we will consider waiving the premium charge:

- **Properties left to someone in a will and in need of renovation** – only where the new owner has taken action to return the property to occupation within a period of six months from taking ownership and can provide evidence that the action has been continuous and realistic.
- **Properties with a restrictive covenant** – only where the owner is genuinely seeking to sell or rent the property in the local market conditions (realistic or selling price or rent level) advertised on the open market through an estate agent registered with the National Association of Estate Agents.

All requests for a waiver must be made in writing and sent to:

Rushmoor Borough Council
Local Taxation Section
Council Offices
Farnborough Road
Farnborough
Hampshire
GU14 8AB

Or e-mailing localtax@rushmoor.gov.uk

All requests must include documentary evidence showing genuine, continuous and realistic action is being taken to bring the property into occupation.

We will not waive the premium charge where evidence suggests that the owner hasn't taken all possible steps to return the property to occupation.

If a waiver is granted within the conditions stated in this policy, a review will be carried out every 6 months to ensure that the waiver should continue. If the conditions for the waiver are no longer in place the full charge will be reinstated and may be backdated if there is evidence to support this.

Any periods of occupation of six weeks or less will be disregarded when considering how long a property has been empty or a second home. Periods of occupation for six weeks or less will not give rise to a further period of discount or start a new period of two years before charging the premium charge.

Policy approved by a meeting of the Council's Cabinet on 11th March 2025