



Chelmsford City Council Full Council

18 December 2024

Exceptions to Council Tax Premiums in respect of empty properties

Report by:
Cabinet Member for Finance

Officer Contact:

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Purpose

To determine whether or not to apply any local discretionary exceptions to Council Tax premiums imposed in respect of empty properties

Options

- 1 To agree local discretionary exceptions to Council Tax premiums, imposed on empty properties during 2024/25, in line with those coming into force with statutory effect from 1 April 2025
- 2 Not to implement local discretionary exceptions to Council Tax premiums, imposed on empty properties during 2024/25
- 3 To agree a limited discretionary exemption from the second home premium with effect from 1 April 2025 in respect of privately rented furnished property left empty by a vacating tenant who still retains the tenancy for a maximum period of one month, or longer in exceptional circumstances.

Recommendations

That Council agrees to implement local discretionary exceptions to Council Tax premiums, imposed on empty properties during 2024/25, in line with those coming into force with statutory effect from 1 April 2025 (Option 1)

That Council agrees a limited discretionary exception to the second home premium with effect from 1 April 2025 in respect of privately rented furnished property left empty by a vacating tenant whilst still retaining the tenancy for a maximum period of one month. (Option 3)

1. Background

- 1.1. Following its meeting on 30 January 2024, Cabinet recommended to Full Council that the implementation of statutory exceptions to Council Tax premiums proposed by the previous Government should be delegated to officers. Full Council accepted this recommendation at its meeting on 21 February 2024. The Cabinet report from 30 January 2024 is attached as a background paper to this report.
- 1.2. The previous Government did not progress as far creating any statutory exemptions before the General Election on 4 July 2024, so Council Tax bills for 2024/25 have been issued including a Council Tax premium of 100% in respect of properties which have been empty for more than 12 months. As the 100% premium on second homes does not come into force until 1 April 2025, these properties have not yet been affected.
- 1.3. There was no indication that the new Government intended to progress the previous Government's exception proposals, so the Council has not thus far taken any action to implement any discretionary exception proposals. However, on 8 October 2024, the Government laid regulations which created a range of statutory exceptions to both empty home and second home premiums with effect from 1 April 2025.
- 1.4. This action has created a situation where the Council now has to decide whether it wishes to use its discretionary power to apply exceptions to empty home premiums during 2024/25 in respect of properties which it now knows will be exempt from those premiums with effect from 1 April 2025.

1.5. Local authorities also have the discretionary power to create exceptions to premiums in addition to any statutory exceptions and this report makes a specific suggestion for approval (option 3).

2. New statutory exceptions to long term empty and second home premiums with effect from 1 April 2025

2.1. The regulation (SI 1007/2024) creates a number of exceptions to the imposition of the long-term empty premium and the second home premium with effect from 1 April 2025. Some are time-limited and some are complete exemptions.

2.2. Billing authorities will not be able to charge an empty premium or a second home premium *at all* where:

- A person has been provided with armed forces accommodation and leaves their main home empty; or,
- An annexe, with its own council tax liability that forms part of the same property, is also being used as part of a person's sole or main residence (rather than being left empty).

2.3. Billing authorities will not be able to charge a second home premium *at all* where:

- The dwelling is periodically occupied in certain job-related circumstances; or
- The dwelling is a pitch occupied by a caravan or a mooring occupied by a boat; or,
- Where a planning condition prevents occupancy for a continuous period of at least 28 days in any one year period; or,
- Where a planning condition specifies that the dwelling may be used for holiday lets only; or,
- Where a planning condition prevents occupancy as a person's sole or main residence

2.4. Billing authorities will not be able to charge an empty or second home premium *for up to 12 months* where:

- A property is being actively marketed for sale or let; or,
- A property has been exempt from Council Tax whilst awaiting probate or letters of administration and probate or letters of administration have now been completed.

2.5. Billing authorities will not be able to charge an empty premium *for up to 12 months* where:

- a property is undergoing major work to make it habitable, or structural alteration.

2.6. The Council is requested to decide whether it wishes to bring the exceptions listed in paras 2.2, 2.4 and 2.5 into force as discretionary exceptions for the

financial year 2024/25. It should be noted that only the empty premium will be affected because the second home premium does not apply at all until 1 April 2025.

2.7. The numbers of properties attracting a premium vary from week to week and the number of properties which may qualify under any of the exceptions above are necessarily an estimate. As of 30 November 2024, the Council had 178 empty properties attracting an empty premium after being empty for between one and two years. Of those, evidence from complaints submitted to the Council regarding imposition of the premium on retirement properties which are proving difficult to sell or other properties which are up for sale, suggest that the number that might benefit from the 12 month exception is approximately 20. In terms of financial loss to the Council, this equates to approximately £4,000 for the year but will save officer time, so the net cost is less or even nil.

3. Additional limited discretion in respect of second home premium

3.1 The statutory 12 month exception listed in section 2.4 relating to properties being marketed for let provides a protection from the second home premium for **landlords** in respect of periods between one tenant leaving and another taking up residence. It is proposed that a similar, even more limited, discretionary exception is agreed to protect **tenants** from the second home premium. From time to time, a tenant decides to accept a new tenancy before their current one has expired. In such cases, they may be liable for Council Tax on both properties. If one tenancy is a furnished let and the tenant is not resident in the furnished property, it will immediately attract a second home premium after 1 April 2025. It is proposed that the Council uses its discretion not to apply the second home premium in this situation for a maximum period of one month, or more in exceptional circumstances.

4. Conclusion

4.1 This report seeks to clarify the Council's view regarding implementing discretionary exceptions to long-term empty premiums for the financial year 2024/25 and to add an additional limited exception in order to protect tenants from unavoidable financial loss.

List of appendices:

None

Background papers:

Cabinet 30 January 2024 agenda item 6.2– Amendments to Council Tax Premiums in respect of empty properties

Corporate Implications

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

Financial: Implementing discretionary exceptions to empty property premiums in 2024/25 will cause a minor financial loss.

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, 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
