

# Corporate Policy and Resources Committee

**Date of meeting 12 May 2025**

<b>Title</b>	Second Home Council Tax Premium
<b>Purpose of the report</b>	To make a decision
<b>Report Author</b>	Sandy Muirhead Group Head Commissioning and Transformation
<b>Ward(s) Affected</b>	All
<b>Exempt</b>	No
<b>Exemption Reason</b>	N/A
<b>Corporate Priority</b>	Resilience Services
<b>Recommendations</b>	<p><b>Committee is asked to:</b></p> <ol style="list-style-type: none"> <li><b>1. Approve the proposal for a premium on second homes council tax as in appendix A; and</b></li> <li><b>2. Recommend to Council to agree the application of a council tax premium of 100% in respect of second homes with effect from 1 April 2027</b></li> </ol>
<b>Reason for Recommendation</b>	The Government granted Councils additional powers to levy a 100% council tax premium on second homes and the Council is looking to implement this levy on second homes in the Borough.

## 1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> <li>• In 2013 the Government gave all Councils the powers to charge additional council tax on long term empty properties after 2 years. Additional premiums were levied on empty properties with effect from April 2022. However, with effect from 1 April 2025 the Government has provided</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure we maximise recovery from second homes s which could be left empty for much of the year rather than providing residential stock.</li> </ul>

additional powers to councils to charge a premium of 100% additional council tax on second homes.	
<b>This is what we want to do about it</b>	<b>These are the next steps</b>
<ul style="list-style-type: none"> <li>With the additional powers granted Spelthorne Borough Council is proposing to levy a 100% premium on second homes with effect from 1 April 2027.</li> </ul>	<ul style="list-style-type: none"> <li>To implement the revised approach to allowing charging a 100% premium on second homes.</li> </ul>

1.1 This report seeks agreement to introduce a levy of 100% premium on second homes with effect from 1 April 2027 in line with Government legislation. This means second homes effectively pay double council tax.

## 2. Key issues

2.1 Since 2013 councils in England have had the power to charge additional council tax on long-term empty homes. For the purpose of council tax, long-term empty homes are dwellings which have been unoccupied and substantially unfurnished for a period. Spelthorne Council adopted the policy whereupon additional premiums were levied on empty properties with effect from April 2022.

2.2 In April 2024, the empty homes council tax premium was strengthened so that councils can charge the premium on homes that have been empty for 1 or more years (rather than the previous 2 years). How much is paid depends on how long the property has been empty.

2.3 The charging is based on premiums as provided in 2.4 as these unfurnished properties and therefore are not deemed as second homes. If a property has been empty and unfurnished for two years or more taxpayers are required to pay an empty home premium as noted in 2.4 on top of the full Council tax charge for the property.

2.4 From 1 April 2022 the following changes to the Council tax premium took effect on empty properties:-

- Properties empty between 2 and 5 years 2x Council tax (200%) will become payable
- Properties empty between 5 and 10 years 3x Council tax (300%) will become payable
- Properties empty over 10 years can be charged for up to 4 times the normal Council tax bill. Ie 400%.

2.5 Residents usually have to pay Council tax on another property owned or rented such as a holiday home and if it is not someone's main residence. These properties are furnished and do not have anyone living in them as their main home. Hence, they are known as **second homes**. The Council can decide whether a property is a second home. Due to the introduction of new rules from April 2025, councils will be able to use new powers to charge a premium of up to 100% additional council tax on second homes in their area, or parts of their area.

- 2.6 With the additional powers granted Spelthorne Council, in line with many other authorities, is looking to levy a 100% premium on second homes with effect from 1 April 2027. This will ensure we meet legislative requirements in terms of notice periods and allow us to take on board experience in other areas including in Surrey where implementation of the premium has generated a number of complaints.
- 2.7 However, research has been undertaken on other authorities and the approach suggested to levy a 100% premium on second homes seems to be standard despite it seems objections. Currently we have 76 properties in the Borough that would be affected. In comparison to tourist areas this is a relatively small proportion of our taxbase (0.2%).
- 2.8 More detail on the proposal is provided in Appendix A including exemptions.

### **3. Options analysis and proposal**

- 3.1 **Option 1** (Recommended) To agree to levy a 100% premium on second homes in the Borough.
- 3.2 **Option 2** Not to introduce the levy and therefore not maximise Council tax on empty properties is detrimental to Council finances.

### **4. Financial management comments**

- 4.1 No direct financial implications but could provide the Council and the precepting bodies (Surrey County Council and Surrey Police and Crime Commissioner) with extra funds from the 100% premium on second homes. This would be an extra £200k in income based on the current 76 properties of which Spelthorne would receive 9.5% i.e. £19k.

### **5. Risk management comments**

- 5.1 Not to implement could mean a lower income to the Council than potentially could be the case.
- 5.2 As a new policy (though will be examples from councils that have implemented the second home premium earlier) there is a risk of challenges from residents. Test cases available will provide experience and learning which the Authority can take on board to mitigate this risk.
- 5.3 The proposal may result in council tax avoidance (e.g. transfer to a third party) as well as potential arrears and the associated debt recovery.
- 5.4 There is a potential risk of drop in council tax income if second homes are moved into the Business Rate system.

### **6. Procurement comments**

- 6.1 There are none.

### **7. Legal comments**

- 7.1 Section 80 of the Levelling Up and Regeneration Act 2023 permits local authorities to levy a 100% premium on second homes (i.e. a substantially furnished property where there is no resident). The decision to impose such premium must be made at least one year before the beginning of the financial year to which it relates, i.e. this increase will not take effect until 1 April 2027 at the earliest.

- 7.2 The Council is required by the legislation to give regard to the guidance issued by the Secretary of State when deciding whether to implement the council tax premium and take account of any exceptions. Please refer to background papers.
- 7.3 If the recommendation is accepted, the Council's decision should be published in at least one local newspaper within 21 days of the date of the decision.
- 8. Other considerations**
- 8.1 None
- 9. Equality and Diversity**
- 9.1 Any consideration around second homes takes account of any equality and diversity issues.
- 10. Sustainability/Climate Change Implications**
- 10.1 There are none directly from the policy.
- 11. Timetable for implementation**
- 11.1 Implementation will be in April 2027.
- 12. Contact**
- 12.1 Sandy Muirhead Group Head Commissioning and Transformation
- 12.2 John Rogers Principal NNDR Officer

**Please submit any material questions to the Committee Chair and Officer Contact by two days in advance of the meeting.**

**Background papers:**

[\*Guidance on the implementation of the council tax premiums on long-term empty homes and second homes - GOV.UK\*](#)

**Appendices:**

**Appendix A, Second Homes Premium**