
Subject:	COUNCIL TAX BASE AND COUNCIL TAX REDUCTION SCHEME 2025/26
Meeting and Date:	Council – 29th January 2025
Report of:	Mike Davis, Strategic Director (Finance & Housing)
Portfolio Holder:	Councillor Stacey Blair, Portfolio Holder for Finance, Governance, Climate Change, and Environment
Classification:	Unrestricted

Section 106 Local Government Finance Act 1992

Section 106 of the Local Government Finance Act 1992 applies to this item of business. If any member of the Council who is present at the meeting at which this report is considered owes any sum in respect of council tax which has remained unpaid for at least two months, they shall at the meeting and as soon as practicable after its commencement disclose the fact that section 106 applies to them and shall not vote on any question with respect to the matter.

Purpose of the report: To set the Council Tax Base for 2025/26, to determine Council Tax discounts and premiums, to agree to retain the current Council Tax Reduction Scheme (CTRS) for the financial year 2025/26 (subject to the usual annual uplift of the 'income grid'). To also reaffirm the previous decision (31 January 2024) to implement Council Tax premiums on second homes with certain exceptions, to reaffirm the previous decision to implement a 100% Council Tax premium on 'long term empty' properties after 1 year (with certain exceptions),

Recommendation: It is recommended that Council:

1. Determine that for the financial year 2025/26, the empty homes discount for properties unoccupied and unfurnished ('Class C' properties) remains at 0%, so that Council Tax will be payable in full on these properties.
2. Approve the District's Council Tax Base for 2025/26 as 42,119.72 and the tax base for the towns and parishes in the Council's administrative area, as set out in the table at Appendix 2
3. Determines the "Long Term Empty Premium" for properties that have been left empty and substantially unfurnished:
 - (a) for periods of 1 year but less than 5 years, a Long Term Empty premium to be charged at 100%; and
 - (b) for periods of 5 years but less than 10 years, a Long Term Empty premium to be charged at 200%; and

(c) for periods of 10 years or more a Long Term Empty premium to be charged at 300%.

4. Formally reaffirms the previous decision (31 January 2024) to cease new applications for the council Tax 'Class D' discount, for properties undergoing structural alteration and/or major repair, effective 1 April 2024.

5. Formally approves the CTRS as set out in this report, effective from 1 April 2025.

6. Formally reaffirms the previous decision (31 January 2024) to apply a 100% Council Tax premium on properties that are unoccupied and furnished (now with certain exceptions), often referred to as 'second homes' ('Class B' properties), applicable from 1 April 2025, in line with the Levelling-Up and Regeneration Act 2023.

1. Summary

1.1 Council Tax is a tax on the occupation of domestic property. The Council Tax base for the coming year is set by Dover District Council, and is used by Kent County Council, the Police and Crime Commissioner for Kent, Kent and Medway Fire and Rescue Authority and the various town and parish councils when setting their Council Tax and their precepts.

1.2 The council tax base for 2024/25 was 40,874.50 Band D equivalents. The proposed tax base for 2025/26 is 42,119.72 Band D equivalents. This is an increase of 1,245.23 Band D equivalents, or 3.05%

2. Introduction and Background

2.1 The Council is required to set its tax base by 31 January every year, for the following financial year. The tax base is defined mainly in terms of the number of Band D equivalent properties, but it is then adjusted to reflect the collection rate, various discounts and the level of CTR claimed.

2.2 The Council is also required, on an annual basis:

- (a) To determine whether and, if so, the extent to which it will add or reduce any Council Tax discounts;
- (b) To determine the Long Term Empty premium;
- (c) To determine premiums for dwellings occupied periodically;
- (d) To approve, by 11th March, a CTRS for the coming financial year.

2.3 The tax base for 2025/26 has been prepared in accordance with the current regulations¹ which came into force on 30 November 2012. The calculations are shown in Appendix 1.

2.4 As the Council Tax base is defined in terms of “Band D equivalent” dwellings, and Band D dwellings are treated as “average” houses, all other properties are defined as a ratio against Band D houses and pay Council Tax in accordance with that ratio.

2.5 The table below illustrates how this works.

Council Tax Band	Ratio to Band D	Number of Dwellings (based on the Valuation Office list)²
Band A	6/9	7,301
Band B	7/9	17,322
Band C	8/9	14,586
Band D	9/9	7,733
Band E	11/9	4,633
Band F	13/9	2,576
Band G	15/9	1,581
Band H	18/9	75

2.6 The basis of the calculation is to multiply the number of dwellings in each band by their respective ratio, then add the totals together to produce a “Band D equivalent” total. This is followed by adjustments, the most significant of which is for single person discounts.

2.7 Final adjustments are required to allow for non-collection and assumptions in the level of CTRS required in the year. The council is required to estimate what its collection rate is likely to be and apply this to its council tax base. It is proposed to use a collection rate of 97.00%. This results in a tax base of 42,119.72 Band D equivalent properties.

¹ “Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI:2012:2914)”

² In the actual calculation this is adjusted for anticipated new build, demolitions, etc. expected during the year

3. Underlying assumptions

- 3.1 Council Tax collection rate – a collection rate of 97.00%³ has been assumed for 2025/26. It should be noted that Kent County Council, as major Council Tax preceptor, currently fund district councils for Council Tax administration activity. Due to budget pressures, KCC is proposing to cease funding all districts in Kent. The direct impact of this is difficult to predict with total certainty but estimates are that this will reduce the assumed Council Tax collection rate by at least 1%. Further detail is given later in this report.

On top of this, the cost of living crisis continues, and although inflation has eased significantly over the past 12 months, it has led to continued uncertainty as to the overall level of Council Tax collection that will be achieved, in the coming and possibly future years. The long-term collection rate is being monitored and reported to the council's Section 151 officer on a quarterly basis.

- 3.2 Council Tax Reduction (CTR) - A prudent assumption has been made in terms of the cost of CTR. No growth rate has been applied. Essentially, any CTR growth equates to Taxbase reduction. The current CTR caseload fluctuates very slightly month by month but is expected to hold steady over the course of the coming year.

4. Reduction of Council Tax discounts

- 4.1 From the year 2013/2014 and subsequently, the Council removed the following Council Tax discounts in order to offset some of the cost of operating the CTRS:
- (a) Second Home discount of 10% removed;
 - (b) Empty property exemption (Class C) removed.
- 4.2 From the year 2024/25 the Council removed the Class D 100% discount (maximum 12 months), for properties undergoing structural alteration/major repairs.
- 4.3 Reductions in Council Tax discounts are required to be determined on an annual basis, and it is recommended that the existing Council Tax discounts are continued for the year 2025/26.

5. Council Tax Reduction Scheme

- 5.1 The Welfare Reform Act 2012 abolished Council Tax Benefit from April 2013 and, in accordance with Section 13A of the Local Government Finance Act 1992 the Council approved a local CTRS, with effect from 1 April 2013.
- 5.2 The current scheme, which has been in place since April 2020, was agreed and approved at full council on 29 January 2020. The Local Government Finance Act 1992 requires that for each financial year, the Council must consider whether to revise its scheme or to replace it with another scheme. Where a new scheme is proposed or revisions to an existing scheme are proposed, there must be prior consultation with

³ This is the 'ultimate' collection rate (the rate of collection the council can expect after 5 years) rather than the 'in year' collection rate. The 'in year' collection rate is expected to be 96.84%

major precepting authorities, and such other persons as are likely to have an interest in the operation of the scheme.

5.3 It is proposed that no changes are made to the CTRS for 2025/26, other than uprating the income bands (the 'income grid') in line with the previously agreed methodology of the scheme reflecting the level of the National Living Wage in force as at 1 April for the relevant council tax year.

5.4 National Living Wage (NLW)

5.5 The starting point for the figures contained within the grid is the hourly rate of the National Living Wage (NLW) for the relevant year. When the grid was first created this was £8.21 per hour. Currently it is £11.44 per hour.

5.6 The government has announced that with effect from 1 April 2025 the NLW will be £12.21 per hour.

5.7 The current and proposed income grids can be found at Appendix 3.

6. Background to the Long Term Empty premium for properties empty (unoccupied and unfurnished) for more than 1 year

6.1 Legislation was passed in 2017 to allow Councils to increase the Long Term Empty premium being charged for domestic properties that had been left empty and substantially unfurnished for two years or more. This took effect from April 2019 and saw the premium increase from 50% to 100% extra Council Tax payable. This means that if a property was empty and unfurnished for two years or more, but less than 5 years, Council Tax was charged at 200% from April 2019. Dover introduced this premium from April 2019.

6.2 Further legislation was passed allowing billing authorities to charge an increased amount for properties left empty and substantially unfurnished for longer periods. Public consultation undertaken in December 2018 resulted in respondents being in favour of further increasing the Long Term Empty premium for properties empty for 5 years or more to 200%, with effect from April 2020. This means that for properties empty and substantially unfurnished for 5 years or more, Council Tax was charged at 300% from April 2020. Dover introduced this premium from April 2020.

6.3 From April 2021, billing authorities have been able to further increase the premium for properties left empty and substantially unfurnished for 10 years or more. A council tax premium of 300% can be levied on such properties. This means that for properties left empty and substantially unfurnished for 10 years or more Council Tax can be charged at 400% from 1 April 2021. Dover introduced this premium from April 2021. Results from the public consultation which took place in December 2018 were put to Full Council on 30 January 2019, and all increases were approved.

7. Summary of the Levelling-Up & Regeneration Act 2023

7.1 The Levelling-Up & Regeneration Act 2023 ('the Act') received Royal Assent on 26 October 2023. The Act allows for, amongst other things, two important changes to Council Tax, at sections 79 and 80, as follows;

1. A change in the application of a Council Tax premium on 'Long Term Empty' properties. *Previously*, if a property had been unoccupied and unfurnished for 2 years but less than 5 years, then a 100% Council Tax premium could be applied to the property (Dover District Council currently applies this premium in line with the relevant regulations). The Act allowed for that 2 year period to be shortened to 1 year. The change to the Long Term Empty (LTE) premium could be implemented from 1 April 2024, in accordance with [S11B\(5\) LGFA 1992](#) which allows for a decision to be varied or revoked providing the decision is taken before the start of the financial year. Dover introduced this change with effect from 1 April 2024. 'Long Term Empty' premiums are applied to encourage owners to bring properties back into use so they are not left empty for extended periods.
2. The ability to levy a Council Tax premium on 'second homes'. 'Second homes' are properties which are unoccupied but furnished. For some years now local councils have been able to apply a full Council Tax charge to second homes. Dover District Council applies such a charge. The Act allows councils to apply a Council Tax premium of '*not more than 100%*' on second homes – in practical terms, this applies a restriction so that if the premium is applied to its maximum effect, a liable person would pay double the normal Council Tax charge.

The Council Tax premium on 'second homes' requires a full year 'lead-in' period before it can be implemented. Therefore, the 'second home' premium could only be implemented from 1 April 2025 at the earliest, provided Full Council approves the charging of the 'second home' premium before 1 April 2024. Appendix 4 shows the relevant part of the Act. Council made the decision, on 31 January 2024, to apply this premium from 1 April 2025

Note: the Act states that the authority should, when exercising its functions under sections 79 & 80 of the Act, have regard to any guidance issued by the Secretary of State. Guidance was published on 1 November 2024, setting out certain exceptions that apply to the 'second home premium', and to the 'long term empty premium'. See section 10 of this report.

8.0 Changes to Council Tax 'Long Term Empty' premium

8.1 The Levelling-Up & Regeneration Act allowed for a change in the application of a Council Tax premium on 'Long Term Empty' properties. The Act allowed for the original 2 year period when the premium is applied to be shortened to 1 year.

- 8.2 The council approved the implementation of a 100% council tax premium, for Long Term Empty properties, where the property had been empty for 1 year (rather than the previous 2 years), on 31 January 2024. The change was effective from 1 April 2024.
- 8.3 The purpose is now to formally reaffirm, for 2025/26, the charging of:
- (a) the 100% Long Term Empty premium for properties empty and unfurnished for periods of 1 year but less than 5 years;
 - (b) the 200% Long Term Empty premium for properties empty and unfurnished for periods of 5 years but less than 10 years; and
 - (c) the 300% Long Term Empty premium for properties empty and unfurnished for periods of 10 years or more, and
 - (d) to apply the six exceptions to the Long Term Empty premium, as set out in section 10 and Appendix 4

9.0 **Implementation of a ‘second home’ Council Tax premium for unoccupied but furnished properties**

- 9.1 The Levelling-Up & Regeneration Act 2023 allows councils to apply a Council Tax premium of ‘*not more than 100%*’ on properties that are unoccupied and furnished (often referred to as ‘second homes’). That would mean an owner of a property that is unoccupied and furnished in the district would pay double the normal Council Tax⁴.
- 9.2 As stated in para 7.1 above, Council approved, on 31 January 2024, the implementation of a ‘second home premium’, effective from 1 April 2025. The purpose now is to formally reaffirm that decision, with the associated 8 exceptions to the premium – see section 10 and Appendix 4 for details on the exceptions.
- 9.3 In order to ensure that council records are as accurate as possible and that the Council Tax charged per property is correct, officers have conducted a formal review of properties that are shown on the council’s database as unoccupied and furnished (a second home). This has been done by writing a letter to every household requesting they complete an online form, should they believe one of the exceptions applies to them. This review was necessarily short in terms of timeframe, owing to the

⁴ Councils have the discretion to decide whether to introduce a premium in their local area or parts of the area on long-term empty homes and second homes. They also have the discretion to decide on the level of the premium, up to the maximum statutory threshold. Government guidance is attached at Appendix 5.

Members have previously expressed concern at the numbers and impact of second homes in the district and the effects on local communities, house prices and availability of houses for people with local connections to, or employment in, the area. There are circa 1,100 second homes in the district on the Council’s records, although Members should note that this may understate of the total of second homes in the district. The second homes are predominantly clustered in the north and coastal areas of the district – from St Margarets to Sandwich. However, there is concern that applying the premium only to certain areas carries the risk that it will displace the second homes to other areas, and therefore applying the premium to the whole district is proposed for this reason.

government issuing guidance on 1 November 2024, and the Taxbase calculation needing to be performed using data as at 1 December 2024. There will naturally be some 'late responders', and those cases will need to be considered and decided after the Taxbase has been calculated.

- 9.4 The Act states that to apply the 'second home premium' approval to do so must be given *at least 12 months before the implementation date*. As the original decision to implement the 'second home premium' was made on 31 January 2024, the council has complied with this requirement.

10 Exceptions to the 'second home premium' and the 'Long Term Empty' premium

- 10.1 The government has made regulations to provide exceptions to these premiums. These exceptions to the premiums are mandatory and councils may not disapply any exceptions. These exceptions will come into effect from 1 April 2025.

The regulations prescribe 9 classes of dwellings which are excluded from the Council Tax premiums. Classes E, F, G, H and I apply to both long-term empty homes and second homes. Classes J, K and L only apply to second homes. Class M only applies to long-term empty homes. See Appendix 4 for a full explanation of the exceptions.

- 10.2 Councils may add extensions to exceptions as a part of their determination or may provide support through discretionary reductions using powers under section 13A of the Local Government Finance Act 1992. I am not recommending any extensions to the published exceptions.

11. Kent County Council (KCC) CTRS funding

- 11.1 When the CTRS was first introduced in 2013, KCC provided funding to districts for both the administration of the scheme, and 'incentive' funding aimed at recognising efforts made by the district towards maximising the Tax Base. The council did this by implementing a maximum level of support within its CTRS, and by removing empty property discounts.
- 11.2 The KCC funding has remained in place to date, and KCC has been consulted each time the council has sought to amend its CTRS. Funding currently amounts to approximately £168k per annum. Financial modelling shows that KCC receives *at least* a 3:1 return on its investment, in terms of increased tax base and Council Tax yield.
- 11.3 Indications are that KCC, due to budget pressures, is actively considering the cessation of this funding to all districts in Kent. This would seem to mean that KCC will save £168k in support to DDC but lose circa £500k in Council Tax. This presents a challenge to the districts on different levels.
- 11.4 Most, if not all, of the districts in Kent use the KCC funding to pay for staff administering the CTRS and undertaking Council Tax activities aimed at maximising the tax base.

Without the funding, the natural conclusion to this is that those staff can no longer be employed. However, without changes to the CTRS or tax base maximisation activities, the work done by those staff is still extant – in other words, we would still be doing the same work, but with less funding, and less staff. This is not a realistic nor sustainable position.

11.5 The alternative is to seek to amend tax base maximisation measures that have been introduced over a number of years. This could mean any, or all of:

- reducing the expected council tax collection rate used in the tax base calculation,
- amending the CTRS so that it awards 100% support at the highest level – leading to officers no longer needing to pursue a high number of people for a low level of debt,
- removing ‘long term empty’ premiums,
- not pursuing the decision to implement the ‘second home premium’,
- reversing decisions previously made by Council to no longer award certain council tax discounts.

All of these measures have two effects: in the long term they reduce the administration involved in Council Tax processing, but at the same time they have the effect of reducing the tax base.

11.6 Officers have undertaken financial modelling on the tax base and all of the above measures have been modelled.

11.7 Having considered the options, the DDC taxbase has been calculated on the basis of a 1% reduction in forecast collection rate. This option has been chosen because:

- in the timescale available it does not require consultation with Council Tax payers;
- the impact is spread across all tax payers;
- it most closely mirrors the effect of the actions taken by KCC.

12. Identification of Options for the Setting of the Council Tax Base

12.1 The setting of the Council Tax Base is mainly a mechanical process based on the projected number of properties, level of discounts and collection rates, and does not produce options for Councillors to consider, except for the recommended empty home discounts, the Long Term Empty property premium, and the ‘second home’ premium. Although Councillors do have the option to amend these discounts and premiums, it is recommended that Councillors approve them as recommended because:

- they send an important message to property owners about the use of property in a time of housing shortage;
- the discounts and premiums are part of an overall package which creates broadly equivalent schemes (when combined with the Council Tax Reduction Schemes) across Kent.

13. Corporate Implications

- 13.1 Comment from the Strategic Director (Finance & Housing): The Strategic Director (Finance & Housing) has been consulted in the preparation of this report and has nothing further to add (MD).
- 13.2 Comment from the Solicitor to the Council: The solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.
- 13.3 Comment from the Equalities Officer: This report relating to the Council's Tax Base for 2025-26 does not specifically highlight any equality implications, however in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/section/149>

14. Appendices

Appendix 1 – The Council Tax Base Calculation for 2025/26

Appendix 2 – The Council Tax Base for the Towns and Parishes

Appendix 3 – CTRS 'income grids'

Appendix 4 – Background to the council tax premiums and details of the exceptions

Appendix 5 – Government Guidance on Empty and Second Homes.

15. Background Papers

Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI: 2012:2914)

Detailed calculations for District and Parish/Town Council Tax Bases

Contact Officer: Mark Gillmore, Head of Revenues and Benefits , Civica mark.gillmore@civica.ekservices.org or Sharon Harvey, Revenues & Benefits Operational Manager, Civica Sharon.harvey@civica.ekservices.org

The Council Tax Base Calculation for 2025/26

Council Tax Base = A x B:

- (i) A is the total of the "relevant amounts" (or Band D equivalents) for that year for each of the valuation bands which is shown or is likely to be shown for any day in that year in the authority's valuation list as applicable to one or more dwellings situated in this area.
- (ii) B is the authority's estimate of its collection rate for that year (97.00%)
- (iii) The "relevant amount" for a valuation band is the amount found by applying the formula: $(H - Q + E + J) \times (F/G)$
- (iv) H is the number of chargeable dwellings in the area of the Council (as billing authority) on calculated in accordance with the regulations at 30th November 2012
- (v) Q is the factor to take account of the discounts to which the amount of council tax payable was subject to that band, estimated in accordance with the regulations at 30th November 2012
- (vi) E is a factor to take into account any premiums, if any, to which the Council Tax payable was subject to that band, estimated in accordance with the regulations at 30th November 2012
- (vii) J is the estimated adjustments due to change in the number of dwellings, exemptions and discounts.
- (viii) Z is the total amount that the authorities estimates will be applied in relation to the Authorities council tax reduction scheme in relation to the band, expressed as an equivalent number of chargeable dwellings in the band.
- (ix) F is the number which is the proportion of dwellings in that band.
- (x) G is the number that, in that proportion, is applicable to dwellings in band D.

The amount calculated for Dover District Council's Council Tax Base in 2025/26 is 42,119.72 save for the following parts of the Council's administrative area where its Council Tax Base shall be the amounts shown against each part respectively.

Collection rate has been reviewed with regard to the changes, Council Tax Reduction discounts and exemptions. This report seeks the approval of the collection rate of 97.00%.

The Council Tax Base for the Towns and Parishes

Parish	2024/2025 Tax Base using collection rate	2025/2026 Tax Base using collection rate	Difference
Alkham	305.08	324.11	19.03
Ash	1296.38	1324.59	28.21
Aylesham	1690.93	1732.26	41.33
Capel-Le-Ferne	668.76	697.83	29.07
Deal	7083.24	7437.22	353.98
Denton-with-Wootton	184.47	191.38	6.91
Dover	8516.39	8586.89	70.50
Eastry	852.52	864.76	12.24
Eythorne	812.87	818.48	5.61
Goodnestone	175.30	189.37	14.07
Great Mongeham	327.85	337.41	9.56
Guston	443.98	460.24	16.26
Hougham Without	177.96	188.18	10.22
Langdon	239.85	243.63	3.78
Lydden	299.62	302.77	3.14
Nonington	297.73	304.13	6.40
Northbourne	278.78	288.97	10.19
Preston	400.29	412.49	12.20
Ringwould with Kingsdown	1089.59	1170.28	80.69
Ripple	155.04	161.19	6.16
River	1493.49	1499.43	5.94
St Margarets-at-Cliffe	1338.05	1419.81	81.76
Sandwich	2114.49	2204.94	90.45
Sheperdswell-with-Coldred	803.54	816.17	12.63
Sholden	757.41	780.97	23.57
Staple	263.33	271.31	7.97
Stourmouth	113.69	113.62	-0.07
Sutton by Dover	319.93	337.55	17.62
Temple Ewell	689.70	691.05	1.35
Tilmanstone	159.21	162.94	3.73
Walmer	3414.40	3580.60	166.19
Whitfield	2366.21	2407.06	40.85
Wingham	724.67	729.00	4.34
Woodnesborough	520.98	528.31	7.33
Worth	498.77	540.79	42.02
<i>Total Band D Equivalentents</i>	40874.50	42119.72	1245.23

Appendix 3 – Council Tax Support (CTS) income grids

2024/2025 – Current Grid – based on NLW* at £11.44 per hour

Income Band	Single		Couple		Family with 1 child		Family with 2+ children		Discount
	From	To	From	To	From	To	From	To	
Band 1	0.00	114.40	0.00	154.40	0.00	204.40	0.00	254.40	90%
Band 2	114.41	171.60	154.41	211.60	204.41	261.60	254.41	311.60	75%
Band 3	171.61	228.80	211.61	268.80	261.61	318.80	311.61	368.80	60%
Band 4	228.81	286.00	268.81	326.00	318.81	376.00	368.81	426.00	45%
Band 5	286.01	343.20	326.01	383.20	376.01	433.20	426.01	483.20	30%

2025/2026 – Proposed Grid from 1 April 2025 - based on NLW* at £12.21 per hour

Income Band	Single		Couple		Family with 1 child		Family with 2+ children		Discount
	From	To	From	To	From	To	From	To	
Band 1	0.00	122.10	0.00	162.10	0.00	212.10	0.00	262.10	90%
Band 2	122.11	183.15	162.11	223.15	212.11	273.15	262.11	323.15	75%
Band 3	183.16	244.20	223.16	284.20	273.16	334.20	323.16	384.20	60%
Band 4	244.21	305.25	284.21	345.25	334.21	395.25	384.21	445.25	45%
Band 5	305.26	366.30	345.26	406.30	395.26	456.30	445.26	506.30	30%

*NLW = National Living Wage

Background to ‘second home premium’ and ‘Long Term Empty’ premiums, and the associated exceptions

Regulations

- The legal framework for Council Tax premiums are set out in Section 11B (1D) and 11C (4) of the Local Government Finance Act 1992 (“the 1992 Act”) as inserted by the Levelling-up and Regeneration Act 2023.
- The Secretary of State has powers under section 11B(2)-(3) and 11D(1)-(2) of the 1992 Act to prescribe through regulations the certain classes of properties, which may not be made subject to a premium and this is detailed in The Council Tax (Prescribed Classes of Dwellings and Consequential Amendments) (England) Regulations 2024
- The exempt classes for Council Tax are set out in the Council Tax (Exempt Dwellings) Order 1992

Background

- Since 2013, councils 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 properties which have been unoccupied and substantially unfurnished for a period.
- 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), which was introduced by Canterbury, Dover and Thanet Councils.
- From April 2025, Councils are able to charge a premium of up to 100% additional Council Tax on second homes (class B properties). For the purpose of Council Tax, second homes are properties which are substantially furnished but have no resident i.e. it is not someone’s sole or main residence. A decision has been made to introduce a 100% premium on second homes by Canterbury, Dover and Thanet from 1 April 2025.
- All Councils have the discretion to decide whether to introduce a premium in their local area on long-term empty homes and second homes. They also have the discretion to decide on the level of the premium, up to the maximum statutory threshold. Canterbury, Dover and Thanet have decided to introduce the maximum premium and there are no exceptions to this outside of those prescribed by the regulations.
- Where a determination to charge a premium is made, Councils must publish a notice of the determination in at least 1 newspaper circulating in its area within 21 days of the date of the determination. This has been done in Canterbury, Dover and Thanet.

Section 11B: Higher amount for long-term empty properties

- A long-term empty home is defined as a home which is both unoccupied and substantially unfurnished for a continuous period of at least 1 year. The property must be occupied, or substantially furnished, for a continuous period of at least 6 weeks in order for it to reset the length of time it has been empty for, and its liability for a premium.
- Canterbury, Dover and Thanet have made a determination to charge a premium on long-term empty properties, which are:
 - 100% for homes empty between 1 and 5 years
 - 200% for homes empty between 5 and 10 years
 - 300% for homes empty for over 10 years

Section 11C and 11D: Higher amount for properties occupied periodically Class B properties or 'second homes'

- Properties occupied periodically (commonly referred to as "second homes") are defined as properties which are substantially furnished and have no resident i.e. not a person's sole or main home.
- When introducing the premium in the local area for the first time, a Council must make its first determination under section 11C at least 1 year before the beginning of the financial year to which the determination to apply the premium relates. This was done in Canterbury, Dover and Thanet.
- Where individuals own multiple homes, but the homes are let out or occupied by someone as their main home, it will not be considered as a "second home" for the purposes of the premiums (as they will be the liable person and billed as an occupied property) and as such will not be liable for the premium.
- It is for Councils to determine whether a property is a "second home" in accordance with the legislation and their local statutory determination to apply the premium.
- When making a determination to charge the Council Tax premiums on long-term empty homes and/or second homes, Councils have the discretion whether to apply the premium in their local areas and the decision to make a determination is under section 11B and 11C of the Local Government Finance Act 1992.
- The Government have built flexibility into the Regulations, but Canterbury, Dover and Thanet has chosen to implement a premium on long term empty properties and second homes without exception (other than those stated in the Regulations) and the maximum premium will be applied.
- Any decision to vary or revoke a determination to apply a premium must be made before the beginning of the financial year to which it applies. This enables councils to take any changes into account when calculating their taxbase for the following year as well as giving local taxpayers advance notice of the changes.

Exceptions to the council tax premiums for long-term empty homes and second homes – effective 1 April 2025

- Section 11B and 11D of the 1992 Act enables the government to make regulations to prescribe classes of properties where a premium cannot be applied.
- The exceptions to the premium are mandatory and will come into effect from 1 April 2025.
- The regulations prescribe 9 classes of properties which are excluded from the Council Tax premiums:
 - Classes E, F, G, H and I apply to both long-term empty homes and second homes.
 - Classes J, K and L only apply to second homes.
 - Class M only applies to long-term empty homes.
- The classes of property are outlined in the table below:

Classes of Properties	Application	Definition
Class E	Long-term empty homes and second homes	Properties which is, or would be, someone's sole or main residence if they were not residing in job-related armed forces accommodation
Class F	Long-term empty homes and second homes	Annexes forming part of, or being treated as part of, the main property
Class G	Long-term empty homes and second homes	Properties being actively marketed for sale (12 months limit)
Class H	Long-term empty homes and second homes	Properties being actively marketed for let (12 months limit)
Class I	Long-term empty homes and second homes	Unoccupied properties which fell within exempt Class F and where probate has recently been granted (12 months from grant of probate/letters of administration)
Class J	Second homes only	Job-related properties
Class K	Second homes only	Occupied caravan pitches and boat moorings.
Class L	Second homes only	Seasonal homes where year-round, permanent occupation is prohibited, specified for use as holiday accommodation or planning condition preventing occupancy for more than 28 days continuously
Class M	Long-term empty home only	Empty properties requiring or undergoing major repairs or structural alterations (12 months limit)

Annexes and military accommodation (Class E and Class F)

Two mandatory exceptions from the empty home premium already exist. These exceptions will continue to apply for empty homes and will also be applied in the case of the second homes premium.

- a property which is, or would be the sole or main residence of a member of the armed services, who has been provided with a property as a result of such service
- a property which forms part of a single property with one or more other property (an annexe) that is being used by a resident of one of the other properties as part of their sole or main residence

Job related properties and caravan pitches/boat moorings (Class K and Class L)

- Generally, a property would be classed as a job-related property where it is provided by a person's employer for the purposes of performing their work. The definition of job-related for the purposes of this exception is set out in the Schedule to the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003.
- The Council Tax system already contains provisions which ensure that in certain circumstances, these properties receive a 50% Council Tax discount (under class BE). There are no changes to these discounts. The exceptions mirror the provisions of these discounts to ensure these properties continue to receive the discount.
- The guidance states that there are households that may fall outside the definition of a job-related property and that the Council may determine that it would still not be appropriate for the premium to apply. Canterbury, Dover and Thanet have not applied discretion in this area and if a property does not qualify for a job-related discount, then the premium will be applied.

Probate (Class I)

- There is an existing exemption (Class FN and FF) in Council Tax for properties undergoing probate. When a property has been left empty following the death of its owner or occupant, it is exempt from Council Tax for as long as it remains unoccupied and until probate is granted.
- Following a grant of probate (or the issue of letters of administration), a further 6 months exemption is possible (Class F), as long as the property remains unoccupied and has not been transferred by the executors or administrators to the beneficiaries or sold to anyone else.
- Following a grant of probate the owners of the property may require further time to decide how they will manage the home or sell it. The Regulations provide for a 12-month exception to the premium for both second and empty homes. **The 12-month period begins from the point probate is granted or letters of administration have been issued.** This runs concurrently with the 6-month exemption.
- This exception will run for 12 months or until the property has changed owner by being sold. For Canterbury, Dover and Thanet there is no discretion to extend this exception.

Actively marketed for sale or let (Class G and Class H)

- The exception can apply for up to 12 months from the point from which the property has first been marketed for sale or let.
- The exception will end either when the 12-month period has ended, when the property has been sold or let, or when the property is no longer actively marketed for sale or let. The following conditions will apply to this exception:
 - the same owner may only make use of the exception for a particular property marketed for sale once;
 - the exception may be used again for the same property if it has been sold and has a new owner;
 - the same owner may make use of the exception for properties marketed for let multiple times, however, only after the property has been let for a continuous period of at least 6 months since the exception last applied.
- We will need to take the following factors into consideration when assessing whether a property is being actively marketed for sale or let. These will include:
 - whether the property is clearly advertised for sale or let;
 - whether the property is being marketed at a fair market value;
 - whether there are any artificial barriers on the property preventing sale/let;
 - whether the property has an Energy Performance Certificate (EPC).
- When considering whether a second or empty home is actively marketed, we will need to consider these factors holistically. It could be that a home may not meet one of the described factors, but it may still overall be considered to be actively marketed. Further guidance will follow for processing purposes.
- At the end of the 12-month period, the premium will be applied and there are no exceptions or discretions around this.

Major repairs (Class M)

- Where a property requires or is undergoing major repairs or is undergoing structural alteration it may be excepted from the empty home premium for up to 12 months.
- Where major repairs are completed in less than 12 months, the exception will still apply to the property for up to 6 months or until the end of the 12 months whichever is sooner (similar to the D6 on the previous Class D discount)
- This exception only applies on empty homes. This exception cannot apply again unless the property has been sold. If the property is substantially furnished and becomes a second home without a resident, then this exception will end.
- At the end of the 12-month period, the premium will be applied and there are no exceptions or discretions around this.

Seasonal homes (Class L) often referred to as “Chalets”

- Certain properties may have restrictions on them which means that the property could not reasonably be occupied as a permanent residence. The properties will not be subject to a premium, as they cannot be used as a permanent residence.
- When applying the exception, we will need to consider whether there are any planning restrictions which explicitly set out that the property cannot be used as a main residence. For example, where this is purpose-built holiday accommodation which can only be used as holiday accommodation.
- This exception provides for properties which have planning restrictions whereby they cannot be occupied for at least 28 continuous days in a year. In some cases, a council may assess a property with this restriction, as being a person’s sole or main residence. Where this is the case, the property would not be liable for the premium since this cannot apply to a main residence.

Powers to identify and exclude certain properties

- Councils have discretionary powers to exclude properties from the premium in their area through their determination. The government encourages councils to make use of their local expertise to consider which other properties should not be charged a premium.
- There is no discretion built into the decisions to apply premiums for Canterbury, Dover and Thanet.
- The consideration under Section 13a for financial hardship or personal circumstances remains as does the discretion for fire and flood, there are no changes to this process.

Monitoring and appeals

- The government encourages councils to be transparent in how they apply the premium, making the following information available for residents:
 - the level of premium charged by the council;
 - which areas this applies to;
 - the number of properties charged the premium;
 - the amount which has been raised by the premium;
 - how funding from the premium has been used locally.
- If an individual believes they have been inappropriately charged a premium on their property, in the first instance, they will be required to contact us. If the individuals have discussed the issue with the Council, but they are not satisfied with the Council’s response, they may be able to appeal to the Valuation Tribunal Service.