

## Bath & North East Somerset Council

MEETING:	Council	
MEETING DATE:	30 November 2023	
TITLE:	Council Tax – Second Homes	
WARD:	All	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report:</b> None		

### 1 THE ISSUE

Council has the discretion to charge additional council tax of up to 100% on all second homes within Bath & North East Somerset from 1<sup>st</sup> April 2025.

### 2 RECOMMENDATION

**Council is asked to;**

2.1 Increase the council tax for all second homes by 100% from 1 April 2025.

### 3 THE REPORT

3.1 On 26 October 2023, The Levelling-Up and Regeneration Act 2023 (The Act) received Royal Assent and Section 73 of The Act provides councils the discretion to charge additional council tax of up to 100% on all residential dwellings which are occupied periodically, substantially furnished and no one is resident for council tax purposes i.e. second homes.

3.2 The negative impact of an increase in second home ownership can be measured in terms of the supply of homes available to meet local housing need. Furthermore, evidence from the National Housing Federation as well as local residents being priced out of the housing market.

- 3.3 The rationale behind increasing council tax on second homes is to encourage lower levels of second home ownership or to increase contributions for those who continue to own second homes to help fund vital local services.
- 3.4 Under Section 73(2)(3), any decision to increase the council tax on second homes must be made at least one year prior to the beginning of the financial year from which it relates, hence can only take effect from 1<sup>st</sup> April 2025 at the earliest.
- 3.5 There are currently 858 properties on our council tax records which are classified as a second home and would fall under the amendment under Section 73 of The Act.
- 3.6 If the recommendation to increase council tax by 100% in 2.1 above is adopted from 1<sup>st</sup> April 2025, the estimated additional yield of council tax for these 858 properties is £1.84m, of which the Council's share would be approximately £1.48m.
- 3.7 Should Council agree the recommendation, a notice will be published in a local newspaper within 21 days of the decision date.

#### **4 STATUTORY CONSIDERATIONS**

- 4.1 This report has been written in accordance with the provisions of The Levelling-Up and Regeneration Act 2023, which inserts Section 11C to The Local Government Finance Act 1992.
- 4.2 Consideration has also been given to the council's Empty Residential Homes Policy 2018, the implications second homes have on residents living in their locality and the availability of housing stock for local people.

#### **5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

- 5.1 The recommendations in the report will either incentivise owners of second homes to sell them, thus returning them to local housing stock or increase contributions to the council and help fund vital services.
- 5.2 The recommendations in this report will deliver an estimated additional council tax yield of around £1.84m, the Council's share after excluding the amount relating to the Police, Fire and Parishes is estimated at £1.48m.
- 5.3 If the proposed changes are agreed, the revised levy will be factored into the Council Tax Taxbase calculations for 2025/2026 and the Council Tax income estimates used as part of setting the revenue budget.

## 6 RISK MANAGEMENT

6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

## 7 EQUALITIES

7.1 An equalities Impact Assessment has been undertaken in accordance with Council Policy.

## 8 CLIMATE CHANGE

8.1 The subject matter of this report does not have any impact on climate change.

## 9 OTHER OPTIONS CONSIDERED

9.1 The council could continue charging standard council tax on second homes or apply a lower levy than 100%. However, it would reduce the incentive for owners to sell their properties; thus providing additional homes for local housing need and prevent local people being priced out of the market.

## 10 CONSULTATION

10.1 The S151 Officer and the Monitoring Officer have been consulted on these proposals.

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<b>Background papers</b>	none
<b>Please contact the report author if you need to access this report in an alternative format</b>	