

**Report for:** Cabinet, 16<sup>th</sup> January 2024

**Title:** Determination of the Council Tax premium in respect of properties occupied periodically

**Report authorised by :** Andy Briggs, Assistant Director of Environment and Resident Experience

**Lead Officer:** Andrew Mackie (Revenues Manager)  
Tel: 07811421500,  
Email: andrew.mackie@haringey.gov.uk

**Ward(s) affected:** All

**Report for Key Decision:** Key

### **1. Describe the issue under consideration**

This report relates to the proposed increase in Council Tax charge for dwellings which are substantially furnished and have no resident (which are colloquially known as “second homes”). It is proposed that a 100% premium should apply in such circumstances.

### **2. Cabinet Member Introduction**

This Council is committed to using its powers to address the causes and mitigate the effects of the London-wide housing crisis. The growing popularity of properties used as short-term holiday rentals, or second homes contributes to the shortage of long-rental properties. This drives up the cost of renting locally and worsens the circumstances of those suffering the effects of the cost-of-living crisis. This proposal will allow the Council to charge additional council tax on furnished properties that are not being lived in year-round.

This council tax premium is designed to act as an effective deterrent to keeping properties empty for any significant period, with the hope that owners of second homes will explore more socially responsible ways for their properties to provide them income.

### **3. Recommendations**

That Cabinet recommends to Full Council that it determines that –

3.1 For any dwelling within the area of the Council if, on any day, there is no resident of that dwelling and it is substantially furnished, the following shall apply:

- i. the discount in s11(2)(a) of the Local Government and Finance Act 1992 (LGFA) shall not apply to that dwelling; and
- ii. the amount of council tax payable in respect of that dwelling and that day shall be increased by 100 percent.

#### **4. Reasons for decision**

4.1 Council Tax legislation changed allowing councils to charge a premium of up to 100% on dwellings where there is no resident, and it is substantially furnished.

4.2 Applying the 100% premium has the potential to bring additional income which would help lessen the councils funding pressures in 2025.

4.3 An increased premium may encourage those using properties in the borough as second homes to relinquish them thus becoming available to those who live in the borough on a permanent basis.

4.5 Due consideration has been given to circumstances where the reason a dwelling is empty and furnished is because it is between lets. However, the new legislation does not provide for any interim period (e.g., a two-week grace period) before the premium is applied and instead, it applies with immediate effect. Charging the premium in this type of scenario would likely incentivise the properties to be brought back into use as soon as practicable.

4.5 The Council will continue to have the means to reduce or remove Council Tax liability under section 13A (1)(c) of the Local Government Finance Act 1992 (e.g., cases where there is exceptional hardship).

#### **5. Alternative options considered**

##### **Not applying the premium or applying it a lesser percentage**

5.1 The Council could choose not to apply the premium, or to apply the premium at an amount less than 100%.

5.2 This is not proposed because the Council is under significant financial pressure to deliver a sustainable Medium Term Financial Strategy. Applying the Council Tax premium at 100% would likely generate additional income for the Council.

5.3 In addition, increasing the premium to the maximum 100% may encourage residents to bring such properties (whether used as a second home or otherwise) back into permanent residential use which could in turn lead to an increase in available housing.

## **6. Background information**

6.1 The Levelling-up and Regeneration Act 2023 (the 2023 Act) received Royal Assent on 26<sup>th</sup> October 2023. Section 80 of the 2023 Act inserted sections 11C and 11D (which concerns dwellings occupied periodically) into the Local Government Finance Act 1992. Haringey currently applies no reduction where dwellings are occupied periodically and charges the full rate of Council Tax.

6.2 The change to the Local Government Finance Act 1992 allows a 100% Council Tax premium to be charged in cases where there is no resident of a dwelling and that dwelling is substantially furnished.

6.3 Legislation confirms that we must decide, and give notice, to charge the premium at least 1 year before the beginning of the financial year to which it relates. Therefore, to charge the premium from 1<sup>st</sup> April 2025 the Council must make its determination prior to 1<sup>st</sup> April 2024.

6.4 There are currently 479 qualifying dwellings within the borough that have been registered as having no resident and being substantially furnished for more than a year and 588 that have been registered for less than a year.

6.6 The revenues team will undertake a review of all properties currently registered as empty and furnished during the 2024/25 year in readiness for the 2025/26 year.

## **7. Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes?**

7.1 The proposal contributes to the Council's Medium Term Financial Strategy as it provides a potential income stream, which can be used to support the delivery of future services.

## **8. Carbon and Climate Change**

N/A

## **9. Statutory Officers comments (Director of Finance ( procurement), Head of Legal and Governance, Equalities)**

### **9.1 Finance**

As described in paragraphs 5.2 and 5.3, there are compelling reasons to proceed with the recommendation. This Council, like many others, is currently overspending on existing temporary accommodation budgets and the 2024/25 Budget/MTFS has had to build in additional growth to acknowledge this. Lack of supply is a key driver for this budget pressure. Additionally, the Council is under significant financial pressure both

for 2024/25 and across the remainder of the MTFS and therefore, any additional council tax raised must be welcome.

Prudently, at this point, no actual budget improvement has been assumed in the MTFS as further work must be undertaken by the revenues team to ascertain likely benefit however, accepting the recommendation now will enable the premium to be charged where found to be relevant and budgets amended at that time.

## 9.2 Procurement

Strategic Procurement note the contents of this report and confirm the recommendations stated in Section 3 above do not have any procurement implications.

## 9.3 Head of Legal & Governance

- 9.3.1 The Head of Legal & Governance has been consulted. Section 11C of the Local Government and Finance Act 1992 (LGFA) provides a power that enables the Council to determine whether a premium should be applied to those dwellings which are substantially furnished and in respect of which there is no resident. The Council may make such a determination for part or the whole of its area and may apply a premium in such percentage as it thinks fit subject to a maximum of 100 percent. The Council may also determine that the discount provided for in s11(2)(a) LGFA shall not apply to such dwellings.
- 9.3.2 Section 11C(3) LGFA provides that the Council's first determination must be made at least one year before the beginning of the financial year to which it relates. There is no statutory requirement for consultation. However, sections 11C(8) and (9) provide that where the Council makes such a determination, it must publish a notice of the determination in at least one newspaper circulating in the area and that the notice must be published before the end of the period of 21 days beginning with the date of the determination.
- 9.3.3 The Council must ensure that it has due regard to its Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 in considering whether to apply the premium and / or to maintain, change or remove the discounts.
- 9.3.4 The Head of Legal and Governance confirms that it is within the remit of Cabinet to recommend that Full Council adopts the recommendations in the report.

## 10. **Equality**

- 10.1 The Council has a public sector equality duty under the Equality Act 2010 to have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and other conduct prohibited by or under the Equality Act, of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- Advance equality of opportunity between people who share those protected characteristics and people who do not;
- Foster good relations between people who share those characteristics and people who do not.

Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

10.2 The revenues team will undertake a review of all properties currently registered as empty and furnished during the 2024/25 year in readiness for the 2025/26 year.

10.3 This decision relates to the increasing the Council Tax chargeable for dwelling where there is no resident and that dwelling is substantially furnished. For those who currently have dwellings meeting these criteria and registered for Council Tax, the Council has records only of their names and the nature of the property they are inhabiting. Therefore, the protected characteristics of those individuals are currently unknown. This is because the premium relates to the circumstances of properties, rather than to the circumstances of the people.

10.4 In relation to the nature of the property, the Council can break down current properties as:

- Haringey-owned properties
- Housing Association properties
- Private and individual owned properties
- Company-owned properties

10.5 the Council holds data on individuals and groups who share protected characteristics for the borough as a whole. This information is available publicly on the Council's website:

[equalities\\_profile\\_of\\_haringey.pdf](#)

A comparatively small number of individuals will be liable for this premium therefore, it is not considered possible to state with any reasonable degree of certainty whether the premium will reflect the population.

10.6 It is considered reasonable to suggest that:

- It is unlikely that there would be many residents under the age of eighteen who have empty and furnished dwellings, therefore children are unlikely to be disproportionately impacted by the decision
  - There is no reason to think that any other group who share a particular protected characteristic would be overrepresented in the cohort of residents who will be impacted by this change.
- 10.7 When administering Council Tax, the Council seeks to identify vulnerabilities and respond appropriately. The Council will continue to monitor the impact of the proposed changes.
- 10.8 As part of the Council's procedures to respond appropriately to identified vulnerabilities, it promotes and implements a range of discounts, disregards and exemptions, which seek to support residents who cannot pay the full Council Tax liability. The Council will continue to promote these relief options to maximise uptake and help residents who need additional financial support.

**11. Use of Appendices**

None

**12. Background papers**

None