



Portsmouth City Council Council Tax

Policy for Second Homes, Long Term Empty Properties and determining discounts for certain dwellings

Version control

Version	Version date	Revised by	Description
1	01/04/2014	Pete Middleton	Updated following Cabinet approval of changes to Council Tax regime.
1.1	09/12/2015	Matt Willis	Draft update on proposed changes to the first phase of empty dwellings Approved at Council Meeting 08/02/2016
1.2	13/02/19	Matt Willis / Steven Ranaghan	Update following full council meeting 12/02/2019 to amend the maximum empty homes premium
1.3	20/02/20	Matt Willis	Update following full council meeting 11/02/2020 to amend the prescribed class D discount %.
1.4	22/11/23	Matt Willis	Draft update following the Levelling Up & Regeneration Act receiving Royal Assent
1.5	14/02/24	Matt Willis	Update following full council meeting 13/02/2024 to amend the empty homes premium and introduce a second home premium.
1.6	24/01/25	Matt Willis / Steven Ranaghan	Update following the provisions of the Council Tax (Prescribed Classes of Dwellings and Consequential Amendments) (England) Regulations 2024 (the 'regulations') which set out mandatory exceptions to the long-term empty homes premium and the second homes premium.

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Introduction

The Local Government Finance Act 2012 amends the Local Government Finance Act 1992 allowing local discretion over the implementation of certain discounts and charges applied within the Council Tax regime.

The following policy details the approach to be taken by Portsmouth City Council with effect from 1st April 2024.

Second Homes - Policy effective from 1st April 2014 to remain unchanged until 31st March 2025

The City Council under this policy will make a charge for second homes of 100% (a discount of 0%). This is the level charged from 1st April 2014.

In the following cases a charge of 50% will apply (rather than the 100%) as required by legislation;

- Dwellings which are furnished but unoccupied because the owner is liable to a Council Tax elsewhere in job-related accommodation;
- Empty but furnished dwellings of service personnel resident in accommodation provided by the Ministry of Defence;
- If the dwelling is a caravan or houseboat;
- Clergy who are required to live in accommodation provided by their employer to perform the duties of their office.

The legislation outlining the above is the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 as amended by the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012. The regulations require the authority to determine the classes under which a discount will be granted. For the purposes of this policy the classes and discounts to be granted by the City Council from 1st April 2014 are as follows;

Class	Descriptions	Discount
A	A dwelling; a) which is not the sole or main residence of an individual; b) which is furnished; and c) the occupation of which is restricted by the planning condition preventing occupancy for a continuous period of at least 28 days in the relevant year.	0%
B	A dwelling; a) which is not the sole or main residence of an individual; b) which is furnished; and c) the occupation of which is not restricted by the planning condition preventing occupancy for continuous period of at least 28 days in the relevant year	0%

Second Homes - Policy effective from 1st April 2025

The Levelling-Up and Regeneration Act 2023 introduced powers for local authorities to charge a higher amount of council tax in respect of second homes.

The amended regulation, for any financial year, enables a billing authority in England, by determination that where there is no resident of the dwelling and the dwelling is substantially furnished, the discount of 0% does not apply, and the amount of council tax payable in respect of that dwelling and that days is increased by such percentage of not more than 100 as it may specify in the determination.

The Council on 14 March 2023 indicated its intention, subject to The Levelling-Up and Regeneration Act 2023 receiving Royal Assent, to charge the maximum in respect of the premium for second homes. At this meeting it was resolved that:

Full Council declares its intention to implement and approve the following additional council tax premiums, to be applied from 1st April 2024, or as soon as possible thereafter, subject to the legislation being in place:

- A 100% premium for second homes.

The Levelling-Up and Regeneration Act 2023 details that a billing authority's first determination under this section must be made at least one year before the beginning of the financial year to which it relates. As a consequence, and following the Act receiving Royal Assent, Full Council has revisited its decision on 13 February 2024 and resolved that it approves the maximum Council Tax premium of 100% for second homes to be applied from 1st April 2025.

Empty Homes - Policy effective from 1st April 2024

For Council Tax purposes, the revised legislation determines that the charge for empty dwellings will follow three phases namely;

First Phase: a period during which a dwelling will attract the discount of between 0% and 100% determined by the local authority (as a result of the measures outlined within the Local Government Finance Act 2012). If the dwelling remains empty and substantially unfurnished, this period will last up to 6¹ months as determined by the authority (12 months if the dwelling in addition to being unoccupied and substantially unfurnished is undergoing major repairs²);

Second Phase: a period during which the discount attracted will be between 0% and 50%. The rules for this phase are based on the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 as amended by the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012. During this phase the authority can determine (in accordance with Class C of the regulations) the level of discount between 0% and 50%. The second phase will last indefinitely unless the local authority has made a determination implementing the empty homes premium.

Third Phase: an indefinite period starting when the dwelling has been empty for one year. In this phase, the liability may be increased by an additional premium³.

The City Council has resolved that the following will apply from 1st April 2024:

Where a dwelling is unoccupied and substantially unfurnished

If a dwelling becomes unoccupied and substantially unfurnished the City Council will apply a discount of 0%, requiring the full council tax charge to be payable.

Where a dwelling is unoccupied and substantially unfurnished, requiring or undergoing structural alterations or major repair works to make it habitable

- (a) If a dwelling is unoccupied and substantially unfurnished, requiring or undergoing structural alterations or major repair works to make it habitable, a discount of 0% will be granted for any period up to one year.

Where a dwelling remains unoccupied and substantially unfurnished for a period of one year or more

- (a) Where a dwelling remains unoccupied and substantially unfurnished for a period of one year or more, the City Council has resolved to charge an empty homes premium of the relevant maximum in addition to the full Council Tax charge, as allowed within Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

From the financial year beginning 1 April 2024

¹ This replaces Class C of the Council Tax (Exempt Dwellings) Order 1992

² This replaces Class A of the Council Tax (Exempt Dwellings) Order 1992

³ Section 11B of the Local Government Finance Act 1992 (higher amount for long-term empty dwellings: England)

The relevant maximum is 100% for dwellings that have remained unoccupied and substantially unfurnished for a period of at least 1 year but less than 5 years.

The relevant maximum is 200% for dwellings that have remained unoccupied and substantially unfurnished for a period of at least 5 years but less than 10 years.

The relevant maximum is 300% for dwellings that have remained unoccupied and substantially unfurnished for a period of at least 10 years.

Publication of the changes

The City Council, in accordance with the legislation, will publish the changes to the Council Tax regime within 21 days of making such a resolution.

Exceptions to the long-term empty homes premium and second homes premium

The Council Tax (Prescribed Classes of Dwellings and Consequential Amendments) (England) Regulations 2024 (the 'regulations') set out mandatory exceptions to the long-term empty homes' premium and the second homes premium. These exceptions are:

Classes of Dwellings	Application	Definition
Class E	Long-term empty homes and second homes	Dwelling 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 dwelling
Class G	Long-term empty homes and second homes	Dwellings being actively marketed for sale (12 months limit)
Class H	Long-term empty homes and second homes	Dwellings being actively marketed for let (12 months limit)
Class I	Long-term empty homes and second homes	Unoccupied dwellings 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 dwellings
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)