
Council Tax - Empty Homes Discounts and Premiums 2026/27

Relevant Portfolio Holder		Councillor S Nock
Portfolio Holder Consulted		Yes
Relevant Assistant Director		Debra Goodall Assistant Director Finance and Customer Services
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Wards Affected		All
Ward Councillor(s) consulted		No
Relevant Council Priority		
Non-Key Decision		
If you have any questions about this report, please contact the report author in advance of the meeting.		

1. RECOMMENDATIONS

The Cabinet RECOMMEND that:-

- i) the determinations set out in Appendix A be adopted with effect from 1st April 2026.**
- ii) The Assistant Director of Finance and Customer Services be authorised to consider, on a case-by-case basis, a reduction to the long-term empty premium under Section 13A(1)(C) of the Local Government Finance Act 1992.**
- iii) the council retains the existing discounts for unoccupied and furnished homes, as set out in Appendix A and does not implement additional council tax premiums for unoccupied and substantially furnished homes.**

2. BACKGROUND

- 2.1** From the introduction of council tax in 1993 until March 2004 unoccupied homes in England were eligible for a council tax discount of 50%. From 1st April 2004 the Local Government Act 2003 gave councils in England the power to decide locally the level of discount for unoccupied homes.
- 2.2** These powers were expanded by later legislation including the Local Government Finance Act 2012, The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 and The Levelling-Up and Regeneration Act 2023. The expanded powers provided greater discretion to councils and allowed additional council

tax, in the of form premiums, to be added to long-term empty and unoccupied furnished homes.

- 2.3 The powers are discretionary, and billing authorities decide whether to remove the standard 50% discount, and whether to apply premiums.
- 2.4 Bromsgrove District Council has used the discretionary powers, and the current levels of discount are:

Second Homes: There is statutory definition for second homes, in simple terms they are furnished dwellings which are not occupied as a person's main residence. The council can remove the discount and charge 100% of the council tax. There are two classes of second home, those with a planning restriction that prevents occupancy for part of the year, and those without a planning restriction. This distinction allows different levels of discount to be applied to holiday homes and normal homes. The council has removed the discount for both types of dwelling and charges the full 100% council tax.

Empty Homes: Empty homes are unoccupied and substantially unfurnished dwellings. When removing setting the level of discount for empty homes we can apply the same level of discount to all empty homes, or we can set different levels of discount based on a description of the dwelling. The council applies a graduated discount for empty homes. Homes that are empty for 30 days or less received a 100% discount, homes empty for more than 30 days are charged the full council tax.

The council also applies a 100% discount to empty local authority housing which will be used for housing purposes.

Long-Term Empty Homes: When a home has been unoccupied and substantially unfurnished for 12 months or more the council may apply additional council tax, referred to as a premium. The level of premium can increase the longer the home is empty. We apply the maximum level of long-term empty premium.

Second Home Premium: From 1st April 2025 councils have been able to apply additional council tax for dwellings that are substantially furnished and are no one's sole or main residence. The council does not currently apply premiums to second homes.

- 2.5 Some types of homes are excepted from changes to discount or the application of premiums, and these homes include caravan pitches and boat moorings; homes that would be the main residence of a member

of the armed forces; and homes that are on the market for sale or let. Full details of the excepted classes are included in Appendix B.

- 2.6 The council reviews discounts and premiums annually. When considering whether to apply premiums we are required to consider guidance issued by Government. The guidance sets out that Government expects councils to use the premiums to encourage owners to bring empty homes back into use, and not to penalise owners who are genuinely trying to sell or let their property. Guidance asks councils to carefully consider whether to charge a premium and to assess possible impacts. Examples of factors to consider are:
- The numbers and proportion of long-term empty dwellings and/or second homes in the local area
 - Circumstances which may affect whether the dwelling can be used as a main residence.
 - Impact on local economies and the tourism industry.
 - The impact of large numbers of empty homes, or a non-permanent second home owning cohort, on the provision and availability of local services.
 - Other measures that the council could take to bring homes back into use.
- 2.7 The Government guidance expresses the view that a council's determination can include local exceptions to the premium. Local exceptions could be used to extend the national so that at a local level additional time is given for a house to be sold before premiums apply or to create local exceptions to exclude dwellings which due to restrictions on use, or specific locality factors may be difficult to sell or bring back into use e.g. retirement homes which have a restriction on who may be resident in the property. The council has not created any local exceptions to premium; but consideration could be given to introducing exceptions in future years.
- 2.8 Long-term empty home premiums were introduced within the Bromsgrove District from 1st April 2022 and reviewed effective from 1st April 2024. The guidance in place at the time of both decisions was considered by Cabinet and Council and determinations were made to apply premiums.
- 2.9 There have been no significant changes to the factors considered when determinations were first made, or to those which the Government's revised 2024 guidance directs the council to consider. The premium continues to operate as an effective incentive for homeowners to bring

long-term empty homes back into use, and there are no specific local housing market issues that prevent sales of long-term empty homes.

- 2.10 The use of section 13A(1)(C) powers to reduce council tax, including council tax premium, on a case-by-case basis provides protection to taxpayers in cases where the imposition of a premium would cause hardship, and the new national exceptions to premium applicable from 1st April 2025 provide appropriate protection from premium for houses for sale or let, and in other specific cases. There is sufficient protection for taxpayers provided by the 13A(1)(C) power and the national exceptions.
- 2.11 The impacts of premium will continue to be monitored and where specific local issues are identified then consideration will be given to the introduction of local premiums for future years.
- 2.12 The decision to apply premiums cannot be amended during the financial year; and any changes to exception can only be introduced from the beginning of a financial year. The second home premium requires one year's notice before it can be applied, and the decision to apply a premium would take effect from the start of a financial year. The earliest date that the council could introduce a second home premium is 1st April 2027.

3. OPERATIONAL ISSUES

- 3.1 Long-term empty home premiums were introduced in Bromsgrove from 1st April 2022. The administration of the levy has been successful and no requirements for local exceptions have been identified. If a broad class of dwelling – for example retirement complexes – become eligible for premium because of specific restrictions on sale then we could consider a local exception; significant numbers of such dwellings are not being identified, and any individual issues can be considered under section 13A(1)(C) discretionary reductions.
- 3.2 The introduction of national exceptions to premium from 1st April 2025 has provided protection for taxpayers whose homes are on the market for sale, or where the dwelling is part of the estate of person who has died. The national exception classes delay the implementation of premium and have reduced the need to consider any local exceptions.
- 3.3 The council has the option to implement premiums for unoccupied and substantially furnished dwellings (second homes). Government guidance set out that premiums should be considered where there is evidence that the number of second homes is detrimental to the local area. There is no evidence that second homes are impacting the

provision of local services within the district and there is no operational objective to recommending the introduction of second home premium.

4. FINANCIAL IMPLICATIONS

- 4.1 Additional council tax income from premiums is shared between the precepting authorities and Bromsgrove retains approximately 12% of the additional council tax.
- 4.2 For the 2025/26 tax year the additional council tax levied on long-term empty homes is estimated to be £476,000, with Bromsgrove retaining £57,000.
- 4.3 There are approximately 124 unoccupied and furnished homes within the Bromsgrove district. The imposition of a second home premium, applied to these homes, would lead to an additional council tax premium of £300,000 and Bromsgrove Council would retain £36,000 in additional council tax from second home premium. The actual level of premium would likely be reduced due to the application of exceptions to premium and changes in behaviour, for example the intermittent removal of furniture and refurbishing of homes can change the classification of the dwelling and prevent consistent application of premiums.

5. LEGAL IMPLICATIONS

- 5.1 The legislative framework for amendment to discounts and imposition of empty home premiums is set out in Sections 11A to 11D of the Local Government Finance Act 1992, and The Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003.
- 5.2 The council is required by sections 11B(1D) and 11C(4) of the LGFA '92 to have regard to any guidance issued by the secretary of state before deciding to apply a premium.
- 5.3 Guidance was considered when premiums were adopted from April 2022 and reviewed effective from April 2024. Consideration of the guidance has been included within sections 2.6 to 2.12 of this report

6. OTHER - IMPLICATIONS

Local Government Reorganisation

- 6.1 Second home premiums require one year's notice before coming into effect and the earliest date from which they council apply would be 1st

April 2027. Local Government reorganisation could lead to the abolition of Bromsgrove Council and replacement with a new unitary authority on 1st April 2028.

- 6.2 Reorganisation may mean that Bromsgrove Council would levy the second home premium for a period of one tax year, which reduces any benefits available to the council from the introduction of premium.

Relevant Council Priority

- 6.2 The council's financial stability priority is supported by the appropriate use of the council's discretionary powers to amend discounts and apply premiums.

Climate Change Implications

- 6.3 None

Equalities and Diversity Implications

- 6.4 None

7. RISK MANAGEMENT

- 7.1 The table below identifies specific risks and mitigations in relation to the administration of tax liability for unoccupied homes. The table is not exhaustive and provides information on the main identified risks.

Risks	Mitigation
Taxpayers subject to premiums may be dissatisfied with the decision of the authority.	Clear communications to be issued with Council Tax demand notices setting out the reasons for the changes. Establish links with internal Housing Strategy team to help to publicise methods by which empty homes can be brought back into use
Manipulation of council tax system to avoid empty home premium	Homeowners may provide false information to evade the application of the empty home premium. Briefings to teams will include information on steps that should be taken to validate changes to liability on long-term empty homes.

8. APPENDICES and BACKGROUND PAPERS

Appendix A – Council Tax Discounts, and Premiums Determination

Appendix B – Classes Excepted from premiums

Ministry of Housing Communities & Local Government (2024)

Guidance on the implementation of the council tax premiums on long-term empty and second homes.

Available at <https://www.gov.uk/government/publications/long-term-empty-homes-and-second-homes-council-tax-premiums-and-exceptions/guidance-on-the-implementation-of-the-council-tax-premiums-on-long-term-empty-homes-and-second-homes>

Appendix A – Council Tax Determinations

1. Discounts under section 11A(4) and 11(A)(4A) of the Local Government Finance Act 1992

Effective from 1st April 2026 the level of Council Tax discount for each class of dwellings (as defined by *The Council Tax (Prescribed Classes of Dwellings (England) Regulations 2003* as amended), or where applicable description of dwellings within that class shall be:

Class	Description	Discount
A	Furnished homes which are no one's sole or main residence and where a planning restriction prevents occupancy.	0%
B	Furnished homes which are no one's sole or main residence and where occupancy is not restricted by a planning condition	0%
C	Dwellings which are unoccupied and substantially unfurnished for a continuous period of less than 31 days.	100%
C	Dwellings which are unoccupied and substantially unfurnished for a continuous period of 31 days or more	0%
C	Dwellings which are unoccupied and substantially unfurnished and i) The owner is a local housing authority; and ii) When next in use the dwelling will be occupied under the Housing Act 1985	100%
D	Dwellings requiring or undergoing major repair works to render them habitable as defined within the prescribed classes of dwellings regulations	100%

Owner is defined by Section 6(5) and 6(6) of the Local Government Finance Act 1992.

Any period of occupation not exceeding 6 weeks shall be disregarded when considering Class C and D.

2. Long-Term Empty Dwelling Premiums Under Section 11B(1)

From 1st April 2026 for all dwellings except those excepted from premium by the Prescribed Classes of Dwellings regulations, the discount under section 11(2)(a) shall not apply and the following premiums will be charged:

Period Unoccupied and Unfurnished	Premium Applied
Less than 5 years	100% premium (total charge 200%)
5 years or more, but less than 10 years	200% premium (total charge 300%)
10 years or more	300% premium (total charge 400%)

Appendix B – Discount and Premium Exception Classes

Class	Description	Exception
E	Dwelling which is or would be someone's sole or main residence if they were not residing in job-related armed forces accommodation.	Long-term empty and second home premiums.
F	Annexes forming part of or being treated as part of the main dwelling.	Long-term empty and second home premiums.
G	Dwelling which are being actively marketed for sale – time limited to 12 months.	Long-term empty and second home premiums.
H	Dwellings which are being actively marketed for let – time limited to 12 months.	Long-term empty and second home premiums.
I	Unoccupied dwellings which fell within the exempt class F (left empty by a deceased person) and where probate has been granted. Time limited to 12 months from probate.	Long-term empty and second home premiums.
J	Dwellings where the liable person is resident in a job-related dwelling provided by their employer, or for the liable person is a job-related dwelling.	Second home premiums and adjustment to discount for unoccupied furnished homes
K	Caravan pitches occupied by a caravan, or boat moorings occupied by a boat.	Second home premiums and adjustment to discount for unoccupied furnished homes
L	Seasonal homes where year-round occupation is prohibited.	Second home premiums.
M	Vacant homes which require or are undergoing major repair works to render them habitable, or vacant homes undergoing a structural alteration.	Long-term empty homes premium.