



Council of the
ISLES OF SCILLY

Empty Homes and Second Homes Premium Policy 2025-26

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1. Introduction and background

- 1.1 The following policy outlines the Council's approach to the levying of the empty homes premium and second homes premiums.
- 1.2 Premiums were introduced by government from 1 April 2013 with a view to encouraging homeowners to occupy homes and not leave them vacant in the long term.
- 1.3 The legislation which introduced premiums is S11B of the Local Government Finance Act 1992 (inserted by the Local Government Finance Act 2012). Premiums could only be charged on long-term empty dwellings. An empty dwelling is one which is 'unoccupied' and 'substantially unfurnished'. The definition of 'long-term' is where the dwelling has been empty for a continuous period of at least 1 year.
- 1.4 Initially the maximum level of premium was set by government at 50% of the amount of Council Tax chargeable. Each Council could determine the level of premium up to the maximum and this is charged in addition to the amount determined by the Council as payable for an empty dwelling¹.
- 1.5 Certain classes of dwellings cannot be charged a premium namely:
 - a dwelling which would be the sole or main residence of a person but which is empty while that person resides in accommodation provided by the Ministry of Defence by reason of their employment i.e., service personnel posted away from home²; or
 - dwellings which form annexes in a property which are being used as part of the main residence or dwelling in that property³.
- 1.6 In 2018 the Rating of Property in Common Occupation and Council Tax (Empty Dwellings) Act allowed local authorities to increase the level of premiums on empty dwellings with effect from 1 April 2019 as follows;
 - Dwellings left unoccupied and substantially unfurnished for 2 years or more, - from 1 April 2019 a premium can be levied up to 100%;
 - Dwellings left unoccupied and substantially unfurnished for 5 years or more, - from 1 April 2020 a premium can be levied up to 200%; and
 - Dwellings left unoccupied and substantially unfurnished for 10 years or more, - from 1 April 2021 a premium can be levied up to 300%.
- 1.7 It should be noted that premiums are charged in addition to the 100% Council Tax payable on empty premises.

¹ Under the Council Tax (Prescribed Classes of Dwelling)(England) Regulations 2003 and amended by the Council Tax (Prescribed Classes of Dwelling)(England) (Amendment) Regulations 2012 - Classes C & D

² Council Tax (Prescribed Classes of Dwelling)(England) (Amendment) Regulations 2012 - Classes E

³ Council Tax (Prescribed Classes of Dwelling)(England) (Amendment) Regulations 2012 - Classes F

- 1.8 Government, together with local authorities (including the Council) has seen a rise in the number of empty homes together with a growth in second homes.
- 1.9 Inconsistencies in the legislation have also been identified whereby a premium can be avoided by the taxpayer merely furnishing an empty premises, when it would become a 'second home' which currently has a maximum charge of 100% with no premium.
- 1.10 In order to address these inconsistencies, and also to bring more dwellings into use, government amended the Local Government Finance Act 1992 to allow for the following:
- (a) To bring forward the period from two years to **one year** when an unoccupied and substantially unfurnished dwelling (empty dwelling) can be charged a premium of 100% All other empty dwelling premiums remain unchanged, namely:
 - A premium of 200% where dwelling has remained empty for a period of 5 years or more;
 - A premium of 300% where dwelling has remained empty for a period of 10 years or more; and
 - (b) To enable the charging of a 100% premium for any dwellings (second homes) which are:
 - No one's sole or main residence; and
 - Substantially furnished
- 1.11 This policy details the Council's approach in the charging of premiums as allowed within the new legislation.
- 1.12 The continued pressure on local authority finances (both the Council and the Major Preceptors) together with the need to encourage all owners of domestic premises to bring them back into use, makes it essential that the Council changes its approach to empty homes. The new legislation for second home premiums will encourage the use of dwellings as primary residences.

2. Empty homes premiums

- 2.1 Section 11B of the Local Government Finance Act 1992 (amended by the Levelling Up and Regeneration Act 2023) permits billing authorities in England to impose an empty dwellings premium after one year instead of two.
- 2.2 The Council resolved to implement this change with effect from 1 April 2025.
- 2.3 Exceptions to the premiums (both empty homes and second homes) have been introduced by the Council Tax (Prescribed Classes of Dwellings and Consequential Amendments) (England) Regulations 2024. Details are shown later in Section 4 of this policy.

3. Introduction of premiums for second homes (From 1 April 2025)

- 3.1 The definition of a second home for Council Tax purposes is a dwelling which has "no one resident" but is "substantially furnished".
- 3.2 Section 11C of the Local Government Finance Act 1992 permits the Council to apply a premium on second homes. The maximum Council Tax charge in these cases would be a standard 100% charge plus a premium of 100% making a total Council Tax charge of 200%.
- 3.3 Unlike empty dwellings, there is no requirement for a property to have been used as a second home for a fixed period of time before the premium can apply.
- 3.4 As with other changes introduced by the Act, section 11C (3) requires that the first decision to impose this class of premium must be taken at least 12 months before the financial year to which it would apply. In effect this means that premiums for second homes will not take effect until the 2025-26 financial year at the earliest.
- 3.5 The Council has resolved to charge second home premiums with effect from 1 April 2025 and has given the required notice.
- 3.6 The Act provides that a dwelling cannot be subject to both a second homes premium and an empty homes premium imposed under section 11B of the 1992 Act, and that an existing empty homes premium would cease to apply to a property which became subject to a second homes premium.

4. Exceptions from the premiums (empty homes premiums and second homes premium)

- 4.1 Regulations have recently been implemented (The Council Tax (Prescribed Classes of Dwellings and Consequential Amendments) (England) Regulations 2024) which prevent the council from applying a premium in certain circumstances. These are as follows and cover both empty dwellings and second homes.
- 4.2 These regulations amend previous regulations in respect of exceptions by either amending already existing exceptions, extending their application to empty and/or second homes or introducing new categories of exception.

Classes of Dwellings	Premium affected	Summary Description
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	<p>Dwellings being actively marketed for sale or under an agreement to be sold (12 months limit). The exception will end either when the 12-month period has ended, when the dwelling has been sold (sale of a freehold or where a lease is granted for seven years or more) or when the dwelling is no longer actively marketed for sale. The council will determine:</p> <ul style="list-style-type: none"> • whether the dwelling is clearly advertised for sale; • whether the dwelling is being marketed at a fair market value; • whether there are any artificial barriers placed on the sale by the vendor on the dwelling preventing sale; and • whether the owner is taking any other reasonable steps to market the dwelling for sale. <p>The same owner may only make use of the exception for a particular dwelling marketed for sale once however, the exception may be used again for the same dwelling if it has been sold and has a new owner.</p>
Class H	Long-term empty homes and second homes	<p>Dwellings being actively marketed for let (12 months limit) The exception will end either when the 12-month period has ended, when the dwelling has been let or when the dwelling is no longer actively marketed for let. The council will determine:</p> <ul style="list-style-type: none"> • whether the dwelling is clearly advertised for let; • whether the dwelling is being marketed at a fair market value; • whether there are any artificial barriers placed on the letting by the owner on the dwelling preventing letting; and • whether the owner is taking any other reasonable steps to market the dwelling for let.

Classes of Dwellings	Premium affected	Summary Description
		The same owner may make use of the exception for dwellings marketed for let multiple times, however, only after the dwellings has been let for a continuous period of at least 6 months since the exception last applied
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. The exception will not apply to cases where someone chooses to have an additional property to be closer to work while having a family home elsewhere or where an individual is posted to a new location but maintain their previous address.
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). It should be noted that major repairs and structural alterations only apply when it relates to the supporting fabric (roof supporting walls etc) of the premises. Internal alterations, decoration and replacement of kitchens, bathrooms, wiring etc will not be accepted.

4.3 In addition to the statutory exceptions listed above, the Council has resolved to introduce a further local exception as follows.

Properties used as staff and work related accommodation

4.4 A premium will not be charged on properties occupied by persons employed on the Isles of Scilly where:

- (a) The property is owned or rented by a local employer and used to provide accommodation for its employee(s); or

(b) The occupier(s) is a person employed by a local employer; **and** has entered into a rental agreement with the landlord of the property on the Isles of Scilly **and** the occupier(s) maintains a dwelling which is considered to be their sole or main residence and is not located on the Isles of Scilly but elsewhere within the United Kingdom.

4.5 For clarity, 'local employer' is defined as a business which is located on the Isles of Scilly and employs a person (s) to undertake work in the Isles.

5. Outcome expected.

5.1 The expected outcomes of this policy are as follows:

- (a) Taxpayers will be encouraged, through the implementation of the premiums, to bring empty properties into use and to revert the use of second homes to primary residences;
- (b) The reduction of empty homes and second homes within the Council's area in line with the Council's Empty Property Strategy; and
- (c) Increased Council Tax income from empty homes and second homes.

6. Legislation

6.1 The legislation that covers this policy and the recommendations made is as follows:

- S11A & S11B of the Local Government Finance Act 1992;
- S11C of the Local Government Finance Act 1992 (as introduced by the Levelling Up and Regeneration Act 2023);
- The Levelling Up and Regeneration Act 2023;
- The Council Tax (Prescribed Classes of Dwellings and Consequential Amendments) (England) Regulations 2024;
- S13A(1)(C) Local Government Finance Act 1992 (reduction in liability).

6.2 Due to changes in the legislation, the Council will be required to amend this policy, at any time, in line with legislation.

7. Finance

7.1 Any amount of premium received will be part of the Council's Collection Fund and will be shared between the Council and Major Precepting authorities in line with their share of the Council Tax.

7.2 Any reduction granted under S13A(1)(c) of the Local Government Finance Act 1992 will be financed through the Council's general fund and will not form part of the Collection Fund.

8. Notification

- 8.1 Where a taxpayer is granted an exception, a revised demand notice will be issued. Where an exception is applied for but not granted, the Council will provide a notification of its decision.

9. Appeals

- 9.1 Appeals against decisions of the Council to apply an empty or second homes council tax premium may be made in accordance with section 16 of the Local Government Finance Act 1992.
- 9.2 The appeal must in the first instance be made in writing to the Council and set out the reasons for the appeal. Supporting evidence, including any financial evidence, must be supplied with the written appeal. The appeal will be reviewed by a panel which will include the Head of Assessment, Billing and Collection. Where a decision to charge a premium is revised the taxpayer shall be informed, likewise if the original decision is upheld.
- 9.3 Where the taxpayer remains aggrieved, a further appeal can then be made to the Valuation Tribunal. This further appeal should be made within 2 months of the decision of the Council not to grant any reductions. Full details can be obtained from the Council's website or from the Valuation Tribunal Service website.

10. Delegated Powers

- 10.1 This policy has been approved on behalf of the Council in accordance with the Council's Constitution. The Head of Assessment, Billing and Collection (or their nominee) has delegated authority to make necessary technical and other minor amendments to ensure compatibility with legislation.

11. Fraud

- 11.1 The Council is committed to protecting public funds and ensuring that premiums are correctly charged.
- 11.2 A taxpayer who tries to reduce their Council Tax liability by incorrectly or falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under The Fraud Act 2006.
- 11.3 Where the Council suspects that such a fraud may have been committed, this matter will be investigated as appropriate and may lead to criminal proceedings being instigated.

12. Complaints

12.1 The Council's complaints procedure (available on the Council's website) will be applied in the event of any complaint received about this policy.