



**OPEN REPORT
COUNCIL**

Council 29th February 2024

SECOND HOMES COUNCIL TAX PREMIUM

Report of Report of the Director of Resources and Director of Housing

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Wards Affected

District wide

Report Summary

This report seeks approval from the Council to adopt the 100% premium for council tax relating to second homes with effect from 1st April 2025.

Recommendations

1. That the Council determines to adopt the 100% premium for council tax relating to second homes with effect from 1st April 2025.
2. That the Director of Resources is granted delegated powers to introduce exemptions/exceptions from council tax premiums in line with legislation or government requirements.
3. That, subject to the outcome of the government consultation on exemptions, exceptions and discounts, further work takes place during 2024/25 to consider whether amendments are required to the Council's policy on Council Tax Discretionary Discounts in respect of council tax premiums and that a report will be presented to a future Council meeting if changes to the Council's policy are necessary.
4. That, subject to the adoption of the second homes premium policy position, negotiations take place with Derbyshire County Council concerning the use of

the additional income generated for Derbyshire County Council and that Members will be informed of the outcome.

List of Appendices

Appendix 1 - Sections 11, and 11A of the Local Government Finance Act 1992
Section 11C of the Local Government Finance Act 1992 (inserted by the Levelling Up and Regeneration Act 2023)
Levelling-up and Regeneration Act 2023 Part 2 Section 80

Appendix 2 - Qualitative data - themes and quotes.
Appendix 3 - Equality Impact Assessment

Background Papers

Government consultation on proposals to exempt categories from council tax premiums in England [Proposals to exempt categories of dwellings from the council tax premiums - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/proposals-to-exempt-categories-of-dwellings-from-the-council-tax-premiums)

Consideration of report by Council or other committee

N/A

Council Approval Required

Yes

Exempt from Press or Public

No

Second Homes Council Tax Premium

1. Background

- 1.1 The Levelling Up and Regeneration Bill received Royal Assent on 26 October 2023. The new Levelling Up and Regeneration Act provides powers for councils to double the Council Tax payable on second homes. Nationally, rural councils and lobby groups have been campaigning for this power for many years, reflecting the impact of second homes in national parks, other rural areas and coastal authorities. Details of the legislation are provided in Appendix 1 to this report.
- 1.2 Councils are required to give 12 months' notice of the change before the second homes council tax premium is due to apply. This means that if the Council intends to implement a premium from 2025/26 the decision needs to be made before the 31 March 2024 to allow the premium to take effect from the 1 April 2025.
- 1.3 The District Council has previously consulted the community and owners of second homes on the proposal and the results were reported to Council on 16 March 2023. At that meeting the Council decided, subject to the Levelling Up and Regeneration Bill becoming an Act of Parliament, to adopt the 100% premium for council tax relating to second homes with effect from 1 April 2024. Because the Bill was not enacted until 26 October 2023, the Council was unable to adopt the premium as from 1 April 2024, the earliest the premium can take effect from is the 1st April 2025. The results of the previous consultation are attached at Appendix 2.
- 1.4 The impact of second homes on rural communities has been well documented over many years. Campaign groups, the national press and local communities themselves have called on government to take action to limit the growing number of second homes. The South West of England, national parks and many coastal authorities have seen significant numbers of family homes bought up by people wanting an alternative home away from their usual place of residence. Parts of Cornwall, the Lake District and Wales have seen hotspots of second homes exceeding 50% of the total number of homes in some villages. This means the availability of lower cost homes is severely restricted. House prices become inflated and cash buyers consistently gazump local people trying to get on the housing ladder.
- 1.5 Councils typically have limited powers to intervene in the existing housing market. Alongside the Local Plan, the most common areas/issues tend to be focussed on clearance areas, Houses in Multiple Occupation, licensing of private rented homes and empty properties. Economic policy and taxation within the housing sector has evolved in recent years to become a new measure designed to encourage a change in behaviour. Increasing Council Tax liability is already in place for long term empty homes, with up to 3 times the normal rate now chargeable for homes empty for more than 10 years. The proposal to double Council Tax for second homes reverses a previous policy which originally gave a 50% discount up to the early

2000s though this discount was eventually reduced and removed altogether.

- 1.6 Approximately 8.4% of homes within the Dales are not being used for the purpose of providing a primary residential dwelling. Long-term empty homes (i.e., empty for more than 2 years), holiday lets, and second homes account for 2,950 properties out of 35,000 properties (as of 15/01/24). Second homes within the Dales are concentrated within a spine of wards running from Wirksworth and Bakewell through to Hathersage and Eyam. However, all wards have some second homes.
- 1.7 The government undertook a national consultation in the summer of 2023 seeking views on possible categories of dwelling which should be exempt/excepted from the long-term empty homes premium and the second homes council tax premium. Details of the closed consultation are available here: [Proposals to exempt categories of dwellings from the council tax premiums - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/proposals-to-exempt-categories-of-dwellings-from-the-council-tax-premiums)
- 1.8 For this report we are only considering the consultation relating to the second homes premium. The categories of properties that were considered as exemptions/exceptions from the second home council tax premium within the consultation are as follows;
 - Properties undergoing probate
 - Properties being actively marketed for sale or let
 - Annexes forming part of, or being treated as part of, the main dwelling
 - Job related dwellings
 - Occupied caravan pitches and boat moorings
 - Seasonal homes where year-round or permanent occupation is prohibited or has been specified for use as holiday accommodation or prevents occupancy as a person's sole or main residence.

The consultation also considered empty properties undergoing major repairs and whether this exception should only be applied to the empty homes' premium.

At the time of writing this report, the government has yet to announce the outcome of this consultation.

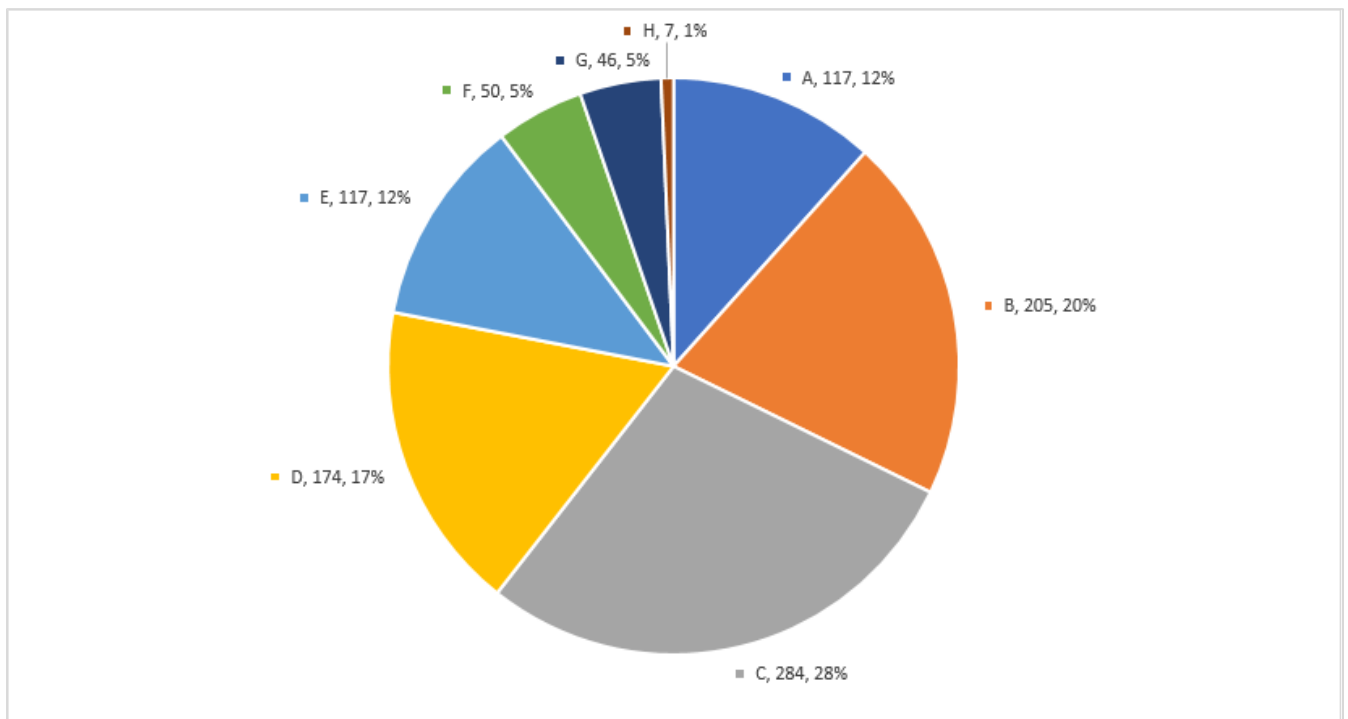
2. Key Issues

- 2.1 The key issue for the Council concerns the use of the second homes premium in an effort to curb the growth in second homes and potentially reduce the total number over the longer term. The government's intention behind the policy is a response to the chronic shortage of lower cost market homes in housing markets distorted by people from outside an area buying an additional property. People in housing need typically report the number of second homes in their locality as one reason why they can't afford to buy a home of their own. During a debate in the House of Commons, the then Housing Minister provided a succinct summary of the issue, "I

recognise that more must be done, but we must ensure that we get the right balance on the economic benefits of *second homes*, the social challenges that they can sometimes provide, the rights of homeowners to use their properties as they choose, and the needs of home seekers wishing to live in or near the area where their friends, families or workplaces are located”.

2.2 On the 30th January 2023 there were 984 second homes on the council tax register. On the 15th January 2024 this had risen slightly to exactly 1,000 second homes. There were also 1,464 empty homes (of which 577 were long term empty i.e. empty for more than 2 years) and 1,373 holiday lets. Analysis of the Council Tax register (see pie chart below) indicates that the majority of second homes fall within the lower bands i.e. the lower cost and smaller homes within the district.

Chart 1: Second homes analysed by council tax band



2.3 The next key issue concerns the impact on the tourist industry within the Dales. The consultation section below highlights the concerns that some respondents to the survey expressed about the impact of the proposed premium saying that it would essentially put people off from staying in a second home. Some people feel that by reducing the number of second homes in the district through this policy, there will be less money spent in the economy. However other respondents pointed out that the local people who might otherwise live in the property would in fact spend more and over a consistent time period. Members will need to consider the balance between these two considerations when considering the option to adopt the premium.

- 2.4 The second homes policy is something that rural councils and pressure groups have been calling for over many years. If the Council decided not to adopt the policy, then it is likely that the Dales would be an outlier amongst rural authorities. The Council has prioritised the provision of affordable housing since stock transfer in 2002. Given the second homes policy is presented by government as a key tool to impact on housing need, failure to adopt it would be at odds with the Council's long-term ambition to provide affordable homes. There is a reputational risk from not adopting the policy.
- 2.5 The final key issue concerns the additional income that would be generated from the policy if the Council decided to implement the second homes premium. Figures provided in January 2024 indicated the current second homes council tax generates around £2m per year, based on the current number of second homes (1,000) and the council tax charged in 2023/24. Under council tax regulations the proportion that is retained by the District Council is around £280,000 per annum. It is likely (indeed intended) that the introduction of the second homes premium will mean that not all of these properties will remain as second homes. For the purposes of the Medium-Term Financial Plan, it has been estimated that Derbyshire Dales District Council's share of income from the second homes premium would be around £200,000 a year from 2025/26 onwards if the premium is adopted.
- 2.6 The Police, Fire Authority and County Council would also benefit. The biggest gain would be for Derbyshire County Council where its share of income from second homes council tax is currently around £1.4m per annum.
- 2.7 If adopted, the second homes premium would provide a windfall income to major preceptors (Derbyshire County Council, the Police and the Fire Authority). Whilst the financial pressures of local authorities are well understood, the second homes premium could be something of a windfall for Derbyshire County Council in particular. As such, Members may wish to consider whether officers should seek an agreement with Derbyshire County Council that would see a proportion of the premium being returned to the District Council for the purposes of financing additional affordable homes and discretionary council tax discounts to offset the premiums on second homes and empty homes in certain circumstances. A meaningful and continuous funding stream to support affordable housing would be a game changer, particularly in the National Park area of the Dales where design costs for new affordable homes are becoming increasingly prohibitive.
- 2.8 Housing provision plays an important role in supporting County Council priorities;
- creating jobs and economic growth through construction,
 - providing age appropriate housing for families, older people and people with disabilities,
 - helping to accommodate key public sector workers such as teachers and care workers
 - support rural schools struggling with reducing pupil numbers

- providing warm, energy efficient housing, taking people out of fuel poverty
- helping communities to be more resilient by sustaining family support and care in rural areas.

2.9 Allowing for a 20% fall in second homes because of introducing the premium, a 50% funding split with Derbyshire County Council would see approximately £560,000 per year of new capital funding. This level of funding would give certainty to the Council's partners in the delivery of affordable housing and support the purchase of existing homes and/or match fund new development with housing associations and Homes England grant. It could also support the Council's own affordable housing programme, generating further revenue for the District Council. A proportion could also be used to offset the cost of granting discretionary discounts, as the full cost of these will fall on the District Council.

3. Options Considered and Recommended Proposal

3.1 The decision for the Council is whether or not to adopt the second homes premium.

3.2 Given the housing pressures across the Dales, particularly in villages with higher numbers of second homes, officers consider that adopting the premium would have a positive long-term impact on the housing market. Although this would not be popular with second homeowners, the majority of whom live outside the district, it would give a signal of intent to local people squeezed out of the housing market.

3.3 One option Members may wish to explore is a staged approach to the premium, introducing a 50% premium from 1st April 2025 and increasing the premium to 100% from 1st April 2026. This would mimic the staircasing approach used with the empty homes premium, with 100%, 200% and 300% premiums introduced over 3 years.

3.4 At the time of writing this report, the government has yet to publish the results of consultation concerning the second homes premium undertaken in the summer of 2023. The results of the government consultation and the response by DLUHC may direct councils to adopt certain discounts or exemptions/exceptions. Subject to the outcome of the government consultation on statutory exemptions/exceptions, a further report may be presented to Council in 2024/25 (i.e. before the second homes premium would take effect) to consider whether amendments to the Council's discretionary discounts council tax policy are required in respect of the 100% second homes premium.

4. Consultation

4.1 The Council posted a survey monkey questionnaire on the Council's website on the 10th February 2023. The survey included various multiple-choice questions to ascertain individuals' views and other free-text questions that

allowed for more in-depth responses. Please see Appendix 2 for identified key themes and supporting quotes in relation to the free-text questions.

- 4.2 Press releases and coverage on the Council's social media channels also took place. The owners of second homes also received a letter advising them of the consultation and asking them to complete the questionnaire and also featured in Dales Matters.
- 4.3 S80 of the Levelling up and Regeneration Act (Section 11C (3) of the Local Government Finance Act 1992) requires the billing authority (in this case Derbyshire Dales DC) to make a determination to adopt the premium, at least one year before the beginning of the financial year to which it relates. Therefore, the Council is required to give 1 year's notice of impending changes to Council Tax.
- 4.4 The consultation generated 1,297 responses. 1,008 of the respondents (78%) stated their main home was in Derbyshire Dales and 311 respondents (24%) stated they owned a second home in Derbyshire Dales.
- 4.5 Individuals were asked about the effect they believe second homes have on local communities in Derbyshire Dales. 339 respondents (26%) stated they believe second homes have a positive impact and 833 respondents (64%) stated they believe second homes have a negative impact. The remaining 125 respondents (10%) stated they felt they had no impact on the local community or did not have an opinion on this matter. The survey form provided the opportunity for respondents to make comments about the reasons why they believe second homes have a positive or negative impact.

Reasons relating to a positive impact could be categorized into the following themes:

- Individuals that live in second homes contribute to the local economy. They spend money in shops, pubs and café's, and use local services, often contributing more to local businesses than permanent residents.
- Empty homes are brought back into use as second home owners have the money available to renovate the properties. These homes would otherwise be uninhabitable.
- Family and friends have somewhere to stay. This keeps families in regular contact for care purposes or childcare.

Reasons relating to a negative impact on the local community could be categorized into the following themes:

- Second homes can become empty properties for long periods of time and are a wasted resource.
- Second homes place local people at a disadvantage of owning/renting a property as house prices are inflated and less properties are available.
- Frustration for permanent residents as second homeowners live in 'holiday mode' and have a lack of consideration in regards to noise levels and parking.

- 4.6 The majority of respondents felt that it was appropriate to double the rate of council tax on second homes:-
- 63% felt that it was appropriate.
 - 36% felt that it was not appropriate.
 - 1% did not have an opinion on this matter.

- 4.7 Respondents were asked about the impact they feel increasing council tax on second homes would have on the local community moving forward. 61% of respondents (788) stated they felt the Council Tax Premium would have a positive impact on the community. Individuals' comments in relation to this could be categorized into the following themes:

- More properties will be available for local people. This will be due to an increase in second homes being sold and therefore more houses on the market.
- The Council Tax Premium will discourage people from buying more second homes in Derbyshire Dales.
- More revenue available for the council to spend on services and producing affordable homes.

26% of respondents (338) stated they felt increasing council tax on second homes would have a negative impact on the local community. Individuals' comments in relation to this could be categorized into the following themes:

- If the premium is introduced, second homes will most likely be converted into holiday lets.
- Second homes may be left abandoned/derelict as they are unaffordable for local people.
- Less money will be spent on the local economy due to fewer visitors in the area, thus leading to local people becoming unemployed.

13% of respondents (171) stated they felt increasing council tax would have no impact on the local community or did not have an opinion on this matter.

- 4.8 The majority of respondents (61%) stated they felt the Council Tax Premium would increase the number of homes that are available for local people to buy. However, there were mixed responses about whether or not individuals felt that this would lower the cost of house prices in Derbyshire Dales. 40% stated they felt it would lower house prices as opposed to 48% that felt it would not. 12% did not have an opinion on this matter.

- 4.9 Owners of second homes were asked if the introduction of the Council Tax Premium would cause them to consider selling their home. 42% stated it would make them consider selling and 58% stating it would not.

- 4.10 37% of respondents (477) expressed a view that the Council Tax Premium would have a positive impact on the local economy, 30% of respondents (389) stated it would have a negative impact and 33% (431) either had no opinion on the matter or thought it would have no impact.

Of the positive impact the Council Tax Premium may have, respondents noted that should more homes be available for local people due to the effects of the premium, more permanent residents in Derbyshire Dales would contribute to local businesses (e.g. shops, cafes, restaurants, local builders and local events). It was argued that an increased and more stable population would spend more money on local businesses all year round than temporary second home visitors.

In terms of a negative impact on the local economy, the main response was interestingly similar. Respondents stated that second home owners contribute vastly to local businesses and shops, more so than permanent residents. The effect of the premium would mean that second homeowners would have lower disposable income to spend on local businesses. Some may also sell their homes, meaning fewer visitors to contribute financially to local businesses. This could lead to loss of employment opportunities for local people.

4.11 Respondents stated that if the Council Tax Premium on second homes was to be introduced, they would like the council to spend the additional council tax income on the following:-

- The council's existing services (37%).
- Providing more affordable housing in villages affected by second homes (40%).
- Other services (23%). Respondents stated these other services specifically were: a mixture of existing services along with affordable housing, repairing local roads, improved public transport, car parks, emergency services and increased upkeep of villages.

4.12 Respondents were then provided with an opportunity to make any further comments about the potential Council Tax Premium on second homes. Main themes taken from these comments can be seen in the table below.

Key themes	Further explanation	Officer response
Exemptions need to be applied. Examples of suggested exemptions can be seen in the 'further explanation' column.	Properties following a death in the family.	In the government consultation this was considered as a proposed exception and DDDC is in support of this. If the government does not introduce a statutory exception/exemption, a discretionary discount could be considered.
	Properties being actively marketed for sale or let.	In the government consultation this was considered as a proposed exception and DDDC is in support of this. If the government does not introduce a statutory exception/exemption, a discretionary discount could be considered.
	Annexes being treated as part of the main dwelling	In the government consultation this was considered as a proposed exception and DDDC is in support of this. If the government does not introduce a statutory exception/exemption, a discretionary discount could be considered.

Key themes	Further explanation	Officer response
	Job-related dwellings	In the government consultation this was considered as a proposed exception and DDDC is in support of this. If the government does not introduce a statutory exception/exemption, a discretionary discount could be considered.
	Listed second homes	The argument proposed for this is that listed second homes are an important part of heritage and economy and can attract tourists, however they can still be sold and therefore will not be given an exemption, exception or discount
	To provide and receive care to/from family members.	Families/friends giving part time care for others or receiving care in second homes is difficult to monitor, to administer and decisions regarding what level and type of care constitutes an exemption, exception or discount becomes complicated. The exemption exception or discount may also cost more to administer.
	Houses bought for retirement purposes	These properties could be rented out whilst the household is waiting to retire. If the properties were occupied by tenants then the second homes premium would not apply.
	Renovating their second home in order for it to eventually become their primary home	<p>The second homes premium will only apply if the property that is being renovated is furnished.</p> <p>If the second home is not undergoing major renovation, then there is an argument to say that the family could live in it or rent it out.</p> <p>If the property is unfurnished, it will be subject to an "empty" council tax charge. If empty and unfurnished for more than two years, an empty homes premium would potentially apply.</p> <p>If the property is unoccupied and substantially unfurnished and either it requires (or is undergoing) major repairs work to render it habitable, or undergoing structural alterations, then a 100% discount will be allowed for the first 12 months it is in that state.</p>
	To provide childcare	It is unlikely that a second home is necessary to provide childcare as childcare could be provided in the main home of the children or main home of the carer.
	Residents who are 'hosting' Ukrainian refugees in their second homes.	The occupier of the property should be the named person on the council tax bill. If this is a Ukrainian refugee living in host accommodation, this would not be classed as a second home. If the Ukrainian family has a low income, they may be eligible for council tax support that would significantly reduce the council tax they have to pay.
The amount of the Council Tax	Some respondents state this should be	The purpose of the second homes premium is to release second homes

Key themes	Further explanation	Officer response
Premium should be lower.	20% to 50% and should be dependent on council tax banding and contribution to the area.	and get them back on the market, anything less than 100% wouldn't achieve that.
The amount of the Council Tax Premium should be higher.	Some respondents have stated the premium should be increased by more than double and as a 3x or 4x levy to act as a more effective deterrent.	It is not possible in law to charge more than 100%.
Further suggestions as to how the council should manage the Council Tax Premium on second homes.	A premium should only be introduced on new purchases of second homes, not on already existing owners.	This would be too difficult for the council to administer.
	There should be a limit on the number of second homes per parish, based on a percentage of the total dwellings, e.g. no more than xx%.	Regulations do not allow this.
	A 100% increase is too abrupt. Phase the premium in over a period of time.	When the premium is introduced, second homeowners will have received 2 years notice from DDDC as we expected the premium to be introduced in April 2024.
	Introduce a graded increase dependant on the size of the property, time spent in the home, time lived in the area and council tax band.	The council tax bandings are based on the value of property, which partly reflects size, so the amount paid in council tax per property already partly covers this. Time spent in the home is, again, too difficult for the council to administer and would take up staff resources.
Forcing second homeowners to sell due to the Council Tax Premium does not mean there will be more affordable houses for local people.	House prices will be too expensive for local people.	60% of second homes in Derbyshire Dales are council tax bands A, B and C. Therefore, it is likely that if a number of these properties were made available for sale or rent, there would be more affordable properties available in the district.
Second homes are a future investment for	These could either be for children when	In the meantime, while children are growing up, the home could be rented out and therefore would not be classed

Key themes	Further explanation	Officer response
the children of second home owners.	they grow up to eventually live in or to allow children to save for their own house.	as a second home and not charged the premium.
For second homeowners that live in their main home for 50% of the time and second home 50% of the time, they will choose to swap their 'main home' and 'second home' over so that they are not charged the Premium.	This is one way to avoid paying the Council Tax Premium.	You can only have 1 main residence. If you decide to try to 'swap' this over, the premium will be charged on the other property. We would also request proof of residency and investigate whether this is correct or not. The main residence is usually the family unit and where the resident has intention to return.
Some second homes are too small for anyone to live in as a primary home.	Respondents state than 'annexes' that are classed as second homes at times are impossible to sell or are too small to be a family's primary home.	This is a potential exception/ exemption proposed by the Government for annexes.
The council should be working harder with second homeowners to make better use of their homes.	The council should provide support in helping second homeowners understand their options if they cannot afford the increase in council tax. E.g. support in converting properties to holiday lets.	We do not specifically have these services available at the Council. However, we do have an Empty Homes Officer that can advise on these types of issues – peter.scoffings@derbyshiredales.gov.uk
Holiday lets are much more of an issue for the local community than second homes are.	This has more of a negative effect in reducing housing availability than second homes do.	The Government has tightened the regulations on holiday lets - HS253 Furnished holiday lettings (2021) - GOV.UK (www.gov.uk) The Government is also considering a holiday registration scheme to provide further regulations for holiday lets.
A blanket approach is not appropriate.	Personal circumstances must be taken into account. A 'one size fits all' approach will not work.	Exemptions/exceptions, and possibly discretionary discounts, will be made to ensure a blanket approach is not adopted.

Key themes	Further explanation	Officer response
Second homeowners use fewer council facilities and therefore should not be charged more.	They are temporary residents and therefore use less council services.	This is mostly true. However, the council's perspective is that having a second home reduces the number of properties available for households wishing to buy their primary home. The premium is to act as a deterrent to reduce the number of second homes, or at the least, stop them growing.
Not all second homeowners are rich and have luxury homes.	People have saved and worked hard to achieve a second home. It is unfair to penalise them for this.	This is mostly true. However, second homes deprive local families of having a home and, as stated above, the purpose of a premium is to act as a deterrent from owning second homes.

5. Timetable for Implementation

- 5.1 If Members decide to adopt the second homes council tax premium, it is proposed that it would become effective from the 1st April 2025.
- 5.2 Consideration of discretionary discounts will take place in 2024/25 after the outcome of the government's consultation on statutory exemptions/exceptions has been considered by officers i.e. before the second homes premium comes into effect.

6. Policy Implications

- 6.1 The consultation process has highlighted the fact that people buy second homes for a variety of reasons which can include the need to provide or receive care or other factors that the Council may wish to have regard to. Adopting a blanket policy can adversely affect people. Officers consider that further work should be undertaken to understand these issues, with consideration being given to a discretionary discount if there is no statutory exemption/exception in such circumstances. This work will take place during 2024/25 i.e. before the premium comes into effect.

7. Financial and Resource Implications

- 7.1 Should members approve the introduction of a second homes council tax premium, it will result in additional council tax income for this authority and for the major preceptors. The current second homes council tax generates additional income of around £2m per year, based on current second homes and the council tax charged in 2023/24. Under council tax regulations the proportion that is retained by the District Council is estimated at £280,000 per annum. It is likely (indeed intended) that the introduction of the second homes premium will mean that not all of these properties will remain as second homes. For the purposes of the Medium-Term Financial Plan, it has been estimated that Derbyshire Dales District Council's share of income from the second homes premium would be around £200,000 a year from

2025/26 onwards if the premium is adopted. This could be used towards achieving the savings target in the Medium-Term Financial Plan, as reported in other reports to be considered at this Council meeting.

- 7.2 The Police, Fire and County Council would also benefit. The biggest gain would be Derbyshire County Council where income from the current second homes council tax is around £1.4m per annum, based on current numbers and council tax. It is worth noting that the second homes premium is designed to tackle the issue of second homes. Clearly, the additional income from the premium would reduce if the numbers of second homes were to fall in line with the aim of this policy. If the premium is going to be really effective, then the income generated could also be used to provide more affordable homes in the villages most impacted by second homes.
- 7.3 It is proposed that officers undertake more work to explore whether it would be fair, reasonable and affordable to introduce new categories of discretionary council tax discounts to offset some of all of the premiums for second homes in certain circumstances and where the government has not introduced a statutory exception/exemption. It is important to note that the cost of such discretionary discounts would fall wholly on this council, as billing authority, rather than being shared with major preceptors as the income from the premium would be.
- 7.4 If members approve the introduction of a second homes council tax premium from 2025/26, officers propose to approach Derbyshire County Council to ascertain whether there is a willingness to return a proportion of the new premium to this authority to fund new affordable homes or to fund discretionary discounts second homes in certain circumstances.
- 7.5 If the District Council were to adopt the second homes council tax premium, the collection of the premium will fall on staff within the Revenues and Benefits Service, which is provided by Chesterfield Borough Council under a service level agreement. Whilst the proportion of second homes is relatively low compared to the total council tax base, adopting the policy could have an impact on collection rates and possibly write offs. It is likely to result in increased levels of contact and complaints from owners of second homes. This could be mitigated in part by the introduction of relevant discretionary discounts, but these would also take time for the revenues team and the Director of Resources to administer.
- 7.6 The financial risk of the report's recommendations is assessed as low.

8. Legal Advice and Implications

- 8.1 The proposal is for the Council to make a determination to charge a 100% premium on council tax for second homes to take effect from 1 April 2025.
- 8.2 The statutory requirements are that the decision must be made at least one year before the beginning of the financial year to which it relates so the decision should be made before the 31 March 2024. There is also a requirement that if a determination is made then a notice of the determination should be published in at least one newspaper circulating in

the area and such notice must be published before the end of the period of 21 days beginning with the date of the determination.

- 8.3 The new legislation also requires the Council, if it decides to charge a council tax premium on second homes, to have regard to any guidance issued by the Secretary of State (as stated above the outcome of the consultation on proposals to exempt categories of dwelling from the council tax premium is still outstanding).
- 8.4 The legal risk the report recommendations is assessed as low.

9. Equalities Implications

- 9.1 An Equality Impact Assessment (EIA) has been completed and is attached as Appendix 3 to this report.
- 9.2 In summary, an EIA was conducted to ensure the policy is fair and does not discriminate against protected groups. By majority, owners of second homes in the district that answered the consultation were older people aged 55 and above (81%) and White British (86%) and therefore there is evidence to suggest these individuals will be impacted the most financially.

In terms of disability/health difficulties, there are a small number of second homeowners that may feel unfairly treated as the consultation identified that owners of second homes use their property to give/receive part time medical care to/from family members or to access medical appointments. As per officer discussions, it is unlikely an exemption/exception/discount in these instances will be applied as the home is not required solely for this purpose and there are alternative ways to access the care. The Government consultation also did not identify this as a potential exemption/exception they would propose. There were no further protected groups that were found to be affected by the premium.

The policy is intended to recognise that second homes reduce the amount of properties available to purchase for local people, and that second homeowners should make a financial contribution to alleviate some of the disadvantages they cause. The Premium will be charged based on the characteristics of the property, not the characteristics of the owner.

In line with the requirements of the Equality Act 2010, increasing the level of the Premium is a proportionate means of achieving a legitimate aim, which is to enable and potentially fund more affordable housing for local people in the district, and to ensure we stop the growth of second homes in Derbyshire Dales.

10. Climate Change Implications

- 10.1 A Climate Change Impact Assessment has not been prepared for this report given the financial nature of the premium.

11. Risk Management

- 11.1 The statutory basis for the second homes premium provides the regulation and guidance for implementing the policy. Some owners of second homes may decide to sell their property or switch to holiday lets, but it is likely that any reduction in total numbers would be offset by rising council tax over future years. It is noticeable that the number of second homes has increased slightly since the premium was first discussed in February 2023.
- 11.2 If the premium is adopted, maintaining a long-term agreement between the District Council and County Council will be key to ensure an ongoing funding programme. There is a risk that, given its current financial position, Derbyshire County Council might decline to enter into such an agreement.
- 11.3 There is a risk that the application of a second homes premium might encourage Council Tax “avoidance”, for instance by the owners of such properties transferring the property to Holiday Lets, which are subject to business rates, not council tax. Only properties that are available to let for more than 140 days in a calendar year, and where the owner provides evidence to the Valuation Office Agency (VOA) that the property was also actually let for short periods totalling at least 70 days in the previous year, should be classed as business rates by the Valuation Office Agency (VOA). This should help to ensure that any properties transferring from Council Tax to Business Rates relate to genuine circumstances where the property is being utilised for business purposes in accordance with the government’s legislation and might also mean that some properties currently categorised for Business Rates will need to be transferred to Council Tax. All new self-catering accommodation will initially need to be charged council tax for at least 140 days. Self-catering accommodation can only be assessed for business rates once all of the above criteria are met. The Valuation Office Agency will decide whether holiday lets should be listed for business rates or council tax.
- 11.4 Officers will monitor the numbers of second homes, empty homes and holiday lets.

Report Authorisation

Approvals obtained from:-

	Named Officer	Date
Chief Executive	Paul Wilson	21/02/2024
Director of Resources/ S.151 Officer	Karen Henriksen	21/02/2024
Monitoring Officer	Helen Mitchell	21/02/2024

Appendix 1

Local Government Finance Act 1992

11Discounts.

(1)The amount of council tax payable in respect of any chargeable dwelling and any day shall be subject to a discount equal to the appropriate percentage of that amount if on that day—

(a)there is only one resident of the dwelling and he does not fall to be disregarded for the purposes of discount; or

(b)there are two or more residents of the dwelling and each of them except one falls to be disregarded for those purposes.

(2)Subject to **[F1**sections 11A**[F2, 11B]** **[F3, 11C]** **[F4, 12, 12A and 12B]****]** below, the amount of council tax payable in respect of any chargeable dwelling and any day shall be subject to a discount equal to twice the appropriate percentage of that amount if on that day—

(a)there is no resident of the dwelling; or

(b)there are one or more residents of the dwelling and each of them falls to be disregarded for the purposes of discount.

(3)In this section **F5**. . . “the appropriate percentage” means 25 per cent. or, if the Secretary of State by order so provides in relation to the financial year in which the day falls, such other percentage as is specified in the order.

(4)No order under subsection (3) above shall be made unless a draft of the order has been laid before and approved by resolution of the House of Commons.

(5)Schedule 1 to this Act shall have effect for determining who shall be disregarded for the purposes of discount.

11ADiscounts: special provision for England

(1)The Secretary of State may for any financial year by regulations prescribe one or more classes of dwelling in England for the purposes of subsection (3)**[F2, (4) or (4A)]** below.

(2)A class of dwellings may be prescribed under subsection (1) above by reference to such factors as the Secretary of State sees fit and may, in particular, be prescribed by reference to—

(a)the physical characteristics of dwellings, or

(b) the fact that dwellings are unoccupied.

(3) For any financial year for which a class of dwellings is prescribed for the purposes of this subsection, a billing authority in England may by determination provide in relation to all dwellings of that class in its area, or in such part of its area as it may specify in the determination, that the discount under section 11(2)(a) shall be such lesser percentage of at least 10 as it may so specify.

(4) For any financial year for which a class of dwellings is prescribed for the purposes of this subsection, a billing authority in England may by determination provide in relation to all dwellings of that class in its area, or in such part of its area as it may specify in the determination—

(a) that the discount under section 11(2)(a) above shall not apply, or

(b) that the discount under that provision shall be such lesser percentage as it may so specify.

[F3(4A)] For any financial year for which a class of dwellings is prescribed for the purposes of this subsection, a billing authority in England may by determination provide—

(a) in relation to all dwellings of that class in its area, or

(b) in relation to such description of dwellings of that class as it may specify in the determination,

that the discount under section 11(2)(a) shall not apply or shall be such percentage (which may be 100) as it may so specify.

(4B) Where a class of dwellings is prescribed for the purposes of subsection (4A) by reference to the period of time for which a condition is met, a billing authority may not, under paragraph (b) of that subsection, specify a description of dwellings of that class by reference (wholly or partly) to a shorter such period.]

[F4(4C)] Subsections (3), (4) and (4A) are subject to section 11B(4) **[F5 and 11C(5)].**

(5) A billing authority may make a determination varying or revoking a determination under subsection (3) **[F6, (4) or (4A)]** for a financial year, but only before the beginning of the year.

(6) A billing authority which makes a determination under this section shall publish a notice of it in at least one newspaper circulating in its area and do so before the end of the period of 21 days beginning with the date of the determination.

(7) Failure to comply with subsection (6) above shall not affect the validity of a determination.]

11CHigher amount for dwellings occupied periodically: England

(1)For any financial year, a billing authority in England may by determination provide in relation to its area, or such part of its area as it may specify in the determination, that if on any day the conditions mentioned in [subsection \(2\)](#) are satisfied in respect of a dwelling—

(a)the discount under section 11(2)(a) does not apply, and

(b)the amount of council tax payable in respect of that dwelling and that day is increased by such percentage of not more than 100 as it may specify in the determination.

(2)The conditions are—

(a)there is no resident of the dwelling, and

(b)the dwelling is substantially furnished.

(3)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.

(4)In exercising its functions under this section a billing authority must have regard to any guidance issued by the Secretary of State.

(5)Where a determination under this section has effect in relation to a class of dwellings—

(a)the billing authority may not make a determination under section 11A(3), (4) or (4A) in relation to that class, and

(b)any determination that has been made under section 11A(3), (4) or (4A) ceases to have effect in relation to that class.

(6)A billing authority may make a determination varying or revoking a determination under this section for a financial year, but only before the beginning of the year.

(7)Where a billing authority makes a determination under this section it must publish a notice of the determination in at least one newspaper circulating in the area.

(8)The notice must be published before the end of the period of 21 days beginning with the date of the determination.

(9)The validity of the determination is not affected by a failure to comply with [subsection \(7\)](#) or [\(8\)](#).]

Levelling-up and Regeneration Act Part 2

Section 80 Dwellings occupied periodically: England

80 Dwellings occupied periodically: England

(1) The Local Government Finance Act 1992 is amended in accordance with subsections (2) and (3).

(2) After section 11B (higher amount for long-term empty dwellings: England) insert—

”11C Higher amount for dwellings occupied periodically: England

(1) For any financial year, a billing authority in England may by determination provide in relation to its area, or such part of its area as it may specify in the determination, that if on any day the conditions mentioned in subsection (2) are satisfied in respect of a dwelling—

(a) the discount under section 11(2)(a) does not apply, and

(b) the amount of council tax payable in respect of that dwelling and that day is increased by such percentage of not more than 100 as it may specify in the determination.

(2) The conditions are—

(a) there is no resident of the dwelling, and

(b) the dwelling is substantially furnished.

(3) 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.

(4) In exercising its functions under this section a billing authority must have regard to any guidance issued by the Secretary of State.

(5) Where a determination under this section has effect in relation to a class of dwellings—

(a) the billing authority may not make a determination under section 11A(3), (4) or (4A) in relation to that class, and

(b) any determination that has been made under section 11A(3), (4) or (4A) ceases to have effect in relation to that class.

(6) A billing authority may make a determination varying or revoking a determination under this section for a financial year, but only before the beginning of the year.

(7) Where a billing authority makes a determination under this section it must publish a notice of the determination in at least one newspaper circulating in the area.

(8) The notice must be published before the end of the period of 21 days beginning with the date of the determination.

(9) The validity of the determination is not affected by a failure to comply with subsection (7) or (8).

11D Section 11C: regulations

(1) The Secretary of State may by regulations prescribe one or more classes of dwelling in relation to which a billing authority may not make a determination under section 11C.

(2) A class of dwellings may be prescribed under subsection (1) by reference to such factors as the Secretary of State thinks fit and may, amongst other factors, be prescribed by reference to—

(a) the physical characteristics of, or other matters relating to, dwellings;

(b) the circumstances of, or other matters relating to, any person who is liable to the amount of council tax concerned.

(3) The Secretary of State may by regulations specify a different percentage limit for the limit which is for the time being specified in section 11C(1)(b).

(4) A statutory instrument containing regulations made under subsection (3) may not be made unless a draft of the instrument has been approved by resolution of the House of Commons.”

(3) In consequence of the amendment made by subsection (2)—

(a) in section 11 (discounts), in subsection (2), after “11B” insert “, 11C”;

(b) in section 11A (discounts: special provision for England), in subsection (4C), at the end insert “and 11C(5)”;

(c) in section 13 (reduced amounts), in subsection (2), after “11B” insert “, 11C”;

(d) in section 66 (judicial review), in subsection (2)(b), after “11B” insert “, 11C”;

(e) in section 67 (functions to be discharged only by authority), in subsection (2)(a), after “11B” insert “, 11C”;

(f) in section 113 (orders and regulations), in subsection (2), after “under section” insert “11D(3),”;

(g) in Schedule 2 (administration), in paragraph 4(7), after “: England),” insert “11C(1)(b) (higher amount for dwellings occupied periodically: England),”.

(4) A determination for the purposes of section 11C of the Local Government Finance Act 1992 as inserted by subsection (2) may not relate to a financial year beginning before 1 April 2024 (but this does not affect the requirement for the determination to be made at least one year before the beginning of the financial year to which it relates).

Appendix 2 Qualitative data - themes and quotes

Question 4:

If you believe second homes have a positive or negative impact on the local community, please comment on your reasons why.

Positive impact on the local community	
Themes	Quotes
Individuals that live in second homes contribute to the local economy. They spend money in shops, pubs and café's, and use local services, often contributing more to local businesses than permanent residents.	<p><i>'Second home owners bring a constant source of income into the local economy. That benefits everybody including the local community. Price out second home owners and you lose all that income.'</i></p> <p><i>'We add to the local economy by spending a large proportion of our disposable income when in the town. Also as it is a second home we don't use the local council tax amenities to their full capacity. Therefore we currently pay disproportionately to that of existing residents.'</i></p>
Empty homes are brought back into use as second home owners have the money available to renovate the properties. These homes would be otherwise inhabitable.	<p><i>'In my situation the cottage was not habitable and has been brought back into use and enhancing the conservation area. Whilst it is a second home it is in constant use by family and friends whom spend their money in local pubs, shops and restaurants. My neighbours know many of them as well as they know me as they see us working to keep roads and paths clear of weeds and rubbish in the village. Financial support for the Church and Schools is also provided by taking an active role in fundraising.'</i></p> <p><i>'I took an uninhabitable building and turned it into a dwelling. I did not take a house out of the local housing stock.'</i></p>
Family and friends have somewhere to stay. This keeps families in regular contact for care purposes or childcare.	<i>'My wife and I spent our childhood in the Peak District, but we had to move away for work. In retirement we've come back and its lovely. We have our main family home down south near to our children and grandchildren. It really isn't a simple matter of greed motivating second home owners'</i>

Negative impact on the local community	
Themes	Quotes
Second homes can become empty properties for long periods of time and are a wasted resource.	<p><i>'Some villages (ie Beeley) become something of a ghost town outside of holiday season'.</i></p> <p><i>'If we do not impose some kind of control on second homes and or holiday lets, Tideswell</i></p>

	<i>and villages like it will lose their residential heart and soul, something, that makes a village a village. We are in danger of becoming a holiday camp.'</i>
Second homes place local people at a disadvantage of owning/renting a property as house prices are inflated and less properties are available.	<i>'There are quite a number of local young people who wish to live in their home villages. Many of the second homes would be ideal starter homes.'</i> <i>'I live in one of the old parts of Bakewell where out of 17 homes in the immediate area 11 are second homes. This is driving up house prices and destroying communities. I hardly know anyone who lives in my community anymore.'</i>
Frustration for permanent residents as second homeowners live in 'holiday mode' and have a lack of consideration in regards to noise levels and parking.	<i>'People who come to use the houses are in holiday mode so at times don't consider the noise levels, the rest of us are still at work and need to get up in the morning and our children need to get to school, this really is a big problem.'</i> <i>'The houses here are closely linked and when people are holiday right outside your window it is hard to work online or retain privacy for our own living. If we could afford it we would move away because of this.'</i>

Question 7: If you believe increasing the council tax on second homes would have a positive or negative impact on the local community moving forward, please comment on your reasons why.

Positive impact on the local community moving forward	
Themes	Quotes
More properties will be available for local people. This will be due to an increase in second homes being sold and therefore more houses on the market.	<i>'It would hopefully put people off buying the properties as second homes and give younger locals more chance of staying in the villages, rather than having to move to nearby towns/cities.'</i> <i>'It would help to deter city people from buying up all the village properties and thus allow locals a chance to buy.'</i>
The Council Tax Premium will discourage people from buying more second homes in Derbyshire Dales.	<i>'A bit of a deterrent, but I'd triple or quadruple the amount'</i>
More revenue for the council to be spent on services and producing affordable homes.	<i>'It may deter some purchases of second homes and increased revenue could be spent of local housing needs.'</i>

Negative impact on the local community moving forward	
Themes	Quotes
If the premium is introduced, second homes will most likely be converted into holiday lets.	<p><i>'You may well force of a small percentage second home-owners to sell their houses, but I am not sure that locals would buy them (or want to live in such remote areas, where many second homes are situated). I suspect that many of those houses would simply be bought by property developers who have more money than private individuals and who may then rent them out either to locals, or holiday-makers at an extortionate cost.'</i></p> <p><i>'Bringing in increased costs is likely to drive me to rent out the property for holiday use which I know my neighbours are against.'</i></p>
Second homes may be left abandoned/derelict as they are unaffordable for local people.	<i>'second homeowners may no longer be able to afford their second homes and these properties, if they are not suitable as main homes, may flood the market and there is the potential for many of these properties to be left standing empty.'</i>
Less money will be spent on the local economy due to fewer visitors in the area, thus leading to local people becoming unemployed.	<i>'You will likely have reduced tourism as fewer places for people to stay, thereby affecting local shops, restaurants etc. It will also reduce the available work for cleaners, gardeners etc that rely on this industry which would lead to local people becoming unemployed.'</i>

Question 12: If you believe increasing council tax would have a positive or negative impact on the local economy (e.g. shops/businesses), please comment on your reasons why.

Positive impact on the local economy	
Themes	Quotes
More permanent residents in Derbyshire Dales to contribute to local businesses. This would provide more income for businesses than second homeowner visitors provide.	<p><i>'Would increase the economy as people living in them permanently would spend money locally all year round week in week out.'</i></p> <p><i>'More local people using shops all year round.'</i></p> <p><i>'In the depth of winter there are only a few of us here and it's easy to walk down a street where no lights show in the houses. I'm sure increasing the council tax would make people</i></p>

	<i>think twice about investing in an occasional home and as an effect encourage a stable population.'</i>
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Negative impact on the local economy	
Themes	Quotes
Second homeowners would have lower disposable income to spend on local businesses. Some may also sell their homes, meaning fewer visitors to contribute financially to local businesses.	<p><i>'Since buying our apartment about 5 years ago, we have spent well over £100k with local businesses and specialists on improvements and upgrades and I suspect many second home owners do likewise. We have also made a conscious effort to contribute to the local economy (e.g. we are Chatsworth Gold members) and regularly attend local events and places of interest. This investment will be lost to the local community if second home ownership is discouraged.'</i></p> <p><i>'Our disposable income would fall and we would have less to spend locally.'</i></p> <p><i>'The premium would reduce income for local businesses who are heavily reliant on visitors.'</i></p>

Question 14: If you would like to make any further comments about the Council Tax Premium on second homes, please do so in the box below.

Key themes	Further explanation	Quotes
Exemptions need to be applied. Examples of suggested exemptions can be seen in the 'further explanation' column.	<p>Properties following a death in the family.</p> <p>Properties being actively marketed for sale or let.</p> <p>Annexes being treated as part of the main dwelling</p> <p>Job-related dwellings</p> <p>Listed second homes</p> <p>To provide and receive care to/from family members.</p> <p>Houses bought for retirement purposes</p> <p>Renovating their second home in order to eventually become their primary home</p>	<p><i>'I use the property every week for between 2 and 4 nights. My property allows me to add value to the local economy and allows me to earn a living and I spend money with the local community by effectively living here during the week.'</i></p> <p><i>'I am not wealthy but having this flat has enabled me to look after my grandson to enable his parents to work locally. I have had cancer and it has been a safe place for me to stay so I don't have to mix.'</i></p> <p><i>'Not all owners of a second home own them purely as holiday homes. Some may own them due to sudden deaths in the family meaning they inherit the home and are unable to sell it straight away. Some own second homes as they have</i></p>

Key themes	Further explanation	Quotes
	<p>To provide childcare</p> <p>Residents who are 'hosting' Ukrainian refugees in their second homes.</p>	<p><i>inherited them from family and are intending to live in the home full time in the future but that isn't viable straight away.'</i></p> <p><i>'Currently, I rent a one-bedroom flat from my employer, which allows me to work half the week in Derbyshire. This isn't a luxury for me, but rather a necessity. A 100% premium on my council tax would begin to make this arrangement unaffordable.'</i></p>
<p>The amount of the Council Tax Premium should be lower.</p>	<p>Some respondents state this should be 20% to 50% and should be dependent on council tax banding and contribution to trade in the area.</p>	<p><i>'Properties that are empty most of the time should pay a full premium. Properties that bring trade to the area could pay a 20% increase. If we had to pay a full premium for our cottage we would struggle to make ends meet.'</i></p>
<p>The amount of the Council Tax Premium should be higher.</p>	<p>Some respondents have stated the premium should be increased by more than double and as a 3x or 4x levy to act as a more effective deterrent.</p>	<p><i>'I think the tax rate should be more than doubled on properties not used as holiday lets i.e are empty for large amounts of time.'</i></p> <p><i>'A bit of a deterrent, but I'd triple or quadruple the amount'</i></p>
<p>Further suggestions as to how the council should manage the Council Tax Premium on second homes.</p>	<p>A premium should only be introduced on new purchases of second homes, not on already existing owners.</p> <p>There should be a limit on the number of second homes per parish, based on a percentage of the total dwellings, e.g. no more than xx%.</p> <p>A 100% increase is too abrupt. Phase the premium in over 3 to 5 years.</p> <p>Introduce a graded increase dependant on the size of the property, time spent in the home and council tax band.</p>	<p><i>'There must be other options like making it a new rule post 2024. At least then, people would know what they are buying into. Seems to be fairer for all?'</i></p> <p><i>'Would it be possible to have a graded additional council tax dependent on different types of second home owners? 100% increase targeted at everyone in this group seems both disproportionate and unreasonable. If the intention is to redistribute wealth within the county as a whole this ought to include all property owners including those living in above average size houses (i.e. four bedrooms and above).'</i></p>
<p>Second homes are a future investment for</p>	<p>These could either be for children when they grow up to eventually live in or to</p>	<p><i>'I purchased the house originally for my daughter to live in - she works at JCB - from a</i></p>

Key themes	Further explanation	Quotes
the children of second home owners.	allow children to save for their own house.	<i>divorce settlement. It allowed her to save for her own house, which she has now purchased in Stafford. It has become a second home by default since she moved out.'</i>
For second homeowners that live in their main home for 50% of the time and second home 50% of the time, they will choose to swap their 'main home' and 'second home' over so that they are not charged the Premium.	This is one way to avoid paying the Council Tax Premium.	<i>'If you choose to introduce the premium, I will just have to swap over my main home to being in Derbyshire Dales.'</i>
Some second homes are too small for anyone to live in as a primary home.	Respondents state than 'annexes' that are classed as second homes at times are impossible to sell or are too small to be a family's primary home.	<i>'A 1 bed coach house next to our main house on our driveway is impossible to sell, and we do not use it as a holiday home/holiday let. In our case this would simply be a punitive additional tax on a property we already pay a second council tax for when in many cases such a property would be considered an outbuilding to the main house.'</i>
The council should be working harder with second homeowners to make better use of their homes.	The council should provide support in helping second homeowners understand their options if they cannot afford the increase in council tax. E.g. support in converting properties to holiday lets.	<i>'The council should be looking to work with second home owners and encourage them to make better use of their properties such as using them as holiday lets. This would inject more money into the local economy rather than driving it out.'</i>
Holiday lets are much more of an issue for the local community than second homes are.	This has more of a negative effect in reducing housing availability than second homes do.	<i>'What I see from our time spent living and visiting Ashbourne is that the biggest impact now is the holiday let industry. In my opinion it is this that is reducing the housing availability and when these properties become tired will they be rented out continuously, with extra income coming to local businesses. I very much doubt it.'</i>
A blanket approach is not appropriate.	Personal circumstances must be taken into account. A 'one size fits all' approach will not work.	<i>'I do hope that this is not a blanket increase irrespective of personal circumstances. I do hope that when and if such a</i>

Key themes	Further explanation	Quotes
		<p><i>levy is introduced that personal circumstances would be taken into account. The house in Ashbourne is one that we visit on a regular basis and have carried out many improvements during the ten years that we have owned it. We are both in our seventies and due to failing eyesight, I am no longer able to drive. Our intention has never been to buy to let but to provide ourselves with healthy living in the countryside.'</i></p>
<p>Second homeowners use fewer council facilities and therefore should not be charged more.</p>	<p>They are temporary residents and therefore use less council services.</p>	<p><i>'If people have a second home they are not using the council services as much - bins, roads etc so should not be charged more for less usage.'</i></p>
<p>Not all second homeowners are rich and have luxury homes.</p>	<p>People have saved and worked hard to achieve a second home. It is unfair to penalise them for this.</p>	<p><i>'Second home owners generally aren't "Millionaires". Hard working people have saved up all there life to be able to fulfil their dream to spend a lot of time living in the Dales. My wife is a born Derbyshire girl, now retired. Don't penalise us.'</i></p>

Appendix 3 – Equality Impact Assessment

Derbyshire Dales District Council Equality Impact Assessment

1. Outline

Information required	Detail
a. Title of policy, practice, service or function being assessed	Consultation of the Council Tax Premium on second homes.
b. Links to Service and/or Corporate Plan Ref/s	CLT approved the consultation approach on 17 th January 2023. Members approved the premium on 16 th March 2023 that we assumed would be implemented on 1 st April 2024. This has been delayed and therefore members will again decide on whether or not to approve the premium in Feb 2024 for an implementation date of 1 st April 2025.
c. Name and Role of Officers conducting assessment	Niki Emery – Housing Needs and Research Officer Rob Cogings – Director of Housing
d. Date of assessment	06/02/2024
e. Reason for assessment	To ensure the policy is fair and does not create disadvantages towards protected groups.
f. What is the purpose of this policy, practice, service or function? (specify aims and objectives)	To enable the Council to implement the Council Tax Premium on second homes, which will hopefully benefit local residents as a proportion of the extra revenue generated could be used to fund the provision of affordable homes in the villages most affected. It will also help to hopefully slow down and reverse the trend of homes being bought for use as second homes, thereby increasing opportunity for local people to remain in the district. It is important and also good practice to consult and understand the public's views on this matter.
g. Are there any other organisations involved in its implementation?	No
h. Likely customer groups to be impacted	Owners of second homes and individuals in housing need that may benefit long-term from the provision of affordable homes.

Information required	Detail
i. Other stakeholders likely to be impacted	Town and Parish Councils, Derbyshire Dales Residents Taxpayers on second homes
Which District Council departments are affected by the policy, practice, service or function?	It is likely that service departments such as Housing, Finance, Council Tax and Environmental Health may be affected. There may be increased administrative duties for Council Tax and all departments could receive additional phone calls/letters/communication from owners that do not wish to see the premium implemented.
Do any of the objectives directly support or hinder another Council activity?	There could be an impact on collection rates for Council Tax (where those charged the premium dispute it and delay payment) and an increase in queries from council tax payers. These could add to workloads for the council tax team and cause delays in council tax collection and recovery.

2. Assessing Relevance to the General Equality Duty

The General Equality Duty has three aims which require the District Council to have due regard to the need to:	Tick those which are relevant ✓
1. Eliminate unlawful discrimination (both direct or indirect), harassment and victimisation	
2. Advance equality of opportunity between all persons by <ul style="list-style-type: none"> • removing or minimising disadvantages suffered by protected groups; • taking steps to meet the needs of people from protected groups where these are different from the needs of other people • encouraging people from protected groups to participate in public life or other activities where participation is disproportionately low 	✓
3. Foster good relations between different groups	✓

3. What existing information / data do you have / monitor about different diverse groups in relation to this policy, practice, service or function?

For example: previous EIA's, reports, consultation, surveys, demographic data etc.

Information / Data	Data source and date	Information relevant to proposed policy/service/function																										
<p>Consultation demographics</p>	<p>The consultation report – survey monkey respondents</p> <p>March 2023</p>	<p>In relation to this policy, the consultation stated there were 479 second homeowners that responded. Of these 479, the majority (81%) were 55 years or older.</p> <table border="1" data-bbox="871 465 1426 1099"> <thead> <tr> <th>Age range</th> <th>No. of second homeowners that completed the consultation.</th> </tr> </thead> <tbody> <tr> <td>18-24yrs</td> <td>2</td> </tr> <tr> <td>25-34yrs</td> <td>2</td> </tr> <tr> <td>35-44yrs</td> <td>23</td> </tr> <tr> <td>45-54yrs</td> <td>65</td> </tr> <tr> <td>55-64yrs</td> <td>169</td> </tr> <tr> <td>65-74yrs</td> <td>138</td> </tr> <tr> <td>75+yrs</td> <td>62</td> </tr> <tr> <td>Prefer not to say</td> <td>18</td> </tr> <tr> <td>Grand Total</td> <td>479</td> </tr> </tbody> </table> <p>There was a fairly equal split of men/women that answered the consultation.</p> <table border="1" data-bbox="871 1245 1458 1406"> <thead> <tr> <th>Row Labels</th> <th>Count of Female</th> <th>Count of Male</th> </tr> </thead> <tbody> <tr> <td>Grand Total</td> <td>206</td> <td>253</td> </tr> </tbody> </table> <p>25 second homeowners considered themselves to be disabled.</p> <p>The majority were White British/English/Welsh/Scottish/Northern Irish (413 second homeowners).</p>	Age range	No. of second homeowners that completed the consultation.	18-24yrs	2	25-34yrs	2	35-44yrs	23	45-54yrs	65	55-64yrs	169	65-74yrs	138	75+yrs	62	Prefer not to say	18	Grand Total	479	Row Labels	Count of Female	Count of Male	Grand Total	206	253
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<p>Office National Statistics 2021 Census</p> <p>Derbyshire Observatory</p> <p>Infographic of data</p>	<p>Office National Statistics population datasets – age, sex, households etc.</p> <p>Population figures by age, number of households, sex - Derbyshire Observatory; taken from Census 2011 - national survey of all households</p>	<p>The district of Derbyshire Dales is mainly rural with around 80% of its population living in rural settlements.</p> <p>The population of 71,681 is evenly spread geographically across the area.</p> <p>This figure is made up of 36,683 women and 34,998 men.</p> <p>Derbyshire Dales has 32,283 households - the smallest number of all Derbyshire districts.</p> <p>The Dales has an ageing population; the UK median age is 40.7 years; in the Derbyshire Dales it is 51.9 years.</p> <p>28.1% of the Derbyshire Dales population are over 65, up from 19% in 2001 and 9.6% higher than the national averages and exceeding both regional and county level figures.</p> <p>The ethnic minority population of the District is 2.2%, which covers people who identify their ethnic group as Asian, Asian British or Asian Welsh, Black, Black British, Black Welsh, Caribbean or African, Mixed or Multiple ethnic groups or other ethnic groups. The national figure for England and Wales is 18.3%.</p> <p>The fuel poverty rate is 20.1%, significantly higher than the average for Derbyshire of 13.9% and England of 13.1%. Fuel poverty is linked to poor quality housing.</p>

Location of properties that are second homes in Derbyshire Dales by parish – helps to identify potential development areas with additional council tax income for affordable properties.	Revenues team - 15/01/24	Postcode	No. of second homes
		DE4 2	114
		DE4 3	110
		DE4 4	103
		DE45	214
		DE56 2	2
		DE6 1	84
		DE6 2	29
		DE6 3	40
		DE6 5	10
		DE65	2
		S11 7	1
		S32 1	27
		S32 2	6
		S32 3	17
		S32 4	6
		S32 5	28
		S33 9	33
		S6 6	1
		SK17 0	33
SK17 8	117		
SK17 9	22		
ST14 5	1		
Grand Total	1000		
Number of individuals on the housing register in Derbyshire Dales is 1067.	Home-Options/locata – 06/02/24	There is significant demand for housing in DD. More properties may be available to buy/rent with the introduction of the premium. An increase in affordable housing developments may be possible with additional revenue from council tax income.	
Percentage of residential properties in Derbyshire Dales that are second homes is 2.8% (1000 out of 35,183 properties)	Council tax data – 06/02/24	Increasing the Council Tax Premium may reduce this percentage as owners may choose to sell their 2 nd homes. It also demonstrates why 2 nd homes are a concern and leave local people at a disadvantage.	

4. Consultation and engagement

4a. If no consultation has taken place OR is unnecessary, please explain why.

Consultation has taken place.

4b. Add the results of any completed consultation and how it has/will inform the development of the policy/service.

Who <u>did</u> you consult with?	How and when	Outcomes/Results	Implications and amendments as a result of consultation
<ul style="list-style-type: none"> - Second home owners that own properties in Derbyshire Dales. - Residents of Derbyshire Dales that don't own second homes. - Key stakeholders such as town and parish council members. 	<p>Via an online survey that was promoted on the DDDC website on 10th February 2023 that was live until 22nd March 2023.</p>	<p>1,297 responses were provided.</p> <p>63% of residents felt it was appropriate to implement the council tax premium.</p> <p>64% of residents felt second homes have a negative impact on the district.</p> <p>Exemptions were advised by residents and examples provided.</p>	<p>All exemptions put forward by residents were considered by DDDC.</p> <p>The majority of residents felt the premium was positive and therefore this has influenced members to approve the policy.</p>

5. Based on the evidence above, does the policy, practice, service or function have a positive or negative impact on any protected group(s)?

Protected groups	Positive effects	Negative effects	Potential Improvement Actions
Age	<p>The residential population of second homeowners are 'older'. The consultation evidences this with 81% over the age of 55.</p> <p>A 2013 study noted that the profiles of second</p>	<p>Elderly people may have to go through the stressful process of selling their home as they cannot afford to pay the premium.</p>	<p>Consultation respondees noted that one way the council could amend the policy to support this situation would be to only implement the premium for</p>

Protected groups	Positive effects	Negative effects	Potential Improvement Actions
	<p>home owners in England themselves suggested that they were generally middle-aged or retired, and richer than the national average.</p> <p>Therefore, there is evidence that the financial losers are older, but it is expected that older people living in the relevant areas throughout the year will benefit as local society will be more resilient and sustainable.</p> <p>However, there is strong evidence that care providers face serious recruitment difficulties. Achieving community balance is vital to getting enough younger people to protect and care for older people, and the policy of raising a Premium is intended to help young people stay in the local area by being able to provide them with homes locally. Overall, therefore, the policy will have a positive impact as it helps young families to have a home. This will then have a more positive than negative impact on community balance.</p>	<p>Through the consultation, it was identified that the older generation have at times bought second homes to retire into and this may now not be possible for them.</p>	<p>residents for newly purchased second homes or for owners that haven't lived in the property for a long time. Both these proposals are difficult and complicated to administer and would spend more money to implement this change than likely the income we would receive.</p>
<p>Disability or long term ill health Physical disabilities, sensory</p>	<p>More properties are potentially available for people that are disabled due to second homeowners selling their properties.</p>	<p>There is a small possibility of differentiation indirectly on the grounds of disability if a disabled person keeps a</p>	<p>None – this is not an exemption that will be applied due to the fact that if full-time care is needed this can be provided in</p>

Protected groups	Positive effects	Negative effects	Potential Improvement Actions
<p>impairments, limiting long-term illnesses, learning disabilities or mental health issues</p>		<p>second home for the purpose of being cared for or to make it easier for them to attend hospital appts for example. However, it has been identified in discussions between the finance, legal and housing team that if full-time care is needed, this would be provided at one location and there is no need to spread it across two properties.</p>	<p>the primary home or in a care home.</p>
<p>Race / ethnic groups</p>	<p>The policy of charging a premium is intended to address the situation that housing is not available to local people, and the impact is positive on this cohort.</p>	<p>The policy will affect people from outside Derbyshire Dales and some respondents to the public consultation claim that the Policy specifically targets people from outside the district.</p> <p>However, there is no consideration of the race of the property owners when a premium is charged on second homes.</p> <p>The Premium is charged on all second home properties without in any way discriminating on where the owners live or what their race or nationality is. However, we recognise that the public consultation shows that a significant proportion</p>	<p>None</p>

Protected groups	Positive effects	Negative effects	Potential Improvement Actions
		of second home owners identify themselves as English and therefore it is likely that the policy will have a negative financial impact on this cohort. However, the money will be used to develop the housing market for local People, which is a positive outcome.	
Gender	None	None	None
Sexual orientation	None	None	None
Religion or belief (including non-belief)	None	None	None
Transgender (including people planning to or going through gender reassignment)	None	None	None
Pregnancy and maternity (including maternity and paternity leave	None	None	None
Marital status (including civil partnership & same sex marriage)	None	None	None

5a. Are there any local priority groups / factors which should be considered?

Other factors	Positive effects	Negative effects	Improvement actions
Rural areas	More housing should be available for local people in an area where house prices are very high. There are a large proportion of second homes, especially in areas of the Peak District whereby it is difficult to secure housing.	None	None
Poverty / deprivation	People in housing need may benefit from the provision of affordable housing with increased revenue from increased council tax income.	None	None
Wealthy population in Derbyshire Dales	None	There is a possibility that the richer population in Derbyshire Dales feel unfairly treated due to the Council Tax Premium.	None

6. Commissioned / outsourced services

Is your policy, practice, service or function partly or wholly provided by any external organisation / agency?	No
If yes, please list any contractual or other arrangements which aim to ensure that the provider promotes equality and diversity (e.g. <i>monitoring data</i>)	N/A

7. Summary

The policy in relation to the Council Tax Premium is intended to recognise that second homes reduce the amount of properties available to purchase for local people, and that second homeowners should make a financial contribution to alleviate some of the disadvantages they cause.

There is some evidence that increasing the premium on second homes would target a particular group of people, with data suggesting that second homeowners tend to be older people and identifying themselves as English.

The Premium will be charged based on the characteristics of the property, not the characteristics of the owner and there is a positive impact if local families can afford to buy a property in their local area rather than having to move away to occupy a home. There is recognition that there may be a negative financial impact on people with a second home, some living in the district and others outside Derbyshire Dales. A large number of those affected will be white English.

In line with the requirements of the Equality Act 2010, increasing the level of the Premium is a proportionate means of achieving a legitimate aim, which is to provide and potentially fund more affordable housing for local people in the district, and to ensure we stop the growth of second homes in Derbyshire Dales.

8. Improvement Plan

Key issues identified	Actions
In certain situations, households should not have to pay the premium such as those in probate, advertising to sell their property, owning an annex and having a second home for job purposes.	Exemptions will be applied to ensure any legitimate reason for having a second home is not penalised.
From the consultation, it can be seen that some second homeowners have bought a second property for the purpose of moving into when they choose to retire or for future housing for their children. Although in future these will be primary homes, they are currently second homes that for the majority of the time stand empty.	Second homeowners are being encouraged to let their properties if they intend to occupy it as a primary home in the future for themselves or family. This ensures properties are not being left empty for long periods of time.

**PLEASE FORWARD THE COMPLETED FORM TO THE POLICY MANAGER /
POLICY OFFICER (Consultation & Equalities)**

Signed N.Emery