TORBAY COUNCIL

Review of Council Tax Premiums for Long Term Empty and Second Homes – Report of the Overview and Scrutiny Board

Report to Cabinet on 18 August 2026

Background

1. The Overview and Scrutiny Board met on 3 June 2026 to consider an update on the Review of Council Tax Premiums for Long Term Empty and Second Homes and responded to questions together with the Director of Finance, Malcolm Coe and the Strategic Head of Revenue and Benefits, Alistair Townsend.

2. Members asked questions in the respect of the following:

    - How the introduction of the full premium on second homes had been received at the time and whether support for the policy remained unchanged?
    - The nature of the cases now being raised, particularly those involving inherited properties and difficulties in achieving a sale?
    - The extent to which these circumstances had been anticipated when the policy was originally developed, or if it had been primarily focused on second and holiday homes?
    - The level of flexibility currently available within the policy to take account of individual circumstances, and the scope to broaden its application?
    - The merits of introducing clearer definitions within the policy compared to retaining a discretionary approach?
    - Any limitations within the current wording of the policy, including how it applies to retirement or elderly accommodation?
    - The impact of local housing characteristics, including the prevalence of flats designated for elderly residents?
    - Options for retaining the existing policy alongside enhanced use of discretionary powers, as opposed to making formal amendments?
    - The extent to which the policy had contributed to bringing empty properties back into use, and how this was measured?
    - The availability of data to demonstrate outcomes over time and how this informed the assessment of the policy's effectiveness?
    - The overall impact on levels of unoccupied properties across the area?
    - How effectively current discretionary arrangements respond to cases of financial hardship?

- The challenges faced by owners attempting to sell properties in a difficult market, particularly where prices had already been reduced? and
- Existing support mechanisms, including the use of discretion to pause recovery action, and opportunities to strengthen safeguards for exceptional cases.

3. The following responses were provided:

- The introduction of the full premium had previously received broad support, and the principle of applying the premium to second and holiday homes was not in dispute.
- The issues being raised related to specific and often complex cases, including inherited properties and situations where individuals were experiencing genuine difficulty in selling.
- The policy had originally been designed with second and holiday homes in mind and had not fully anticipated these types of circumstances;
- There was scope within the policy to apply discretion to individual cases, and consideration could be given to widening its application beyond those qualifying for Council Tax Reduction.
- A fully prescriptive definition would not capture all scenarios and therefore a discretionary approach was considered necessary, although policy wording could be reviewed to better support flexibility;
- The current wording was considered restrictive in some areas and could be reviewed to better reflect situations such as retirement or elderly accommodation.
- Torbay had a number of properties designated for elderly residents, and where these are inherited, individuals may not have the financial means to meet the additional Council Tax liability.
- The policy was intended to encourage empty properties back into use and increase housing supply, and existing discretionary powers were considered sufficient by some to support appropriate cases.
- Approximately £2.8 million had been raised through premiums, however, the number of long-term empty properties had remained broadly stable, with movement between properties becoming occupied and newly liable properties entering the system.
- The system did not currently provide historic tracking to demonstrate the direct impact of the policy on individual properties, limiting the ability to evidence outcomes.
- Officers could report on the position at a point in time, but not on property-level changes over time.
- There was a need to review the discretionary element of the policy, as extending time-limited relief alone may not address the issues being experienced.
- Some properties were not selling despite reduced asking prices, resulting in financial hardship for families who were also liable for management or service charges in addition to the premium.
- Under existing arrangements, recovery action could be paused in appropriate cases, with enforcement not pursued and payment deferred until the property was sold, although liability remained in place; and
- Consideration could be given to strengthening evidential requirements for discretionary decisions, including proof of active marketing and property valuations, to ensure support was targeted at genuine cases.

4. The background papers can be found at Agenda for Overview and Scrutiny Board on Wednesday, 3 June 2026, 5.30 pm.

5. The Board formed the following recommendations to the Cabinet. On being put to the vote, the motion was declared carried unanimously.

6. Recommendations

6.1 That the Cabinet be recommended:

1. that the Council maintains the current determinations for premiums; and

2. to request the Director of Finance to undertake a review of the wording of the Discretionary Council Tax Reduction Policy to ensure that it provided appropriate flexibility for officer discretion, considered the associated governance arrangements, and report the outcome of the review to a future meeting of the Board.