Communities Scrutiny Group

Thursday, 23 July 2026

Council Tax Policy Changes (Second homes premium and relief for terminally ill residents and Foster Carers)

Report of the Director for Finance and Corporate Services

1. Purpose of report

1.1. To provide the Communities Scrutiny Group with an overview of the Council's current Second Homes Premium policy to consider continued application or revocation (Appendix A).

1.2. To discuss and make recommendations to Cabinet for the introduction of a discretionary Council Tax relief scheme in relation to terminally ill residents (Appendix B); and households providing foster care support (Appendix C).

1.3. The discussion will assist the Group in making recommendations to Cabinet for the continued application or revocation of the Second Homes Council Tax Premium; and the proposed introduction of discretionary Council Tax relief schemes for defined groups.

2. Recommendation

It is RECOMMENDED that the Communities Scrutiny Group considers and provides feedback to Cabinet on:

a) Second Homes Council Tax Premium:
The proposal to revoke the Second Homes Premium or any amendments that the Group consider appropriate;

b) Council Tax relief for households with a terminally ill resident:
The proposed Discretionary Council Tax Relief Scheme to support households who live with a terminally ill family member, as set out at Appendix B to the report, including eligibility criteria; affordability, prudence and sustainability within the Medium Term Financial Strategy ("MTFS");

c) Foster Carer Council Tax Relief:
The proposed Discretionary Council Tax Relief Scheme as set out in Appendix C to the report, including eligibility criteria and level of support and its Affordability, prudence and sustainability within the MTFS.

3. Reasons for Recommendation

3.1. In response to evidence that terminal illness can place households under significant financial pressure, the Council proposes a discretionary Council Tax relief scheme for residents with a terminal illness be awarded under Section 13A of the Local Government Finance Act 1992. The scheme would support households receiving Council Tax Support, with all costs funded by the Council.

3.2. The Second Homes Council Tax Premium, introduced in April 2025, applies a 100% premium to eligible second homes to encourage their return to residential use. While early evidence suggests it has influenced owner behaviour and generated £576,000 in additional income, recent national exemptions and the policy's short lifespan mean its overall effectiveness remains unclear and is now subject to Scrutiny review.

3.3. Rushcliffe Borough Council recognises the valuable contribution of foster carers and the additional financial pressures they may face. The proposed Council Tax support scheme, has been developed to support recruitment and retention and would be delivered using the Council's discretionary powers under Section 13A(1)(c) of the Local Government Finance Act 1992.

4. Supporting Information

Second Homes Premium (Appendix A)

4.1. The Second Homes Council Tax Premium Policy was formally approved by Council in March 2024 and subsequently implemented with effect from 1 April 2025. The policy applies a 100% Council Tax premium to properties defined as second homes that have not been occupied as a main residence for more than 12 months. This is one of 'the tools' the Council is using to bring homes back into use for occupation by residents.

4.2. Since its introduction, a total of 175 properties have been subject to the premium at some stage and 121 properties remain liable for the charge (arguably the policy may have had some effect on reducing the number of second homes). Over its first two years of operation, the premium has generated additional Council Tax income of £576,000, although this is not an objective of this policy but is a residual consequence of it.

4.3. The data shows the policy has influenced property owner behaviour and is applied by some neighbouring authorities, and generally the majority of Councils across England. Not unexpectedly those councils that are tourist destinations have a higher number of properties that are subject to second home premiums.

4.4. From 1 April 2026, mandatory national exclusions require billing authorities to remove the 100% Second Home Premium in specified cases, including properties marketed for sale or rent, subject to probate, needed for employment, forming part of an annexe, restricted to holiday use, or occupied by armed forces personnel.

4.5. Due to the recent introduction of the exclusions, and the timespan over which the policy has been active, the available data provides only an early indication of impact.

4.6. The budget report (March 2026) proposed that Scrutiny review the effectiveness of the policy and make recommendations to Cabinet on its continued application or revocation.

Relief for Terminally Ill (Appendix B)

4.7. In 2024, Marie Curie, the UK's leading end of life charity, published a report that explored poverty and fuel poverty at the end of life in the UK. The report identified that in 2023, over 100,000 people died in poverty, approximately one in six of all deaths registered in England, Scotland and Wales.

4.8. Households experiencing terminal illness often face significant emotional, physical, and financial pressures. These include:

- Loss of income;
- Increased care and living costs; and
- Reduced ability to manage financial commitments.

4.9. National welfare policy recognises this vulnerability through fast tracked end of life rules. Locally, councils have discretion to provide additional support through Council Tax reductions.

4.10. The proposed Council Tax relief for households with a terminally ill resident has been developed in response to national evidence of poverty at the end of life and emerging practice in other councils, including Newark and Sherwood District Council and Broxtowe Borough Council. The proposal is intended as a supportive measure.

4.11. Council Tax exemptions and discounts are prescribed in legislation and cannot be amended locally. There is no statutory exemption or relief for residents living with a terminal illness, although an existing exemption may apply where a property is left empty because the resident has moved into a care or nursing home.

4.12. At full Council (budget item) on 5 March 2026, it was proposed that the Council explore the introduction of a policy for Council Tax relief for households with a terminal illness, subject to Scrutiny before any recommendation to Cabinet.

4.13. The relief would be awarded under Section 13A of the Local Government Finance Act 1992 which gives councils discretion to reduce Council Tax liability, including to nil, in exceptional cases or for defined classes of taxpayer.

4.14. All costs associated with the scheme would be borne directly by Rushcliffe Borough Council. The working assumptions for the proposed scheme are that:

- the household must be liable for Council Tax in Rushcliffe;

- one household member must be terminally ill, evidenced by a completed SR1 form from a medical professional confirming life expectancy of less than 12 months; and
- the household must be in receipt of Council Tax Support.

Foster Carer Relief (Appendix C)

4.15. Rushcliffe Borough Council recognises the important role foster carers play in providing stable and supportive homes for children and young people who cannot live with their birth families.

4.16. Foster carers often incur additional financial pressures associated with supporting children in their care. While support is available through fostering arrangements, there is no consistent national approach to Council Tax relief, and local authorities may use discretionary powers to provide support.

4.17. The proposed scheme as set out in Appendix C has been developed to recognise the contribution of foster carers and to support recruitment and retention, aligning with wider local and county priorities to increase placement capacity.

4.18. The scheme would be delivered using the Council's discretionary powers under Section 13A(1)(c) of the Local Government Finance Act 1992.

Scrutiny of the proposed amendments

4.19. Scrutiny should consider:

Across all schemes:

- the proportionality and fairness of using discretionary powers to support defined groups;
- affordability and sustainability within the MTFS;
- whether clear review arrangements should be built into each scheme;
- how financial risks associated with uncertain demand will be monitored and reported;
- consistency of application across all Nottinghamshire authorities (i.e. with Local Government Reorganisation (LGR) on the horizon is it better to apply the proposed policy changes when part of a larger authority to support the wider financial implications if such schemes are changed or introduced post LGR?).

Second Homes Premium:

- whether the premium provides sufficient policy benefit to justify its continued application.

Terminal Illness Relief:

- whether the scheme appropriately targets financial hardship at end of life;
- the financial risk associated with unknown eligibility levels.

Foster Carer Relief:

- whether the scheme appropriately recognises the contribution of foster carers, will it deliver value for money and lead to better retention of Foster Carers or attract new carers?;
- what should the level of relief be? (e.g. 50%, 75%, 100%) and whether this is proportionate;
- the potential impact on demand and cost if numbers of foster carers increase;
- opportunities for joint funding with Nottinghamshire County Council.

4.20. The Second Homes Premium, the proposed Council Tax relief for both terminally ill residents and Foster Carers represent distinct policy choices with different objectives and financial impacts. Scrutiny is invited to consider the proportionality, affordability and fairness of each measure in advance of Cabinet decision making.

5. Risks and Uncertainties

5.1. There is a risk that withdrawing the Second Homes Premium could reduce the incentive for property owners to bring properties back into occupation.

5.2. There is a risk that the introduction of a Council Tax relief scheme may lead to further requests for the development of similar schemes for other groups.

5.3. There is a risk that relief for terminally ill residents may extend beyond a 12-month timeframe. Enforcing a strict cut-off is likely to carry a reputational risk, particularly where the household continues to experience financial hardship or where the recipient lives beyond the 12 month period.

5.4. There is acknowledged uncertainty in estimating the number of eligible households (for the terminally ill scheme), relief awarded and length of relief and this presents a risk of unknown and variable financial costs. If the proposed scheme is supported, the potential financial risk will be monitored through current financial governance procedures (e.g. budget reports).

5.5. For the foster carer scheme, there is a risk that costs will increase over time as the number of foster carers grows (this is considered an upside risk and what the policy is intended to do).

6. Implications

6.1. Financial Implications

6.1.1. If the Second Homes Premium were revoked Rushcliffe's income would reduce by approximately £20k per annum, equating to around £100k across the MTFS period. This reduction would be reflected through future tax base adjustments and this impact can be managed within normal Council Tax base volatility.

6.1.2. The Council Tax Relief scheme will be delivered through a Section 13A(1)(c) discretionary reduction, meaning the award is not part of the statutory Council Tax Support scheme and the cost is fully borne by Rushcliffe Borough Council as the billing authority.

6.1.3. Annual costs of the terminally ill Council Tax Relief scheme could range between £30k and £150k. A prudent assumption of £40k per annum (including contingency) has been modelled and over five years this would reduce the MTFS surplus by approximately £0.2m.

6.1.4. The foster carer scheme is estimated to cost approximately £25k per annum based on current numbers, but costs may increase depending on uptake and therefore the level of relief awarded in the future.

6.1.5. Both relief schemes could be applied retrospectively from 1 April 2026 and would be subject to review after 12 months. The cost of the 3 measures would potentially be around £85k per annum or a further budget pressure of £0.425m over 5 years.

6.2. Legal Implications

6.2.1. Section 13A(1c) of the Local Government Finance Act 1992 provides Councils with discretion to reduce the Council Tax Liability including to nil for individuals and defined classes of taxpayer.

6.2.2. When considering the recommendations in this report the Group must bear in mind Members' fiduciary duty to Council Tax-payers. The report and accompanying Appendices set out the relevant considerations for the Group to consider during their deliberations and Members are reminded of the need to ignore irrelevant considerations. The Group has a duty to ensure that the Council acts lawfully and must not come to a decision which no reasonable authority could come to.

6.2.3. The Group is also reminded that, under Section 106 of the Local Government Finance Act 1992, Members who are two months or more in arrears with their Council Tax at the date of the meeting must declare this to the meeting and must not vote on any matters affecting the level of Council Tax or the arrangements for administering it as to do otherwise can be a criminal offence. Members are not barred from speaking, provided the appropriate declaration is given.

6.3. Equalities Implications

Equality Impact Assessments have been completed for the policy proposals.

6.4. Section 17 of the Crime and Disorder Act 1998 Implications

There are no Section 17 implications as a result of the recommendations in this report as any impact on residents is primarily financial/supportive, not related to crime and disorder outcomes.

6.5. **Biodiversity Net Gain Implications**

There are no Biodiversity Net Gain implications arising from the recommendations in this report.

6.6. **Local Government Reorganisation Implications**

As with all other relevant Council Tax related local policies and decisions, any approved scheme relating to Council Tax relief will be reconsidered by March 2028 by the new unitary authority if the scheme is to continue beyond April 2028.

7. Link to Corporate Priorities

The Environment	None identified.
Quality of Life	The proposed Council Tax relief could improve the financial position of households with a vulnerability, including a terminal diagnosis or foster carer, helping to reduce financial hardship.
Efficient Services	The foster carer scheme may lead to greater local placement and reduce reliance on alternative childcare arrangements.
Sustainable Growth	None identified.

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Background papers available for Inspection:	Full Council Medium Term Financial Strategy 2026/27
List of appendices:	Second Homes Premium - Appendix A Council Tax Relief for Terminally Ill - Appendix B Foster Carer Relief - Appendix C