

Meeting of:	Cabinet
Date of Meeting:	Thursday, 14 December 2023
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Council Tax Premiums on Long Term Empty Properties and Second Homes
Purpose of Report:	To seek approval for the policy to be adopted for Council Tax Long Term Empty Properties and Second Homes for 2024-25
Report Owner:	Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Matt Bowmer – Head of Finance/Section 151 Officer
Elected Member and Officer Consultation:	No Elected Members have been consulted as this is not a ward specific matter Operational Manager Exchequer Services
Policy Framework:	This is a matter for Executive decision by Cabinet
<p>Executive Summary:</p> <p>The purpose of the report is threefold:</p> <ul style="list-style-type: none"> • To reaffirm the Cabinet’s previous decision to not grant any discount in Council Tax for long term empty properties or second homes; • To approve changes to the level of premium charged in relation to long term empty Properties for the forthcoming 2024-25 financial year; and • To reaffirm the Cabinet’s previous decision to introduce a premium on second homes for 2024-25. 	

Recommendations

1. That the policy with regard to not granting any level of discount for unoccupied dwellings that have remained so for 6 months agreed for 2023-24, be agreed for 2024-25.
2. That the long term empty property premium of 100% agreed by full Council on 6th March, 2023 for the 2023-24 financial year continue for such properties from 2024-25 that remain so for the period up to (but not including) 24 months.
3. That from 1st April, 2024 a premium of 150% be introduced for long term empty properties that have remained as such for a continuous period of 24 months or more.
4. That from 1st April, 2025 a premium of 200% be introduced for long term empty properties that have remained as such for a continuous period of 36 months or more.
5. That the policy to introduce a premium of 100% on second homes for the 2024-25 financial year agreed on 6th March, 2023 be reaffirmed.

Reasons for Recommendations

1. The Council is required to determine its policy on discounts in relation to unoccupied dwellings as defined in classes A, B and C to the Council Tax (Prescribed Class of Dwellings) (Wales) Regulations 1998 each year.
2. The Council is required to determine its policy regarding premiums in respect of long-term empty properties as defined in Sections 12A and 12B of the Local Government Finance Act 1992 as inserted by the Housing (Wales) Act 2014.
3. Upon reviewing the implementation of the premium for long term empty properties introduced from the start of 1st April 2023, it is felt that a straight increase to the premium levels as previously proposed, may counteract the intention of the policy, which is to bring long term empty properties back into use, if the level of charges due hinder necessary works required to make a dwelling habitable. As such it is felt that a stepped approach would be more in keeping with the policy to ensure that persistent long term empty properties are targeted.
4. As 2 above.
5. The Council is required to determine its policy regarding premiums in respect of second homes as defined in Sections 12A and 12B of the Local Government Finance Act 1992 as inserted by the Housing (Wales) Act 2014.

1. Background

- 1.1** The Council is experiencing a shortage of properties especially for rental accommodation and undertook a review of its policy on Council Tax Premiums alongside the Council's Housing Strategy during 2022.
- 1.2** A public consultation was undertaken in late 2022, following which the Council took the decision to introduce a 100% premium from 1st April, 2023, on long term empty properties that had remained as such for a minimum period of 12 months and that this premium level be increased to 150% from 1st April, 2024 followed by 200% from 1st April, 2025. And further, to charge a premium of 100% on second homes from 1st April, 2024.
- 1.3** 528 long term empty properties were initially identified as being eligible to be subject to a premium from 1st April, 2023, however this figure was expected to reduce due to exceptions put in place in regulation and through properties being brought back into use. To date, 392 properties remain subject to the premium introduced.
- 1.4** It was also approved by Council that the premium level increase from 1st April, 2024 to 150% and again from 1st April, 2025 to 200%, but also set out the expectation that in future years the Chief Executive and Leader review the premiums agreed at that point and to bring any changes to Cabinet and Council for approval as appropriate.
- 1.5** Similarly, 402 second homes were initially identified as being eligible to be subject to a premium. The current figure is 508, however as with the empty properties this figure is expected to reduce due to the exceptions which are the same that are applicable to the long term empty properties. We have estimated that approximately half of the current number of second homes will either be exempted or will be brought back into use.

2. Key Issues for Consideration

- 2.1** The Council's current policy is not to allow any discount on unoccupied dwellings (classes A, B and C). It is proposed to continue this policy for 2024-25.
- 2.2** The Council's current policy is to charge a premium of 100% on properties that have been long term empty for a continuous period of 12 months or more. It is proposed the for 2024-25 this policy continue until a property has remained in this state for a period of 24 month at which time a 150% premium be charged and that from 2025-26 properties that remain continuously empty for a period of 36 months become subject to a 200% premium.
- 2.3** The Council's current policy is for a 100% premium to be charged on second homes from 1st April, 2024. It is proposed that this policy takes effect as planned for 2024-25.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1** The proposals in this report will enable the Council to continue to work towards the Well-being Outcome of Cohesive Communities by contributing to the goal of attractive, viable, safe and well-connected communities.
- 3.2** It will also work towards the outcome of a Globally Responsible Wales as fewer properties will be left empty, providing access to housing for more people and less requirement for building new homes.

4. Climate Change and Nature Implications

- 4.1** By bringing more long term empty properties back into use, it reduces the requirement to develop new properties to meet housing demands, therefore reducing the carbon footprint of such developments and helping to protect green belt land.

5. Resources and Legal Considerations

Financial

- 5.1** When applying the full charge on unoccupied properties as specified in classes A, B and C to the Council Tax (Prescribed Class of Dwellings) (Wales) Regulations 1998, then this is reflected in the Council Tax Base, which is used by the Welsh Government in determining the Revenues Support Grant Settlement.
- 5.2** Any income raised through the introduction of premiums on long term empty properties and second homes is retained by the Council. However, additional resources have been needed in order to monitor properties subject to the premium and represent the Council at Valuation Tribunal where appeals are made against the decision to charge a premium. These resources have now been embedded in the base budget moving forward from 2023-24.
- 5.3** To effectively tackle nuisance long term empty properties, a revised Joint Working Agreement has been needed in place with SRS so that they undertake proactive enforcement work in the Vale of Glamorgan as they currently do in Cardiff and Bridgend. An additional post was funded in SRS in the 2023/24 Budget. Additional resource has also been required in the Regeneration Service to support the outreach work and the number of schemes being delivered.

Employment

- 5.4** None as a direct result of this report.

Legal (Including Equalities)

- 5.5** The legal framework for Council Tax premiums has changed with the implementation of the Council Tax (Long-term Empty Dwellings and Dwellings

Occupied Periodically) (Wales) Regulations 2022 ('the 2022 Regulations') which came into force on 1st April, 2022 which amends sections 12A and 12B of the Local Government Finance Act 1992 which provide statutory powers to all Local Authorities in Wales to charge, or vary, a council tax premium, increasing the higher amount of council tax a billing authority (a county council or county borough council) in Wales can apply to long-term empty dwellings and dwellings occupied periodically to 300% for the 2023 to 2024 financial year and for subsequent years.

- 5.6** Section 13A(1)(c) of the Local Government Finance Act 1992 provides a discretion to Local Authorities in Wales to reduce the amount of council tax payable, including reducing the amount to nil, in circumstances where it is felt appropriate to do so. As a result, where properties are being used to assist elderly/disabled relatives and an increase in council tax would cause financial hardship, then the Council can consider using its discretionary powers to reduce the amount of council tax.

6. Background Papers

None.