

Meeting of:	Cabinet
Date of Meeting:	Thursday, 18 December 2025
Relevant Scrutiny Committee:	Resources Scrutiny Committee
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 2026/27
Report Owner:	Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	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 and referral to Full Council for consideration
<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 reaffirm the Cabinet's previously agreed levels of premium charged in relation to long term empty properties and periodically occupied properties (second homes) for the forthcoming 2026/27 financial year; and • To introduce discretionary exceptions to the premium for long term empty properties to encourage prospective purchasers to consider bringing such properties back into use. 	

Recommendations

- 1.** That Cabinet agree that the following be referred to Full Council for consideration:-
 - That the policy to not grant any level of discount for unoccupied dwellings that have remained so for 6 months which was agreed for 2025/26, be agreed for 2026/27.
 - That the long-term empty property premium of 100% agreed by Full Council on 10th March 2025 for the 2025/26 financial year continue for such properties from 2026/27 that remain so for the period up to (but not including) 24 months.
 - That the long-term empty property premium of 150% agreed by Full Council on 10th March 2025 for the 2025/26 financial year continue for such properties from 2026/27 that remain so for a continuous period of 24 months up to (but not including) 36 months.
 - That the long-term empty property premium of 200% agreed by Full Council on 10th March 2025 for the 2025-26 financial year continue for such properties from 2026/27 that remain so for a continuous period of 36 months or more.
 - That the premium of 100% for periodically occupied properties for the 2025/26 financial year agreed on 10th March 2025 be reaffirmed and continue for 2026/27.
- 2.** That Cabinet agree a discretionary exception from the long term empty property premium for a period of up to 3 months (or the date that property becomes occupied depending on which is earlier) where a long term empty property has been purchased and the new owner is either not related to the vendor or they can provide evidence that the sale has been completed for a genuine market value. This exception would take effect for purchases that complete after 1 April 2026 and be relevant to the 2026/27 financial year.
- 3.** That Cabinet agree a discretionary exception from the long-term empty property premium for a period of up to 12 months (or the date that property becomes occupied depending on which is earlier) where the vendor of the long-term empty property has already received a Class A exemption and the property still requires major structural repairs. To qualify for the exception the property must have been purchased, and the new owner must either not be related to the vendor, or they must provide evidence that the sale has been completed for a genuine market value. The new owner must also provide evidence of the work required or the work be proven by inspection. This exception would take effect for purchases that complete after 1st April 2026 and be relevant to the 2026/27 financial year.

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. The Council is required to determine its policy regarding premiums in respect of long-term empty properties and periodically occupied properties as defined in Sections 12A and 12B of the Local Government Finance Act 1992 as inserted by the Housing (Wales) Act 2014.
- 2.** To remove a disincentive for potential purchasers to take on such a property knowing they may be eligible for an increased level of Council Tax charge and could result in long-term empty properties remaining unoccupied. It is felt that a period of 3 months would be sufficient for any general refurbishment work to be completed or for tenancies to be ceased on previous residencies and the property to become occupied.
- 3.** To remove a disincentive for potential purchasers to take on such a property knowing they may be eligible for an increased level of Council Tax charge and could result in long-term empty properties in a serious state of disrepair remaining in that condition. A period of 12 months exception to the premium would be in line with the duration that would be granted for the equivalent Class A exemption.

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 potentially eligible for a premium from 1st April 2023. This figure was expected to reduce due to exceptions put in place in regulation (which would only last for a maximum of 12 months) and through properties being brought back into use. In November 2024, 426 properties were subject to the premium. At present there are 410 properties subject to the long-term empty premium. However, 165 of these are 'new' properties that have only started to be charged the premium within the last 12 months, 89 are subject to the 150% premium as they have remained empty for 2 to 3 years and 156 are subject to the 200% premium as they have remained empty for 3 years or more.
- 1.4** On 10th March 2025 the Council re-affirmed its previous decision from 6th March 2024 to charge step premiums at a level of 100% premium for properties that remain empty for over 12 months and less than (but not including) 24 months. It also re-affirmed its decision to charge a 150% premium for properties that remain empty for a period of between 24 months and 36 months and that

from 1st April 2025 a 200% premium be introduced for properties that had remained empty for 36 months and over. It also set out the expectation that in future years the Chief Executive and Leader review the premiums agreed at that point and bring any changes to Cabinet and Council for approval as appropriate.

- 1.5** Similarly, 402 periodically occupied properties (second homes) were initially identified as being eligible to be subject to a premium. In November 2024 this number had reduced to 339 properties. This number has currently increased to 544 properties subject to the 100% premium for periodically occupied properties.

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 2026/27.
- 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 from 12 months up to (but not including) 24 months, a premium of 150% for properties that have been long term empty for a continuous period from 24 months up to (but not including) 36 months and a premium of 200% for properties that have been long term empty for a continuous period of 36 months or more. It is proposed to continue this policy for 2026/27.
- 2.3** The Council's current policy is for a 100% premium to be charged on periodically occupied properties (commonly referred to as second homes). It is proposed that this policy continues 2026/27.
- 2.4** As part of the regular review of the impact of premiums it has been determined that there are instances where prospective owners of properties could become unfairly subject to an increased tax burden through no fault of their own. This could have the opposite effect to the intention of the Council's premiums policy and disincentivise purchases of long-term empty properties and therefore prevent properties from being brought back into use. For this reason, the two exceptions below are being proposed from 1st April 2026.
- 2.5** Under Section 13A of the Local Government Finance Act 1992 Local Authorities have the power to reduce the level of Council Tax charged for certain classes of properties. The aim of the introduction of the long-term empty property premiums was to encourage such properties to be brought back into use.
- 2.6** Having reviewed the existing policy and having considered views expressed by residents and Members it has been determined that there will be circumstances where a long-term empty property may be purchased and not be suitable for immediate occupation. Under such circumstances it could be seen as a disincentive for potential purchasers to take on such a property knowing they may be eligible for an increased level of Council Tax charge and could result in long-term empty properties remaining unoccupied. It is felt that a period of 3 months would be sufficient for any general refurbishment work to be completed or for tenancies to be ceased on previous residencies and the property to become occupied.

- 2.7** It has also been determined that there will be circumstances where a previous owner may have already benefited from a Class A exemption for major structural repairs. Under current regulations this exemption could not be awarded again to new owners of such properties even if the work was still required. Under such circumstances it could be seen as a disincentive for potential purchasers to take on such a property knowing they may be eligible for an increased level of Council Tax charge and could result in long-term empty properties in a serious state of disrepair remaining in that condition. A period of 12 months exception to the premium would be in line with the duration that would be granted for the equivalent Class A exemption
- 2.8** The introduction of discretionary exceptions will reduce the number of long-term empty premiums in place during 2026/27 and will therefore impact the revenue collected through these premiums.

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 and periodically occupied 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 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.

- 5.3** To effectively tackle nuisance connected to 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. Additional resource has 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.