

CYNGOR SIR CEREDIGION COUNTY COUNCIL

Report to: Council

Date of meeting: 14/12/23

Title: Council Tax Premiums applicable to Long Term Empty Properties and Second Homes in Ceredigion.

Purpose of the report: To consider the matter of the level of Council Tax Premiums applicable to Long Term Empty Properties and Second Homes in Ceredigion

For: Decision

Cabinet Portfolio and Cabinet Member:

Cllr Bryan Davies Leader of the Council

Cllr Gareth Davies Cabinet Member for Finance & Procurement

Cllr Matthew Vaux Cabinet Member for Partnerships, Housing, Legal and Governance and Public Protection

1. **Summary:**

On 05/12/23 Cabinet considered the matter of the level of Council Tax Premiums on both Long Term Empty Properties and Second Homes in Ceredigion. The Cabinet agreed to:

1. On the matter of Council Tax Premiums applicable to **Long Term Empty Properties**, Cabinet recommends to Full Council that the existing 25% Council Tax Premium should increase, with effect from 01/04/24, to:
 - a) 100% for Properties that have been Long Term Empty Properties for up to and including 5 years.
 - b) 150% for Properties that have been Long Term Empty Properties for over 5 years and up to and including 10 years.
 - c) 200% for Properties that have been Long Term Empty Properties for over 10 years.with all time periods including the initial continuous period of 12 months for a dwelling to become defined as a 'Long Term Empty Property' by virtue of it being unoccupied and substantially unfurnished.
2. On the matter of Council Tax Premiums applicable to **Second Homes**, Cabinet recommends to Full Council that the existing 25% Council Tax Premium should increase to:
 - a) 100% to take effect from 01/04/24 and then
 - b) 150% to take effect from 01/04/25
3. Cabinet recommends to Full Council that any potential financial considerations arising from the consideration of these recommendations should be dealt with as a separate matter at a separate future meeting after 14/12/23.

2. Background

On 24/03/16 Full Council agreed the following in relation to the levels of Council Tax Premiums for Long Term Empty Properties and Second Homes in Ceredigion:

1. That 25% Council Tax Premium be charged on long-term empty homes from 1 April 2017;
2. The level of Council Tax Premium to be charged on second homes be set at 25% with effect from 1 April 2017....

On 05/09/23 Cabinet received a report outlining the approach required if the Council wished to consider changing the level of Council Tax Premium on either Long Term Empty Properties and/or Second Homes in Ceredigion.

- [Report- Council Tax Premiums applicable to Long Term Empty Properties and Second Homes in Ceredigion.pdf](#)

The 05/09/23 Cabinet report contained a range of information including:

- the number of Properties in Ceredigion in each Premium category
- the areas in Ceredigion with the highest concentration / volume of these Properties
- the age profile of the Long Term Empty Properties in Ceredigion
- the new Ceredigion Community Housing scheme
- the Legislative background
- the Welsh Government Guidance that the Council needs to have regard to
- the timeline and associated governance requirements

After considering this report, Cabinet agreed the following on 05/09/23:

- To commence a formal Public Consultation regarding the future level of Council Tax Premiums on both Long Term Empty Properties and Second Homes in Ceredigion.
- To delegate authority to the Corporate Lead Officer: Finance & Procurement and the Corporate Lead Officer: Policy, Performance & Public Protection to prepare and launch the Public consultation.
- That a Cross Party Working Group of Members was instigated to consider the matter of Council Tax Premiums.
- To note that any decision to change the existing level of Council Tax Premium on either Long Term Empty Properties or Second Homes in Ceredigion will require a Full Council decision.

3. Public Consultation

A 6 week Public Consultation was held between 18/09/23 and 29/10/23 in order to consult with residents and other stakeholders on what level of Council Tax Premiums should be charged on Long Term Empty Properties and Second Homes in Ceredigion.

The Consultation was available on the Council's website with paper copies, easy read and large print versions also available in all Ceredigion Libraries (including mobile library vans) and Leisure Centres. The consultation was also promoted widely through the press and social media and all property owners paying the current 25% Council Tax premiums were notified of the consultation.

There was a total of 1,403 responses to the Consultation representing, in theory, 2.3% of the Ceredigion Population aged 18 years and over. There were 1,301 forms (93%) submitted online along with 102 (7%) paper copy forms. 100 surveys (7%) were completed in Welsh and 1,303 surveys (93%) in English.

The survey allowed respondents to answer questions on either just Long Term Empty Properties or just Second homes or both. 790 responded to the questions on Long Term Empty Properties and 1,362 responded to the questions on Second Homes. Most respondents were individuals (91%), followed by Businesses (8%) and the remainder being either Not for profit / Voluntary organisations, Town or Community Councils or 'Other'.

In total around 38% of those who own a Second Home or Long Term Empty Property in Ceredigion responded to the consultation, while just 2% of those who do not own a Second Home or Long Term Empty Property did. This 38% can be split further into 44% of those who own a Second Home and 21% of Long Term Empty property owners. Given this position, wherever possible the analysis of the Consultation results has been split down into the opinions of those who own these types of Property and those that don't.

Appendix A shows the results of the Public Consultation prepared by the Council's Performance and Research Team. This comprehensive document shows the results for each individual question in the survey. It also includes a Headline Results summary page for each of Long Term Empty Properties and Second Homes.

Appendices B1 and B2 show the responses (in the participant's language of submission) to the General Comments sections for Long Term Empty Properties and Second Homes respectively. There is a risk that these responses may contain information relating to an individual or which could reveal the identity of an individual, therefore Appendices B1 and B2 are treated as Exempt Information under Schedule 12A of the Local Government Act 1972 as amended.

The results demonstrate that:

a) On Long Term Empty Properties

- Question 21 - a majority (72%) of those not owning a Long Term Empty Property thought it was appropriate to increase the Council Tax premium, however a majority (85%) of those owning a Long Term Empty Property did not think it was appropriate.
- Question 22 – a majority (86%) of those that thought it was appropriate to increase the Council Tax premium thought that it should be applied depending on how long a property has been empty.

- Question 27 – a majority (60%) thought any increase should be implemented from April 2024.

b) On Second Homes

- Question 9 - a majority (53%) of those not owning a Second Home thought it was appropriate to increase the Council Tax premium, however a majority (94%) of those owning a Second Home did not think it was appropriate.
- Question 10 – a majority (82%) of all respondents who supported a raise in the premium supported either 100% or higher and a majority (56%) of all respondents who supported a raise in the premium supported either 150% or higher.
- Question 11 – a majority (74%) thought that any increase in premium should be applied from April 2024.
- Question 11 – a majority (52%) of respondents who own a Second Home thought that any increase should be applied in a stepped manner over more than 1 year.

Clearly Long Term Empty Property and Second home owners did not generally support an increase in the Council Tax premium, but in both cases a majority of non-owners did. There is also a wealth of information contained within the Survey responses which looks at the potential impact from a variety of other different perspectives e.g. the local community, tourism, the local economy, the availability of affordable housing and the Welsh language.

4. Other Local Authorities

The following summarises the wider position on Council Tax Premium levels across Wales:

a) Neighbouring Authorities

| | Long Term Empty Properties | Second Homes |
|-----------------|--|---|
| Gwynedd | 100% | 150% |
| Powys | 100% | 75% |
| Carmarthenshire | From 01/04/24: 50% for properties empty for between 1 & 2 years, 100% for between 2 & 5 years and 200% for over 5 years. | From 01/04/24: 50% From 01/04/25: 100% |
| Pembrokeshire | 25% for Properties empty over 3 years from 01/04/19, 50% for properties empty for over 4 years from 01/04/20, 100% for properties empty for over 5 years from 01/04/21 | 100% |

b) Other Local Authorities

The 2 most recent decisions in the public domain are:

| | Long Term Empty Properties | Second Homes |
|--------------|--|--|
| Conwy | From 01/04/24: 100% From 01/04/25 (indicative): 200% and an increased to 300% for properties empty for over 5 years | From 01/04/24: 100% From 01/04/25: (indicative) 200% |
| Denbighshire | From 01/04/24: 100% and 150% for properties empty for over 5 years From 01/04/25: 150% and 200% for properties empty for over 5 years | From 01/04/24: 100% From 01/04/25: 150% |

In addition to the authorities shown:

- on Second Homes, there are 6 other Authorities who either already levy a 100% Premium or who have already made formal decisions to do so from 01/04/24. There are also further Authorities understood to be at different stages of consideration.
- on Long Term Empty Properties there are a wider range of variations e.g.:

| | Long Term Empty Properties |
|-------------------|---|
| Monmouthshire | From 1st April 2024 - 100% premium applying to properties empty for one year, a 200% premium to properties empty for two years and a 300% premium to properties empty for three years or more |
| RCT | 50% premium to properties empty for up to 2 years, 100% premium to properties empty for over 2 years |
| Vale of Glamorgan | 100% premium in 2023/24, 150% premium in 2024/25 and 200% premium in 2025/26. |

There are also further Authorities understood to be at different stages of consideration.

5. Members' Cross Party Working Group

In accordance with the 05/09/23 Cabinet decision, a politically balanced Members' Cross Party Working group made up of 7 Councillors was instigated following nominations via the Group Leader of each political party. The Members of the Cross Party Working Group were:

- Councillor Rhodri Davies
- Councillor Amanda Edwards
- Councillor Elizabeth Evans
- Councillor Gwyn Wigley Evans
- Councillor Keith Evans
- Councillor Paul Hinge
- Councillor Ann Bowen Morgan

The Working Group met on 3 separate occasions and received a variety of information in order to inform their work. This included the feedback report on the Public Consultation, the position on other Local Authorities in Wales and other background information. A range of officers were also present in order to respond to questions arising.

Having given the matter of Council Tax Premiums on Long Term Empty Properties and Second Homes detailed and careful consideration, the Member's Cross Party Working Group concluded that:

"The Working Group unanimously confirms that the process regarding the consultation on Council Tax being considered for Long Term Empty properties & Second Homes has been rigorous and transparent. The Working Group sought and were provided with additional information on the levels in place in other authorities.

Therefore, the Cabinet can be assured that the information being placed before it in order to determine the Council Tax levels for the properties in question has been scrutinised fully by the Cross Party Working Group.

Based on all the information gleaned, and if Cabinet is minded to increase the Council Tax for those properties in question, then consideration should be given to a tiered approach in its introduction."

6. Other Matters

a) Self Catering Businesses

It is important to note that it is Welsh Government who set the criteria for self-catering accommodation to be classed as a business from a property rating perspective. If a business meets the eligibility criteria set out in legislation (being at least 182 days or more actually let in the previous 12 months and 252 days or more available to let in the previous and current year) then it will be liable for Non Domestic Rates. If a business does not meet the criteria then it will be liable for Council Tax.

These new thresholds came in with effect from 01/04/23 at the same time as Welsh Government brought in the legislation allowing Council Tax Premiums to increase up to 300%. It is the Valuation Office Agency that reviews businesses against these criteria and a rolling programme is underway asking Property owners for their information at different points during the year, but all using the universal date from which the eligibility rules will be assessed against of 01/04/23 (but using information about lettings from the 22/23 operating year).

b) Land Value Tax

In Wales the Land Value Tax (set by WG) on Second Homes carries a 4% surcharge over and above the standard residential rates for main residential ownership.

c) Council Tax Exemptions

There are also several Council Tax exemptions available in relation to Council Tax Premiums which are shown below:

| Class | Definition | Application |
|--------------|---|---|
| Class 1 | Dwelling being marketed for sale – time limited for 1 year | Long Term Empty Properties and Second Homes |
| Class 2 | Dwelling being marketed for let – time limited for 1 year | |
| Class 3 | Annexes forming part of, or being treated as part of, the main dwelling | |
| Class 4 | Dwellings which would be someone's sole or main residence if they were not residing in armed forces accommodation | |
| Class 5 | Occupied caravan pitches and boat moorings | Second Homes |
| Class 6 | Seasonal homes where year-round occupation is prohibited | |
| Class 7 | Job related Dwellings | |

There is also a process in place for the Council to consider Discretionary Hardship relief where for example there is significant financial hardship or an exceptional circumstance has occurred. However, it would be rare for ownership of property not being used as a primary residence to meet the threshold for hardship support.

7. Overall Conclusion

Addressing the issues of second homes, holiday homes ownership and the conversion of residential properties to holiday lets is a key priority within the Council's approved 2022-2027 Corporate Strategy. This and increasing the supply and range of options for affordable housing in Ceredigion forms a key part of the Corporate Wellbeing Objective - 'Creating Sustainable, Green and Well-connected Communities'.

Ceredigion's aspirations and policy objectives sit alongside WG's policy intention with the Council Tax (Long-term Empty Dwellings and Dwellings Occupied Periodically) (Wales) Regulations 2022 legislation to aim to bring Long Term Empty Properties back into use and to increase the supply of affordable housing and to enhance the sustainability of local communities.

Having given due regard to a range of factors, including (but not necessarily limited to) the outcome of the Public Consultation, the position of other Local Authorities and the views of the Members' Cross Party Working Group, the Cabinet believes that an increase in the Council Tax Premium on both Long Term Empty Properties and Second Homes would assist in achieving those policy objectives. Cabinet also believes that a tiered approach would be appropriate by considering the length of time that a property has remained empty in relation to Long Term Empty Properties and by bringing in a Second Homes increase over 2 financial years.

Wellbeing of Future Generations:

Has an Integrated Impact Assessment been completed? If not, please state why.
Yes

Summary of Integrated Impact Assessment:

Long term: See Appendix C – Page 14

Collaboration: See Appendix C – Page 14

Involvement: See Appendix C – Page 14

Prevention: See Appendix C – Page 14

Integration: See Appendix C – Page 14

Recommendation(s):

1. That Council approves that the existing 25% Council Tax Premium applicable to **Long Term Empty Properties** will increase with effect from 01/04/24, to:
 - a) 100% for Properties that have been Long Term Empty Properties for up to and including 5 years.
 - b) 150% for Properties that have been Long Term Empty Properties for over 5 years and up to and including 10 years.
 - c) 200% for Properties that have been Long Term Empty Properties for over 10 years.with all time periods including the initial continuous period of 12 months for a dwelling to become defined as a 'Long Term Empty Property' by virtue of it being unoccupied and substantially unfurnished.
2. That Council approves that the existing 25% Council Tax Premium applicable to **Second Homes** will increase to:
 - a) 100% to take effect from 01/04/24 and then
 - b) 150% to take effect from 01/04/25
3. That Council notes that any potential financial considerations arising from their decisions will be dealt with as a separate matter at a separate future meeting.

Reasons for decision:

To aim to bring Long Term Empty properties back into use to provide safe, secure and affordable homes and to aim to increase the supply of affordable housing and to enhance the sustainability of local communities in Ceredigion.

Overview and Scrutiny:

Not applicable – A Members' Cross Party Working Group has considered the matter in depth. All Members will be involved in a debate and decision on future levels of Council Tax Premium on 14/12/23, as it is ultimately the matters is a Full Council decision.

Policy Framework:

Housing Strategy
Council Budget
Corporate Strategy 2022 - 2027

Corporate Well-being Objectives:

Creating Sustainable, Green and Well-connected Communities

Finance and Procurement implications:

There is highly likely to be an increased level of Council Tax income from any increase in Council Tax Premiums, but the higher the percentage Council Tax Premiums increase the less certainty there would be in terms of the level of increased Council Tax income. This is because factors such as the impact on Council Tax collection rates and a potential reduction in the number of properties that remain Long Term Empty or Second Homes (i.e. achieving the policy objective) could come into play.

The WG Guidance states that a Local Authority will be able to retain any additional funds generated by implementing the premiums and amendments to the calculation of the Council Tax taxbase have been made to facilitate this. Authorities may use the additional revenue for any purpose, but they are encouraged to use it to help to meet local housing needs, in line with the policy intentions for the premiums. Currently ringfencing the 25% Council Tax Premium from both Long Term Empty Properties and Second Homes demonstrates a commitment to meeting local housing needs.

Legal Implications:

Legislation provides the legal framework for Council Tax Premiums:

- Local Government Finance Act 1992 Sections 12A & 12B
- Housing (Wales) Act 2014 Part 7
- Council Tax (Long-term Empty Dwellings and Dwellings Occupied Periodically) (Wales) Regulations 2022
- Local Authorities (Calculation of Council Tax Base) (Wales) Regulations 1995 (as amended)
- WG legislation (Non-Domestic Rating (Amendment of Definition of Domestic Property) (Wales) Order 2022)

WG have also produced updated Guidance which the Council is required to have regard to.

Staffing implications:

There would be a level of additional resource requirement (e.g. within the Local Taxation team to deal with increased customer engagement e.g. correspondence, billing and processing matters and a higher level of anti-avoidance monitoring activity / measures being needed).

Property / asset implications:

Not applicable.

Risk(s):

Fraud, Avoidance measures, impact on Property market

Statutory Powers:

See Legal implications.

Background Papers:

05/09/23 Cabinet report

Previous Full Council Decisions on Council Tax Premiums: 24/03/16, 16/03/17 and 03/03/22

Appendices:

Appendix A: Public Consultation Feedback Report on Second Home and Long-Term Empty Property Council Tax Premiums

Appendix B1: Public Consultation - General Comments on Long Term Empty Properties (Exempt Information under Schedule 12A of the Local Government Act 1972 as amended - may contain information relating to an individual or which could reveal the identity of an individual)

Appendix B2: Public Consultation - General Comments on Second Homes (Exempt Information under Schedule 12A of the Local Government Act 1972 as amended - may contain information relating to an individual or which could reveal the identity of an individual)

Appendix C: Integrated Impact Assessment

Corporate Lead Officer:

Duncan Hall - CLO: Finance & Procurement

Reporting Officer:

Duncan Hall - CLO: Finance & Procurement

Ann Ireland – Corporate Manager: Revenues & Financial Assessments

Date:

07/12/23