

CEREDIGION COUNTY COUNCIL

Report to: Cabinet

Date of meeting: 05/09/23

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

Purpose of the report: To consider the approach required if the Council wishes to change the level of Council Tax Premium on either Long Term Empty Properties and/or Second Homes in Ceredigion.

For: For Decision

Cabinet Portfolio and Cabinet Member:

- Cllr Bryan Davies, Leader and Cabinet Member for Democratic Services, Policy, Performance and People and Organisation
- Cllr Matthew Vaux, Cabinet Member for Partnerships, Housing, Legal and Governance and Public Protection
- Cllr Catrin M S Davies, Cabinet Member for Culture, Leisure and Customer Services
- Cllr Gareth Davies, Cabinet Member for Finance & Procurement

1. BACKGROUND

The Council currently levies a 25% Council Tax Premium on top of the normal level of Council Tax for both Second Homes and Long Term Empty properties. This determination stems back to Full Council decisions in 2016 and 2017. In addition, the Council's Community Housing Scheme was recently approved on 06/06/23 and will formally launched very shortly. There is currently an initial fund of £1.8m for this scheme, based on the position as at 31/03/23.

For the 23/24 Budget process there were 33,856 chargeable properties in Ceredigion in total. Of these 2,289 (6.8%) were either Second Homes or Long Term Empty Properties:

	Total Number of Chargeable Properties
2 nd Homes	1,697
Long Term Empty Properties	592
Total	2,289

These numbers have been relatively unchanged since 2017. Second Homes numbers have ranged from a low of 1,595 to a high of 1,697 and Long Term Empty Property numbers a low of 552 to a high of 672.

Unsurprisingly the highest proportions of Second Homes in Ceredigion are generally in the coastal areas:

Town & Community Council	%age of their Chargeable Dwellings	Number of Properties
New Quay	27.2%	188
Llangrannog	17.1%	68
Borth	14.1%	109
Pontarfynach	11.0%	26
Penbryn	9.6%	63
Aberaeron	9.1%	69
Aberporth	8.4%	98

The number of Long Term Empty Properties in Ceredigion is generally greatest in volume in the more urban areas:

Town & Community Council	Number of Properties	%age of their Chargeable Dwellings
Aberystwyth	84	1.8%
Cardigan	33	1.5%
Aberporth	26	2.2%
Llandysul	20	1.5%

The age bandings for the current Long Term Empty Properties as at 30/06/23 in Ceredigion is:

Length Empty	Number of Properties	%age of Total
1 to 2 years	103	17%
2 to 5 years	198	33%
5 to 10 years	170	28%
Over 10 years	132	22%

2. LEGISLATION

The Council Tax (Long-term Empty Dwellings and Dwellings Occupied Periodically) (Wales) Regulations 2022 amends the Local Government Finance Act 1992 Section 12A & 12B and provides for Welsh Councils to increase Council Tax Premiums on 2nd Homes and Long Term Empty Properties **to a %age not more than 300%** on top of the normal Council Tax levels from a financial year beginning on or after 01/04/23.

The Local Government Finance Act 1992 Section 12A provides that for Long Term Empty Dwellings:

- A dwelling is a 'long-term empty dwelling' if it has been unoccupied and it has been substantially unfurnished of a period of at least 1 year.
- The furnishing or occupation of a dwelling for one or more periods of six weeks or less does not affect a dwelling's status as a long-term empty dwelling.
- A billing authority may specify different percentages based on the length of time for which they have been long-term empty dwellings. (I.e. Allowing a stepped approach for different age bandings).

The Local Government Finance Act 1992 Section 12B provides that for 2nd Homes (technically called 'Dwellings occupied periodically'):

- The conditions are that there is no resident and the dwelling is substantially furnished.
- A billing authority's first determination under this section must be made at least one year before the beginning of the financial year to which it relates.

Under the Local Authorities (Calculation of Council Tax Base) (Wales) Regulations 1995 (as amended), Welsh Councils have a duty to set their taxbase calculations between 1st November and 31st December of the financial year preceding the year the Council Tax is being set for. The Council is required to notify precepting authorities of the Council's Taxbase by 31st December.

3. WELSH GOVERNMENT GUIDANCE

The Local Government Finance Act 1992, requires that that a billing authority must have regard to any guidance issued by the Welsh Ministers. WG updated their Guidance document in March 2023, alongside publishing the 'up to 300%' regulations.

The Guidance confirms that the overriding policy purpose of the legislation is to provide a tool to help local authorities to:

- Bring long-term empty homes back into use to provide safe, secure and affordable homes; and
- Support local authorities in increasing the supply of affordable housing and enhancing the sustainability of local communities.

There are a range of other factors contained within the guidance, which includes giving consideration to engagement and consultation with key stakeholders, including the local electorate.

4. TIMELINE FOR FUTURE POTENTIAL DECISIONS

Any change to the determination of the level of Council Tax premium to be applied must be made by Full Council and would need to be approved before 31/12/23, in order to take effect from 01/04/24 for the 24/25 financial year.

There would be 2 separate aspects to any change in existing Full Council decisions:

- A core decision(s) to make any change to the existing premium level from 25% to a new %age on either or both Second Homes and Long Term Empty Properties.
- A requirement to supersede the existing decisions referring to how the monies raised are to be used - as they all refer to '*the 25% Council Tax Premium...*'.

The 2 aspects would not necessarily need to be considered at the same time. The first is a formal determination required under legislation, the second is a local Ceredigion policy / budgetary decision.

5. **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 new legislation to bring long-term empty homes back into use and to support local authorities in increasing the supply of affordable housing and enhancing the sustainability of local communities. At the moment 2,289 (6.8%) properties are not occupied as residential properties by persons primarily resident in Ceredigion because they are either Second Homes or Long Term Empty Properties.

It is important that consideration is given to engagement and consultation with key stakeholders. This will include both the wider electorate (residents and businesses) and those currently affected by the existing 25% premium. It is therefore proposed that a formal public consultation is launched, which will last for at least a 6 week period during September and October.

Council Tax Premiums can be an emotive topic as well as having technical aspects to it. It is therefore proposed to set up a politically balanced Cross Party Working Group of Members to provide a forum to receive further research papers, modelling, to receive a report on consultation responses in due course and to support detailed discussions on any potential changes prior to further consideration by Cabinet and then ultimately Full Council if there is a proposal to change the existing level of Council Tax Premium. This group would also be underpinned by an Officer Working Group.

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

No – this will be carried out when the results of the proposed Consultation are available

	Summary:
	Long term: Not Applicable
	Integration: Not Applicable
	Collaboration: Not Applicable
	Involvement: Not Applicable
	Prevention: Not Applicable
Wellbeing of Future Generations:	
Recommendations(s):	<ol style="list-style-type: none"> 1. To agree 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. 2. 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. 3. To agree that a Cross Party Working Group of Members is instigated to consider the matter of Council Tax Premiums. 4. 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.
Reasons for decision:	To take the necessary first steps to allow future consideration, in due course, on the level of Council Tax Premium to be applied to both Long Term Empty Properties and Second Homes in Ceredigion.
Overview and Scrutiny:	All Members will be involved in any final decision on future levels of Council Tax Premium
Policy Framework:	Housing Strategy, Council Budget
Corporate Wellbeing Objective:	Creating Sustainable, Green and Well-connected Communities
Financial & Procurement implications:	None at this stage
Legal implications:	<p>Legislation provides the legal framework for Council Tax Premiums:</p> <ul style="list-style-type: none"> • Local Government Finance Act 1992 Sections 12A & 12B

- 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:	None at this stage
Property / Asset implications:	n/a
Risk(s):	None at this stage
Background Papers:	Previous Full Council Decisions on Council Tax Premiums: <ul style="list-style-type: none"> • 24/03/16 • 16/03/17 • 03/03/22
Appendices:	None
Corporate Lead Officer:	Duncan Hall CLO: Finance & Procurement
Reporting Officers:	Duncan Hall
Date:	19/08/23