

CABINET

Date of Meeting	Tuesday, 12th March 2024
Report Subject	Review of the Council Tax Premium Scheme
Cabinet Member	Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement
Report Author	Chief Officer (Governance)
Type of Report	Operational

EXECUTIVE SUMMARY

Local authorities in Wales have discretionary powers to charge a council tax premium of up to 300% above the standard charge for properties on long term empty properties and second homes.

The Council first introduced a premium scheme from April 2017 and established a premium rate of 50% on both long-term empty properties and second homes.

A public consultation was last undertaken in 2021 and from April 2023 the Council increased the premium rates to 75% for long term empty properties and 100% for second homes.

In line with the recommendations of Council at the meeting held on 20 February 2024, Cabinet committed to bring forward a review of the premium rates by commissioning a further public consultation.

This report therefore sets out the key considerations and timelines if Cabinet want to undertake a further consultation with a view to Council potentially varying the premium rates from April 2025.

RECOMMENDATIONS

1	Cabinet is asked to support the commissioning of a public consultation on whether the premium levels for long term empty properties and second homes should be varied from April 2025, and if so, to what level.
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REPORT DETAILS

1.00	EXPLAINING THE COUNCIL TAX PREMIUM SCHEME																
1.01	Following the introduction of the Housing (Wales) Act 2014, Cabinet and Full Council agreed to introduce a council tax premium charge of 50% from April 2017 for dwellings designated as being periodically occupied (usually referred to as second homes) or long-term empty properties.																
1.02	Using the council tax premium scheme to incentivise owners to bring properties back into permanent use is a tool to help address local demand for housing. Currently, the SARTH register is showing a demand of 2,088 applications for social/affordable housing																
1.03	A public consultation was last undertaken in 2021 and from April 2023 the Council increased the premium rates to 75% for long term empty properties and 100% for second homes.																
1.04	<p>Since the Premium rates were uplifted from April 2023, the number of long term-empty properties and second homes subject to the premium have reduced, as more owners are bringing their properties into full use.</p> <table border="1" data-bbox="461 931 1241 1375"> <thead> <tr> <th></th> <th>Number of Long-term Empty Properties subject to 75% Premium</th> <th>Number of Second Homes Subject to 100% Premium</th> <th>Total Number of Properties subject to Premium</th> </tr> </thead> <tbody> <tr> <td>March 2023</td> <td>615</td> <td>179</td> <td>794</td> </tr> <tr> <td>January 2024</td> <td>595</td> <td>169</td> <td>764</td> </tr> <tr> <td>Variance</td> <td>-20</td> <td>-10</td> <td>-30</td> </tr> </tbody> </table> <p>With 764 properties currently subject to the 75% long term empty or 100% second home premium charge, this equates to 1% of all domestic properties.</p>		Number of Long-term Empty Properties subject to 75% Premium	Number of Second Homes Subject to 100% Premium	Total Number of Properties subject to Premium	March 2023	615	179	794	January 2024	595	169	764	Variance	-20	-10	-30
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March 2023	615	179	794														
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1.05	In line with the recommendations of Council at the meeting held on 20 February 2024, Cabinet committed to bring forward a further review of the premium rates which will require another public consultation.																
1.06	This report therefore sets out the key considerations and timelines if Cabinet wishes to undertake a further consultation with a view to potentially recommending to full Council the varying of premium levels from April 2025.																
1.07	When considering any changes to the council tax premium scheme or the levels being charged, the Council must have due regard to the Welsh Government guidance which says:																

	<p><i>“Any decision to vary or revoke a determination to apply a premium must be made before the beginning of the financial year to which it applies. Local authorities are also strongly encouraged to consult before making a determination to increase a premium to a level above 100% and to do so at least 6 months before the beginning of the financial year to which the proposed premium increase relates. This will enable the premium to be taken into account when setting council tax levels for the forthcoming year and allow taxpayers sufficient time to consider the impact of a higher premium on their own personal financial circumstances and make choices regarding their property”.</i></p>
1.08	<p>To ensure the Council follows Welsh Government guidance, the timelines and key milestones for the council tax premium review will be as follows:</p> <ul style="list-style-type: none"> • 12/03/24 – Cabinet – to approve the premium consultation • 15/04/24 – Start of consultation (12 weeks) • 08/07/24 – End of consultation • 12/09/24 – CROSC – to seek elected member feedback • 17/09/24 – Cabinet – to review all feedback and consider options • 24/09/24 – Council – to review all feedback, consider options and make a determination on the premium rates for 2025/26 • 19/11/24 – Cabinet – to approve the 2025/26 Tax Base (which includes any changes in the premium rates)
1.09	<p>The public consultation will allow all residents and stakeholders, including those directly impacted by the premium, to have their say. Once the consultation has closed, using the results of the consultation, the Council will also need to fulfil the statutory obligations to carry out an equality impact assessment and to consider how any potential changes meet the requirements of the Well-being of Future Generations (Wales) Act 2015.</p>
1.10	<p>When considering whether or not to amend the premium levels, elected members must also consider the discretion given to Local Authorities to charge a premium is intended to be a tool to help Local Authorities to:</p> <ul style="list-style-type: none"> • bring long-term empty homes back into use to provide safe, secure and affordable homes; and • increase the supply of affordable housing and enhance the sustainability of local communities.
1.11	<p>Following the consultation, if Cabinet and Council is inclined to vary the level of the premium, other key considerations should be based on local housing needs, including:</p> <ul style="list-style-type: none"> • Numbers and percentages of long-term empty homes or second homes in the area; • Distribution of long-term empty homes or second homes and other housing throughout the authority and an assessment of their impact on property values in particular areas; • Potential impact on local economies and the tourism industry; • Patterns of demand for, and availability of, affordable homes; • Potential impact on local public services; • Potential impact on the local community;

	<ul style="list-style-type: none"> • Other measures that are available to authorities to increase housing supply; • Other measures that are available to authorities to help bring empty properties back into use.
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2.00	RESOURCE IMPLICATIONS
2.01	If Cabinet (and Council) decide to increase the level of the premium on long term empty properties and/or second homes following a public consultation, there is a possibility of increasing the council tax Base, which is used for tax setting purposes, and also the council tax yield and to use any additional revenue generated to help meet local housing needs, in line with the policy intentions of the premium scheme.
2.02	The premium scheme already provides additional council tax income to meet the demand on services or to use any additional revenue generated to help meet local housing needs, in line with the policy intentions of the premium scheme.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	Changing the council tax premium levels brings an increasing need to balance a number of risks. Firstly, minimising council tax levels and avoiding financial hardship for the owners of empty properties and second homes, especially those who might be genuinely trying to bring long term empty properties back into use. Secondly, the need to use the local taxation system to address the issue of housing shortages within communities and addressing the negative impact on communities that empty homes can bring.
3.02	Any change to premium rates will impact on the Councils revenue plans and should be taken into account in its budget setting and therefore undertaking a full consultation in quarter 1 of 2024/25 will now enable timely decisions to be taken by full Council and for any potential uplifts in the premium rates, to be reflected in the 2025/26 Tax Base which is usually set and approved in November.

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	When considering any changes to the council tax premium scheme or the premium rates, the Council is required to undertake a full public consultation to gain feedback, including feedback from taxpayers directly impacted by the changes.
4.02	Feedback can then be considered by Corporate Resources Overview and Scrutiny Committee, prior to any final Cabinet recommendations and adoption by full Council.

5.00	APPENDICES
5.01	Appendix 1 – This shows the breakdown, by Town and Community Council area, of long term empty properties and second homes currently subject to the premium charge. The analysis also tracks the total number of domestic properties in each area.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<ul style="list-style-type: none"> • Housing (Wales) Act 2014 • Local Government Finance Act 1992, sections 12A and 12B • Council Tax (Exceptions to Higher Amounts) (Wales) Regs 2015 (as amended by the 2023 Regulations) • The Council Tax (Long Term Empty Dwellings and Dwellings Occupied Periodically) (Wales) Regulations 2022 • Welsh Government Guidance – Council Tax Premium Scheme https://www.gov.wales/council-tax-premiums-long-term-empty-and-second-homes-guidance-local-authorities-html

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: David Barnes, Revenues & Procurement Manager Telephone: 01352 703652 E-mail: david.barnes@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	<p>Council Tax Premium: an additional amount of council tax of up to 300% (a premium) can be charged by Local Authorities in Wales for property defined as either being second homes or long term empty property. There are some exceptions from the council tax premium some of which are time limited. For example, if the property is being actively marketed for rent or sale.</p> <p>Long Term Empty property: is defined as a property which is both unoccupied and substantially unfurnished for a period of six months or more, but to be liable for a premium, it would be unoccupied and unfurnished for a continuous period of one year or longer.</p> <p>A second home: is defined as a property which is not a person’s sole or main residence and is substantially furnished.</p> <p>SARTH: is a process used to allocate social housing across Flintshire to eligible applicants. The Single Access Route to Housing (SARTH) is a single housing register, shared by all social housing providers in the County of Flintshire and is used to assess applications. Only those with</p>

recognised housing need in a banding system are able to go on the housing register. This means applicants have one point of contact and one application process to complete and be considered for all available social housing in Flintshire.

Tax Base: is a measure of the Councils 'taxable capacity' taking into account the number of chargeable properties after exemptions and discounts, but including premiums. The Tax Base is also used by the Police & Crime Commissioners Office for North Wales, and Town/Community Councils to calculate their council tax precept requirements.