

Report to	Full Council
Date of meeting	5 th September 2023
Lead Member / Officer	Gwyneth Ellis / Steve Gadd
Report author	Paul Barnes/ Elaine Edge/ Leah Gray
Title	Second Home / Long-term Empty Council Tax Premium

1. What is the report about?

- 1.1. To bring the following proposal to full Council, following the Cabinet report of 18th July 2023, on the legislation introduced by Welsh Government (WG) to increase the maximum level of council tax premiums for second homes and long term empty properties.
- 1.2. To provide additional information on the public consultation and help shape decision making.

2. What is the reason for making this report?

- 2.1 To seek a decision from members on an increase to the current Premium rates on these properties in Denbighshire. This proposal was presented at Cabinet on 8th July 2023, who support the recommendations which has resulted in this report to full council for a decision.

3. What are the Recommendations?

- 3.1. That members review the paper and supporting information being presented particularly the feedback from the public consultation and advise how they would like officers to proceed. Officers proposals are set out in 3.2 to 3.4. Officers have recommended a measured response to any increase to allow a

learn and evaluate approach. While Welsh government have given powers for an increase of up to 300% we are proposing the following:

- 3.2. It is recommended that there is parity between the standard second home and long term empty premium, to minimise avoidance by taxpayers (who may apply to switch to the more favourable category) and so ensure the administrative burden is not increased significantly, except for properties that fall within recommendation 3.4.
- 3.3. It is recommended that second home and long term empty premium charge will remain at 50% for April 2023 then increases to 100% from April 2024, then 150% from April 2025.
- 3.4. It is recommended that properties that have been unoccupied and unfurnished for 5 years or more pay a higher premium at 50% more than the standard premium. This would make the total premium 150% above the standard charge from 1st April 2024, and 200% above the standard charge from 2025.
- 3.5. It is important to note that:-
 - a) Properties that meet the Welsh Government criteria to be classed as a business (holiday lets) do not pay Council Tax and would not be impacted by the proposals (please see Appendix B section 1.2)
 - b) There are several exemptions available which help those with, for example, properties marketed for sale, properties marketed to let, properties where occupancy is restricted by a planning condition to non-residential, seasonal or holiday let use only (please see Appendix A page 1)
 - c) There is a process in place for DCC to consider a discretionary discount where for example there is significant financial hardship to the business or individual or an exceptional circumstance has occurred and it would be reasonable to support by way of reducing the Council Tax.

4. Report details

Additional information has been provided to support the report and provide further detail if required.

- 4.1. The Background and context (Appendix B 1.1.)
- 4.2. Legislative changes (Appendix B 1.2.)
- 4.3. Considerations (Appendix B 1.3.)
- 4.4. Engagement Summary Report
- 4.5. Data tables
- 4.6. Wellbeing Impact assessment

In the Cabinet report of 23rd May 2023, permission was sought and granted to consult with the public on the option to increase the Council tax premium (as outlined in 3.3 and 3.4 in this paper).

The Authority worked proactively to raise awareness of the consultation resulting in 2,142 page views (37 Welsh) on the Council's page that promoted the consultation to the general public, with 898 visits directly to the consultation survey. 175 customers completed and submitted a response.

On legal advice, we undertook a communication exercise to make over 1,000 second home and long term empty home owners aware of the consultation. We were conscious that proactively engaging this group could have a disproportionate impact on the results of the consultation, and so note the importance of identifying these groups of customers.

71 responses out of 175 were received from the second home owner or long term empty home owner group, and 17 from second home owners that live or work in Denbighshire.

The consultation has concluded, and the results demonstrate that the majority of respondents who live in Denbighshire felt there is a need for an increase in the Council tax premium charges for both long term empty and second homes. Thus supporting the recommendation.

Second homes and long term empty owners did not generally support the proposals, although there was slightly more support for a charge for long term empty properties.

It is recommended to proceed following the public consultation, with the proposal to increase the premium in Council Tax long term empty homes and second homes, to support the Council's Corporate Plan to encourage home owners not to leave their properties empty and to bring them back into use for the benefit of the local community and economy.

The recommendations made by officers have tried to strike a balance to consider how to effectively administer the scheme, while considering the regional context and wider legislative factors.

5. How does the decision contribute to the Corporate Priorities?

5.1. The purpose of the premium charge is to increase affordable housing within Denbighshire and to maintain and grow sustainable communities. The scheme has a neutral effect on the Council becoming Net Carbon Zero and ecologically positive by 2030.

6. What will it cost and how will it affect other services?

6.1. There will be an impact on staff resources, i.e., there will be an increase in customer engagement within the council tax team if the premium is increased. The property inspector will have an increase in visits to ensure fraud or tax avoidance is minimal. Additional revenue will however be raised if the premium percentage is increased.

6.2. Whilst the main driver is to encourage homes back into full time use rather than generate income, the additional revenue would support a proposal that a project officer role be created to work with disadvantaged groups across Denbighshire raising awareness of income maximisation, this would be a temporary post in the first year and an evaluation of effectiveness would be undertaken before consideration of making this permanent.

7. What are the main conclusions of the Well-being Impact Assessment?

7.1. We have undertaken a full assessment with support from colleagues in Corporate service, we acknowledge that there may be some perceived negative impact from the proposal. However, overall our view is that all areas are positively impacted. Please find the full impact assessment attached.

8. What consultations have been carried out with Scrutiny and others?

8.1. The authority has undertaken a public consultation which has resulted in 175 responses, during this process we wrote out to the 1,013 customers that currently have second homes or long term empty properties in Denbighshire to make them aware of the consultation. We have taken the proposed recommendations through Cabinet in July and now here to Full Council.

9. Chief Finance Officer Statement

9.1. The report clearly outlines the options available for the Council's approach to the new flexibilities for charging higher rates for long term empties and second homes. It is important to note that the decision to use these freedoms can be reviewed on an annual basis as part of the annual Council Tax setting process. The recommendation is for a cautious approach while we learn from the experience of other authorities – but we obviously recognise that this is a very political decision. Any decision to change the rates will involve wider consultation which would need to commence as soon as possible. Any decision to change the rates need to be recommended by Cabinet and approved by full Council.

10. What risks are there and is there anything we can do to reduce them?

10.1. A number of risks have been identified during the scoping element of this proposal and also the public consultation. They include, potential negative impact on the tourism industry, and detrimental financial impact to individuals. As part of any implementation of the project we will form a risk register and will monitor and manage the risks and where possible mitigate the risk.

11. Power to make the decision

- *Housing (Wales) Act 2014*
- *The Council Tax (Exceptions from Higher Amount) Wales Regulations 2015*
- *The Council Tax (Long-term Empty Dwellings and Dwellings Occupied Periodically (Wales) Regulations 2022*