

Report to	Cabinet
Date of meeting	24 th June 2025
Lead Member	Lead Member for Finance
Head of Service	Head of Finance & Audit
Report authors	Principal Revenues, Benefits and Contract Manager / Revenues & Benefits Service Delivery Manager / Revenues & Benefits Quality & Performance Manager
Title	Review of Second Home (SH) / Long-term Empty (LTE) Council Tax Premiums

1. What is the report about?

- 1.1. In 2017 legislation allowed Local Authorities (LAs) to raise Council Tax (Ctax) premiums on LTE & SH properties up to a maximum of 100%. From April 2018 Denbighshire (DCC) introduced a 50% premium on LTE properties, and from April 2019 on SH properties.
- 1.2. In 2023 legislation increased the maximum to 300% and DCC approved a further premium increase to 100% from April 2024, and 150% from April 2025. An additional 50% premium above the standard premium rate was also introduced for properties that have been empty over 5 years from April 2024.
- 1.3. Legislation defines a LTE property as a domestic property that has been unoccupied and unfurnished over 12 months. A SH property is a domestic property that is furnished but is not a person's sole or main residence.

2. What is the reason for making this report?

2.1. In October 2024, Cabinet agreed to review existing CTax premiums to understand the impact of current policy to inform future decisions. The report updates Cabinet on the review and makes recommendations for changes to the policy.

3. What are the Recommendations?

3.1. Cabinet reviews the information presented and recommends to Council that:

- SH and LTE (standard premiums) remain at current levels of 150% from April 2026
- Premiums for LTE properties that have been empty for over 5 years are increased annually by 25% up to the maximum 300%. Resulting in current premiums of 200% rising to 225% from April 2026, 250% from April 2027, and so forth.
- Introduce two new categories of premium relief within the S13a Discretionary Relief Policy as set out within paragraph 4.7 – 4.9.

4. Report details

4.1. A detailed breakdown of the data available to support the review is included in full at Appendix 1. Key data to DCC is set out in the table below.

	April 2023		April 2024		April 2025	
	Number	Proportion of total properties (44,843)	Number	Proportion of total properties (45,183)	Number	Proportion of total properties (45,434)
SH	393	0.88%	434	1%	427	0.94%
LTE (Standard)	642	1.43%	696	1.54%	570	1.25%
LTE (over 5 years)	N/A	N/A	173	0.38%	172	0.38%

- 4.2. It is important to note that historically no council tax premium was charged, and as such, data on these properties was not routinely captured. As we continue to improve identification of SH and LTE properties, some changes in premium totals are expected. The full impact of the premium increases will become clearer over time as these processes mature.
- 4.3. The numbers of SH properties have remained stable over the period and relative to the total properties in DCC the numbers are not of concern in comparison with other North Wales Councils. The conclusion reached is that it is too early to assess the full impact of the recent increases to premiums and therefore the recommendation is no change to the SH premium and keep under review.
- 4.4. Early indications suggest the increases in premiums on LTE properties (standard) is having the desired effect with a reduction in the numbers. The recommendation therefore is no change at this stage to the standard LTE premium and keep under review.
- 4.5. LTE properties that have been empty over 5 years have remained static over the period. As the total number of LTE properties has decreased, the proportion of LTE for over 5 years has increased from 25% of the total LTE properties in DCC in 2024, to 30% in April 2025. DCC also has the joint second highest proportion of properties LTE for more than 5 years out of 5 North Wales Councils. Suggesting that this is the category of premiums where attention should be focused. The recommendation is to introduce an additional 25% premium increase, year on year, on LTE properties that have been empty over 5 years from April 2026. Example charging set out in Appendix 1.
- 4.6. It is estimated that the proposed increase of 25% LTE premium in 2026/27 would generate additional revenue of £156,000.
- 4.7. Legislation allows LAs to award discretionary relief to reduce the amount of CTax paid through a 13A application. Currently the CTax team works to guidance that has a focus on financial hardship particularly where a premium has been charged on a property.
- 4.8. The policy has been reviewed and the recommendation is to introduce 2 additional categories of support for new owners of certain LTE properties to

carry out general and major renovations. Detailed information on the proposed S13a policy is contained in Appendix 2.

- **General Renovation** - 3-month premium relief for new owners of LTE properties that have been empty over five years. These properties empty over 5 years are often in poor condition and have typically already benefited from exemptions. As a result, new owners are immediately charged a premium upon purchase, which may deter potential buyers and contribute to ongoing vacancy. Providing this short-term relief would support renovation efforts and promote reoccupation
- **Major Renovation** - 6-month premium relief for new owners of LTE properties empty over 5 years, **and** also extend this relief to new owners of standard LTE properties. The standard LTE properties are generally in better condition but may still require renovation. Offering this relief ensures fairness, particularly where previous exemptions have already been used, and helps incentivise buyers to bring these homes back into use.

4.9. Introducing the two new Section 13A premium relief categories does not represent a direct cost, rather a reduction in potential premium income, as the premium charge would not be applied to eligible properties during the relief period. It is difficult to estimate what the take up of relief is likely to be. Initial modelling suggest low take up would mean a reduction in income of £100k, whereas high take up could be closer towards £668k.

5. How does the decision contribute to the Corporate Plan 2022 to 2027: The Denbighshire We Want?

- 5.1. The purpose of the Ctax premium is to increase affordable housing within DCC to maintain / grow prosperous and sustainable communities.
- 5.2. 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. The Ctax team will require additional resources (1 FTE) to support changes in administering the Section 13a policy and increased customer engagement if the premium rate rises, at a cost of £46,000 which can be funded from the additional income raised. The property inspector will also have additional visits to ensure fraud or tax avoidance is minimal this can be accommodated within existing resources.
- 6.2. The purpose of CTax premiums is to increase the supply of homes available in the county, any revenue generated cannot be relied upon to fund services in the long term and therefore premiums have not been specifically ring-fenced to fund particular services. Instead, it has been used more generally to support the prevention of homelessness, tackling poverty, and ensuring our communities are sustainable. Revenues generated are included in Appendix 1.

7. What are the main conclusions of the Well-being Impact Assessment and what changes have, or will be made to the project or approach as a result of the assessment?

- 7.1. A well-being impact assessment has been undertaken and is attached at Appendix 3, which will be presented to full council.

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

- 8.1. A full public consultation was carried out in 2023 to consult on the LTE and SH premium charge. A second public consultation is not being planned this time however, we have provided clear and timely communication regarding the review process to inform Members, Councillors, Town Councils, and it is our intention to write out to potentially impacted property owners before Council makes its decision.
- 8.2. A Members workshop was held on the 10th June, and this report will be presented to Communities Scrutiny on the 26th June, before any change in policy is recommended to Council for approval in July 2025, allowing sufficient time to communicate the change to those affected.

9. Chief Finance Officer Statement

- 9.1. Clearly there are many options available to the Council in reviewing its CTax premium charges. Recommendations for change are based on increase in both premiums in April 2024 at 100% and 2025 at 150% are a significant increase and it is early to draw conclusions on the effect of the increased premiums in changing behaviour, which is the intent of the policy.
- 9.2. The data for properties that have been empty for more than 5 years is of concern given the lack of homes across the county and this data is increasing rather than reducing.
- 9.3. A common issue often raised in correspondence is that the premium is charged on brand new owners of a property and is a barrier in bringing a LTE back into use which is counterproductive. It is therefore appropriate to consider discretionary powers available.

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

- 10.1. There are known risks such as increased fraud and avoidance. In 2024 we piloted a property occupancy review to identify potential tax avoidance. This review identified 23 previously unknown SH and LTE properties and as a result this exercise will be rolled out to review all properties in DCC.

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
- Section 13a of The Local Government Finance Act 1992
- Section 21 of The Local Government Act 2000
- Section 7 of Denbighshire County Council's Constitution