

Committee: **Cabinet**
 Date of meeting: **19 July 2023**
 Report Subject: **Council tax premiums on long-term empty and 2nd homes.**
 Portfolio Holder: **Cllr S Thomas – Leader & Cabinet Member for Resources**
 Report Submitted by: **Rhian Hayden – Chief Officer Resources**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Governance Audit Committee	Democratic Services Committee	Scrutiny Committee	Cabinet	Council	Other (please state)
14 Jun 23	29/06/23	06.07.23				19/07/23		

1. Purpose of the Report

1.1 To consider undertaking a consultation exercise on the implementation of council tax premiums on long-term empty and 2nd homes within Blaenau Gwent.

2. Scope and Background

2.1 Throughout Blaenau Gwent there are currently in the region of 400 dwellings that are classed as long term empty and 1 registered as a second home.

2.2 The Council's Empty Property Strategy aims to bring vacant properties back into use. To consider all the options available for tackling the problem of empty properties and to ensure that where vacant properties are identified every effort is made to renovate them to a good standard and bring them back into use.

2.3 Once long term empty properties are identified these are targeted for action to bring back into use by:-

- Encouraging Owners to bring their properties back into use by providing information and advice: and
- Use of enforcement powers

2.4 Blaenau Gwent Council has previously used its discretion to remove the 50% discount provided to properties that have been empty for longer than 6 months and are not entitled to any statutory exemption under the Local Government Finance Act 1992. The Council therefore levy's 100% council tax on properties that meet this criteria.

2.5 Since 1st April 2017, under the Housing (Wales) Act 2014, Councils have discretionary powers to charge a premium of up to 100% on long term empty

properties (properties empty longer than 12months) and second homes.

- 2.6 The decision to charge a council tax premium on either a long-term empty property, second home or both is a decision for each council to make. Councils can set different levels of premium for each class.
- 2.7 Welsh Government have recently undertaken a consultation exercise to update these regulations. As a result, from 1st April 2023, councils will be able to charge a premium of up to 300% on top of the standard rate of council tax for these properties.
- 2.8 In exercising its functions under this section, a billing authority must have regard to any guidance issued by the Welsh Ministers. The guidance can be found by using the link in appendix 1.
- 2.9 The regulations also identify seven classes of dwellings that are exempt from the premium. These include dwellings marketed for let or sale, annexes and seasonal homes. A full list can be found on page 7 of the accompanying guidance found in Appendix 1.

3. **Options for Recommendation**

3.1 **Option 1(preferred option)**

To note details of the discretionary powers that Councils have relating to council tax premiums, and agree to undertake a public consultation exercise on proposals to introduce a council tax premium for long term empty properties and second homes within Blaenau Gwent. The proposed consultation questions are in Appendix 2.

3.2

Option 2

To note details of the discretionary powers that Councils have relating to council tax premiums, but not consider taking the powers available forward.

4 **Evidence of how this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

- 4.1 The Corporate Plan identifies the need for thriving and resilient communities within Blaenau Gwent. Bringing empty properties back in to use will help reduce demand for affordable housing and the use of temporary accommodation. Any additional revenue generated from council tax premiums could be utilised to help address some of these issues in future.

5. **Implications Against Each Option**

5.1 ***Impact on Budget (short and long term impact)***

Option 1

Although the circumstances of the properties would have to be verified, on 2023/24 council tax levels it is estimated that circa 400 properties throughout Blaenau Gwent currently could be in scope for a long term empty premium. This could generate up to an additional £1.3m if the

Council adopted the maximum premium of 300%, and the premises remained vacant for a full financial year.

There may also be additional costs if the residents of these properties (once brought back into use) are for example eligible for Council Tax Reduction as well as potential increased costs of waste / recycling collection.

In addition some owners may make the decision to demolish the properties which will result in a reduction of Council Tax income.

Option 2

There will be no additional financial implications for the Council.

5.2 ***Risk including Mitigating Actions***

Option 1

There are no significant risks envisaged in undertaking the consultation exercise.

Option 2

Not undertaking the consultation exercise could delay any further consideration in this policy area.

5.3 ***Legal***

The Housing(Wales) Act 2014 introduced powers for Councils to consider introducing premiums for properties classed as long term empty or 2nd homes under s12A(3) and 12B(4) of the Local Government Finance Act 1992.

5.4 ***Human Resources***

The consultation exercise will be absorbed and delivered within existing staff resources. There will however, be a need to consider the staffing of the extra administrative burden should the decision in future be to adopt the discretionary premiums

6. **Supporting Evidence**

6.1 ***Performance Information and Data***

As this report is seeking to instigate the consultation process for the introduction of council tax premiums there is currently no local performance information available.

6.2 ***Expected outcome for the public***

There is a significant unmet demand for affordable housing within Blaenau Gwent alongside increasing costs associated with homelessness. It could be anticipated that properties classed as long term empty may be brought back in to use. If this is not the case, individuals that are currently liable to pay council tax on an identified long term empty property or second home will see an increase in the level of council tax that they currently pay.

- 6.3 **Involvement (consultation, engagement, participation)**
Consultation will be undertaken which will allow all stakeholders to express their views on the proposals. The consultation will last until the end of 30 September 2023
- 6.4 ***Thinking for the Long term (forward planning)***
The response to the consultation exercise will be collated and help inform decision making.
- 6.5 ***Preventative focus***
Not applicable to this report
- 6.6 ***Collaboration / partnership working***
Not applicable to this report.
- 6.7 ***Integration (across service areas)***
Not applicable to this report
- 6.8 ***Decarbonisation and Reducing Carbon Emissions***
Not applicable to this report
- 6.9 ***Integrated Impact Assessment***
Not applicable to this report
7. **Monitoring Arrangements**
- 7.1 The results of the consultation will be provided to Cabinet to aid decision making. The final decision will inform the Medium Term Finance strategy.

Background Documents / Electronic Links

Appendix 1 – Welsh Government Guidance

Appendix 2 – Consultation Questions