

Subject: APPROVAL OF A DISCRETIONARY POLICY FOR COUNCIL TAX PREMIUMS

Meeting: Cabinet

Date: 5th March 2025

Divisions/Wards Affected: All

1. PURPOSE:

1.1 The purpose of this report is to:

- Consider the Discretionary Policy for Council Tax Premiums found in Appendix One.

2. RECOMMENDATIONS:

2.1 That Cabinet use its discretionary powers, under Sections 12A, 12B and 13a of the Local Government Finance Act 1992, to introduce the following additional exceptions:

- Local exception long term empty properties – limited to 6 months
- Local exception long term empty 12 months
- Time limited discretion, as detailed in Appendix One
- Discretionary exception, as detailed in Appendix One

2.2 That Cabinet approve the Discretionary Policy for Council Tax Premiums (which details all locally agreed exceptions) found in Appendix One.

3. KEY ISSUES:

3.1 On 9th March 2023 Council decided to use their discretionary powers, under Section 12A and 12B of the Local Government Finance Act 1992 as inserted by the Housing (Wales) Act 2014, to charge a council tax premium on both long term empty properties and second homes in the county.

3.2 From 1st April 2024, for long term empty properties a 100% premium applies to properties empty for 1 year, a 200% premium to properties empty for 2 years and a 300% premium to properties empty for 3 years or more.

3.3 For second homes, it was agreed that a 100% council tax premium would apply.

3.4 On 18th January 2024 Council agreed an exception to exempt self-catering businesses moving from the commercial list to the domestic list from the second home council tax premium for a period of 12 months.

3.5 Council tax premiums have been in place now for ten months. During this time an Appeals Panel has been established to consider requests for exceptions to the

premiums. To date the Appeal Panel have considered 37 appeal requests, 24 of which have been approved.

3.6 From the appeals received and following advice from the Head of the Shared Revenues and Benefits Service, the Appeal Panel have proposed that the Council use its discretionary powers to introduce some further specific exceptions to the council tax premiums.

3.7 The proposed exceptions are detailed in Appendix One and are summarised below as:

Local exception long term empty properties – limited to 6 months

This would apply when a property that has been subject to a council tax premium is sold and the property remains empty. This local exception would apply either until the property is occupied or the 6 months has expired.

Local exception long term empty 12 months

This would apply when a property that has been subject to a council tax premium is sold, the property remains empty and is undergoing major structural works to bring the property back into use. This local exception would apply either until the property is occupied or the 12 months has expired.

Time limited discretion

This short term discretion would allow properties to be brought back into use and would be awarded in limited circumstances, as detailed in Appendix One. Any decision to reduce the council tax premium would be for a maximum of 12 months.

Discretionary exception

This exception would apply in limited, exceptional situations and would allow for the council tax premium to be removed in full if the property is not suitable as a sole or main residence.

3.8 The additional exceptions proposed are aimed at helping people who purchase a long term empty property bring it back into use. Currently anyone who purchases such a property is immediately charged the council tax premium, which potentially hinders their ability to bring the property back into use in a timely manner. The other exceptions laid out in the policy are aimed at supporting diversification and other adhoc unexpected events.

4. Legislation and Guidance

4.1 Section 12A and 12B of the Local Government Finance Act 1992 as inserted by the Housing (Wales) Act 2014 give Welsh Government Ministers powers to prescribe classes of dwellings for which a council tax premium cannot apply.

4.2 Section 13A of the same legislation also allows a billing authority to determine the particular type and classes of property to which it will or will not apply a premium. Local authorities can use these powers to reduce or disapply a premium.

5. OPTIONS APPRAISAL

5.1 The work of the Revenues Shared Service and the Council Tax Premium Appeal Panel has identified areas that would benefit from a wider discretionary policy. This would allow the Revenues Shared Service to award exceptions in certain specific circumstances rather than requiring a decision from the Appeal Panel. This would help speed up decision making for the ratepayer and reduce administration for the

Shared Service and the Appeal Panel. The drafting of a Discretionary Policy for Council tax Premiums was therefore considered to be the best approach.

6. EVALUATION CRITERIA

- Welsh Government guidance for council tax premiums
- Council Tax and Business Rate data held by our Revenues Shared Service
- Appeals considered by the Council Tax Premium Appeal Panel. Appeals considered to date by the Appeal Panel show a pattern of similar reasons for lodging an appeal. The aim of the Discretionary Policy is to provide the Revenues Shared Service with the ability to award exceptions in certain defined circumstances. This will both improve the administration of council tax premiums and reduce the number of appeal submissions to the Council Tax Premium Appeal Panel. Local Exceptions made under this Discretionary Policy will be reviewed by the Council Tax Premium Appeal Panel on an annual basis.

7. REASONS

- 7.1 The Revenues Shared Service and the Council Tax Premium Appeal Panel have identified areas where a Discretionary Policy would benefit both the rate payer and the service in administering premiums. Whilst the Policy would take some properties out of paying a council tax premium, the exceptions are consistent with the wider policy objectives of bringing long term empty properties back into use.

8. RESOURCE IMPLICATIONS

- 8.1 Revenue generated from council tax premiums will be ring fenced to a specific reserve to be used in the future to help address the specific housing needs of the County.
- 8.2 In introducing these additional exceptions this will reduce the overall revenue generated. However the actual number of properties that would fall into these exceptions is thought to be relatively small and the impact on the budget minimal.
- 8.3 The introduction of a Discretionary Policy will reduce both the administration of council tax premiums and the number of appeal submissions made to the Council Tax Premium Appeal Panel. This will benefit the ratepayer, the Revenues Shared Service and the Appeals Panel, allowing resources currently spent on preparing detailed submissions to the Appeals Panel to be utilised elsewhere.

9. WELLBEING OF FUTURE GENERATIONS IMPLICATIONS (INCORPORATING EQUALITIES, SUSTAINABILITY, SAFEGUARDING AND CORPORATE PARENTING)

- 9.1 The introduction of council tax premiums was aimed at helping to address some of the housing issues the county faces and in doing so contribute to the delivery of Corporate Plan priorities and well-being goals, as set out in the Well-being of Future Generations Act. The proposed Discretionary Policy does not affect this desired outcome.
- 9.2 An Equality Impact Assessment can be found in Appendix Two.

10. CONSULTEES:

- Cabinet
- Strategic Leadership Team
- Chief Officer for Resources and Deputy Chief Executive
- Head of Finance

11. BACKGROUND PAPERS:

Appendix One: Discretionary Policy – Council Tax Premiums

Appendix Two: Future Generations Evaluation

12. AUTHORS:

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