

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 15 OCTOBER 2013**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **WELSH GOVERNMENT CONSULTATION ON
DISCRETIONARY POWERS FOR LOCAL
AUTHORITIES TO INCREASE COUNCIL TAX ON
SECOND HOMES**

1.00 PURPOSE OF REPORT

- 1.01 To provide cabinet members with information on a Welsh Government Consultation seeking views on the policy and practical considerations of giving Local Authorities a discretionary power regarding the council tax they can apply to second homes.
- 1.02 To provide members with a series of recommended responses, as drafted by officers, on the proposals as set out in Appendix 1 to this report and seek members support to them.

2.00 BACKGROUND

- 2.01 In 2012, the Welsh Government published Homes for Wales: A White Paper for Better Lives and Communities. This highlighted the problems with housing supply and set out proposals for a programme of action to address it, including a proposal to give Local Authorities discretionary powers to charge higher rates of council tax on long-term empty properties. A report was considered by cabinet in October 2012 as part a Welsh Government consultation and members broadly endorsed the introduction of the proposals for long term empty properties.
- 2.02 Following this consultation, the Welsh Government plans to include provisions in the Housing Bill to allow Local Authorities to set higher levels of council tax properties which have been empty for long periods of time. Some responses to the consultation on the proposals for empty homes suggested similar provisions should be made for second homes, as for some owners of second homes, a higher council tax charge might act as an incentive to utilise the property in a different way, resulting in an increased number of properties being brought back into use.

- 2.03 The council tax system operates on the basis of whether a property is someone's main residence or not, whether it is unoccupied and whether it is furnished.
- 2.04 A definition of a second home can be determined to be all domestic properties which are not someone's main residence, including empty properties. The term does not just apply to holiday homes or homes which are only occupied for part of the year.

3.00 CONSIDERATIONS

- 3.01 Any change in the taxation policy for second homes could have wider implications and the Welsh Government are requesting views on what these implications might be.
- 3.02 The Welsh Government previously consulted on the level of council tax for long-term empty properties up to a maximum of 200% of the standard charge.
- 3.03 One of the objectives would be to ensure the policy is simple to understand and operate. It has been suggested the additional tax could be targeted at certain areas where second homes can be shown to have a significant impact on local communities. However, whilst this may be the case, Authorities would need to defend any apparent inconsistencies in their taxation policies. A fairer system might be for any higher charge to apply across the whole of a Local Authority's area.
- 3.04 Local Authorities would be free to retain any additional funding generated by charging additional council tax on second homes.
- 3.05 The Council has always ratified at cabinet a policy of not offering Council Tax discounts on second homes and these properties are not specifically identified on the Council Tax database. Identification of properties that may be classed as second homes would therefore be problematic as it will be reliant on Tax payers advising the Council that their property is a second home.
- 3.06 If the consultation proposals were made law by the Welsh Government and the Council decided to charge Council Tax at a higher rate for second homes, there would be a requirement to identify what should be classified as a second home and therefore chargeable, without this clarification Council Tax regulations regarding main residence would indicate that chargeable second homes would include groups such as inherited properties, workers based on temporary contracts within Flintshire.

4.00 RECOMMENDATIONS

- 4.01 For members to broadly support the principals of the proposals and authorise senior officers to respond appropriately to the consultation.
- 4.02 Assuming that members support the proposals, the recommended responses, as prepared by senior officers within the Revenue services, as detailed in Appendix 1 to this report.

5.00 FINANCIAL IMPLICATIONS

- 5.01 Any additional funds raised through a higher rate of council tax on second homes could potentially be deployed in such a way as to alleviate some of the impacts second homes can have on local communities. These include impacts on the availability of affordable housing and the provision of public services and other local facilities, including public transport.

6.00 ANTI POVERTY IMPACT

- 6.01 Potentially there could be an increase in properties available in the private rented sector.

7.00 ENVIRONMENTAL IMPACT

- 7.01 None.

8.00 EQUALITIES IMPACT

- 8.01 None.

9.00 PERSONNEL IMPLICATIONS

- 9.01 None.

10.00 CONSULTATION REQUIRED

- 10.01 The purpose of the report is to provide members with the opportunity to comment on the consultation proposals and to endorse the responses as prepared by officers in the Revenue service.

11.00 CONSULTATION UNDERTAKEN

- 11.01 This Welsh Government consultation builds on responses received as part of the previous empty properties consultation that ended in October 2012.

12.00 APPENDICES

12.01 Appendix 1 to this report contains the recommended responses to the latest consultation.

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

2012 Homes for Wales: A White Paper for Better Lives and Communities

2.12 Council Tax and Long Term empty homes in Wales Consultation

Contact Officer: **Ken.A.Jones**
 Revenues and Benefits Manager
 Telephone: 01352 702286
 Email: ken.a.jones@flintshire.gov.uk