

Reconsider second home council tax uplift while illegal to travel to second homes

Y Pwyllgor Deisebau | 17 Gorffennaf 2020
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Reference: RS20/12961-4

Petition Number: P-05-975

Petition title: Reconsider second home council tax uplift while illegal to travel to second homes.

Text of petition: Second home owners in Pembrokeshire are charged a 50% uplift on their council tax. During the Coronavirus outbreak it is illegal to travel to a second home, and therefore the homes cannot be used. This is an acceptable decision, as it reduces the potential of overwhelming rural health services. It seems only fair that, at the very least, the uplift of council tax is removed during the time that the police will fine anyone travelling to a second home.



1. Background

Council Tax Premiums

The Housing (Wales) Act 2014 amended the Local Government Finance Act 1992 ('the 1992 Act') to allow local authorities in Wales to charge higher rates of council tax in respect of long-term empty dwellings (that have been empty for at least a year) and dwellings occupied periodically, more commonly known as second homes.

This additional Council Tax is referred to as a premium. The maximum increase a local authority can charge is an **additional 100%** of the standard council tax charge, i.e. a 100% council tax premium. This means second home owners could be charged up to double the standard rate of Council Tax for that dwelling by the authority.

On the first occasion a local authority chooses to charge such a premium, it must make its determination at least one year before the beginning of the financial year in which the premium will be charged. Local authorities have had the ability to charge a premium since April 2017.

The Welsh Government has issued guidance to local authorities on use of these powers.

Exempt properties

A Council Tax premium can not be charged on a property that is either not banded for Council Tax purposes, exempt from Council Tax entirely, or where Welsh Ministers have specifically said no premium may be charged.

The Council Tax (Exceptions to Higher Amounts) (Wales) Regulations 2015 prescribes seven classes of dwellings where no premium may be charged. These include exceptions for occupied caravan pitches (where they are currently empty, but when occupied will be a person's sole or main residence) and also for seasonal homes where year round occupation is not permitted. That exception is applicable to dwellings that are subject to planning conditions that prevent occupancy for a continuous period of at least 28 days in any 12-month period.

Providing certain conditions are met, some second home owners could be liable for business rates, rather than Council Tax. In those cases, the Council Tax premium for second homes could not be charged.

Reducing Liability for the Council Tax Premiums on Long-Term Empty and Second Homes

Just as local authorities have discretionary powers to charge premiums on the standard rate of council tax on certain properties, they also have discretionary powers to reduce premiums.

Section 13A of the 1992 Act gives local authorities powers to reduce council tax liability 'to such extent as it thinks fit'. The Welsh Government's guidance states that this power 'may be used to reduce council tax liability in circumstance where a local authority may otherwise charge a premium'.

However, the Welsh Government make clear in the guidance that '**it is a matter for a local authority** as to whether the discretionary 13A powers are used to reduce council tax liability in respect of a premium'. The guidance goes on to note that local authority deliberations around the discretionary powers in 13A will likely be different when 'considering reducing liabilities resulting from a premium compared to reducing liability from the standard rate of council tax'.

2. Welsh Government and Senedd action

Towards the beginning of the lockdown (1 April 2020), Joyce Watson MS tabled a question for the Welsh Ministers on this matter: In light of current advice for people to remain in their primary residence, has the Minister had discussions with local government regarding council tax charges for second home owners?

The response from the Minister for Finance and Trefnydd stated that:

The powers for local authorities to apply council tax premiums to second homes are discretionary. It is for individual authorities to determine whether to apply a premium and the level at which this will apply.

Regulations made by the Welsh Ministers prohibited non-essential travel in Wales. This included travelling to second homes.

Responding to the Chair of the Petitions Committee, the Minister for Finance and Trefnydd emphasised again that the matter of council tax premiums is a matter for local authorities, stating:

The decision to apply a premium, and the level at which to apply it, sits with each local authority enabling them to take account of their

community needs and circumstances. Local authorities also have discretionary powers to apply discounts to the council tax bills for second homes and empty properties.

The response continues by noting that the introduction of premium was not a 'revenue-raising measure', but to bring empty and underused homes 'back into use' to help manage local housing supply.

The Minister also states that the Welsh Government has '**no plans to alter the discretionary nature of these powers**'.

3. Local authority action

It is for local authorities to determine whether or not to charge a premium in their area. A number of authorities charge an additional 25-50% premium to second homes in their area, with some charging the maximum 100% premium. However, some authorities do not charge any premium at all.

Some local authorities have provided updates on their website in relation to the premium in response to Covid-19. [Ceredigion County Council](#) and Pembrokeshire County Council for example state that there is **no change** to the Council Tax Premium currently charged on second home owners as a result of the coronavirus outbreak.

[Pembrokeshire council's website](#) notes the following on the matter:

The Authority has faced criticism from some second home owners who claim the extra charge should not be levied as they are unable to use their properties in Pembrokeshire because of the coronavirus travelling restrictions

But the Council say that the Covid-19 outbreak has **no bearing** on the reason for introducing the premium in the first place three years ago.

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