

# Reduced council tax for private estate properties

Y Pwyllgor Deisebau | 21 Mawrth 2022  
Petitions Committee | 21 March 2022

Reference: SR22/2236-3

Petition Number: P-06-1257

Petition title: Reduced council tax for private estate properties

Text of petition:

Councils should be required to reduce the council tax for the properties that are within "private" estates as all the maintenance costs for communal areas are paid by the homeowners, both leaseholders and freeholders.

The local councils do not accept responsibility for covering costs of maintenance in common areas on new housing estates. This leads Developer to appoint a Management company to do it at costs that cannot be disputed or challenged by the freeholder. So, increasingly the cost of maintaining these communal areas on newer housing estates is pushed onto homeowners. However, these homeowners do not receive any corresponding reduction in their council tax bills.



## 1. Background

Where the local authority has not adopted common areas on housing estates like roads, open spaces and play facilities, private arrangements may be put in place to ensure they are maintained. Where this happens, it will typically result in a charge being levied on residents by a management company or agent to pay for the upkeep of those areas.

Leaseholders will pay these fees through their service charge and freeholders will be made subject to an estate rent charge. Tenants may pay these costs through their rent or a service charge.

## 2. Welsh Government action

The Programme for Government contains a commitment to “Ensure that estate charges for public open spaces and facilities are paid for in a way that is fair.”

The Welsh Government consulted on estate management charges in 2020. A summary of responses to the consultation was published on 30 November 2020 along with a written statement to the Senedd from the then Minister for Housing and Local Government. In terms of next steps for the Welsh Government, the consultation summary notes:

It is clear from the evidence provided that the practice of estate charges does not work effectively for everyone under the current arrangements. The Minister will therefore use the evidence that has been gathered to consider the areas where change is needed and the potential options which may be available to make those changes.

This is just the start of a change process and any changes proposed or considered will be developed in conjunction with the industry and would be subject to further formal consultation and stakeholder engagement affording a further opportunity for feedback.

The Minister for Finance and Local Government has written to the Chair commenting on this petition. The Minister notes that council tax “...is not directly linked to the receipt of specific services” but rather provides general funding for a range of public services.

The Minister also notes in her letter that “work is in train to deliver a number of actions to address the causes and symptoms of estate charges being applied to householders” and this includes “Legislating to enable freeholders to challenge the reasonableness of estate charges (on the same basis as leaseholders currently can)” and “regulating residential property management companies.”

### 3. Welsh Parliament action

The issue of estate charges has been raised on many occasions in the Senedd.

On 14 March 2018 the Senedd debated a Members’ Legislative Proposal on Estate Management Companies. The motion, moved by Hefin David MS, proposed a Bill for the regulation of estate management companies. The proposed Bill was to include, amongst other things, giving freeholders equivalent rights to leaseholders to challenge the reasonableness of charges. Responding to the debate, the then Minister for Housing and Regeneration, Rebecca Evans, committed to set up the task and finish group to examine this issue amongst others. That group was established and subsequently published its report in July 2019.

Following the 2021 election, on 15 June 2021, the issue of estate charges was again raised in the Senedd by Hefin David MS. He asked for a statement from the Minister for Climate Change on the issue. Responding on behalf of the government, Lesley Griffiths MS said “...the Minister for Climate Change is considering all options available before coming to any further decisions.”

In November 2021, the Petitions Committee considered a petition calling for the Welsh Government to legislate to give freeholders in new build properties the right to manage their own estates. After receiving correspondence from the Minister for Climate Change which addressed the petitioner’s concerns, the Committee agreed to close the petition. The Minister had indicated in that letter that the Welsh Government was considering a number of legislative and non-legislative actions and was also co-operating with the UK Government on the issue.

Every effort is made to ensure that the information contained in this briefing is correct at the time of publication. Readers should be aware that these briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

