



Eich cyf/Your ref: P-06-1300
Ein cyf/Our ref: RE/00727/22

Jack Sargeant MS
Chair – Petitions Committee
Senedd Cymru
Cardiff Bay
Cardiff
CF99 1SN

21 September 2022

Dear Jack,

Thank you for your letter regarding ‘Petition P-06-1300 Review the decision allowing local authorities to increase council tax premiums on second homes to 300%’.

Ensuring that local people can live affordably in the communities in which they grew up, and the health and vitality of Welsh as a thriving community language, are key priorities for the Welsh Government.

We recognise second home owners can make an important contribution to our local economies, and in Wales we cherish our reputation as a welcoming society. However, we want to ensure that all homeowners and businesses make a fair contribution to the communities in which they own or let property. That is why we consulted on possible changes to local taxes for second homes and self-catering accommodation, as one part of the Welsh Government’s [three-pronged approach](#) to address issues of affordability and the impact large numbers of second homes and holiday lets can have on communities and the Welsh language.

Views on the policy behind these plans were invited as part of a 12-week [consultation](#) which looked at local taxes for second homes and self-catering accommodation. The consultation was open from 25 August to 17 November 2021 and received almost 1,000 responses. A summary of responses was published on 1 March.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Correspondence.Rebecca.Evans@gov.wales
Gohebiaeth.Rebecca.Evans@llyw.cymru

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

When formulating this policy, a range of evidence was considered including the consultation responses. After careful consideration of the evidence, the Council Tax (Long-term Empty Dwellings and Dwellings Occupied Periodically) (Wales) Regulations 2022 were made. They increase the maximum level at which local authorities can choose to set council tax premiums on second homes and long-term empty properties to 300%. This will be effective from 1 April 2023.

To accompany the Regulations, an [Explanatory Memorandum](#) was required. Part 2 of this document is the Regulatory Impact Assessment (RIA) of the Regulations. RIAs are an integral part of the policy-making and legislative process. RIAs provide Welsh Ministers, the Accounting Officer, Senedd Cymru and stakeholders with information on the likely impact of proposed legislation.

This legislation was subject to scrutiny and debate and approved through the affirmative procedure in the Senedd on 22 March. The scrutiny report of the Legislation, Justice and Constitution Committee on the Regulations is available at: [cr-ld15017-e.pdf \(senedd.wales\)](#).

The ability to charge additional council tax premiums has been welcomed as a mechanism for local authorities to mitigate the negative impacts that second homes and long-term empty properties can have. While many of the opportunities for addressing housing issues through premiums have not yet been fully realised, increasing the maximum level will enable local authorities to decide a level appropriate for their individual local circumstances when the time is right for them. It will be for individual authorities to decide whether to make use of the higher maximum allowed for council tax premiums. It should not be assumed that authorities will move to the new maximum of 300% from 1 April 2023.

Each authority needs to consider all the possible effects in deciding whether to make use of their discretionary powers to introduce a premium and must make a full assessment of possible impacts. This includes taking account of the effect of introducing premiums on communities, the housing market and the local economy. Each local authority can set the premium at any level up to the maximum and can apply different premiums to second homes and long-term empty dwellings. It is a matter for individual authorities as to whether they use their discretionary powers to reduce council tax liability in respect of a premium.

When publishing a consultation the Welsh Government gives consideration on how to reach its target audience. To publicise the consultation on local taxes for second homes and self-catering accommodation, I issued a Written Statement announcing the launch of the consultation. This was published on the Welsh Government website and circulated to Senedd Members who could then bring the consultation to their constituents' attention. In addition the Welsh Government notified a range of stakeholders including local authorities, sector representative bodies and relevant professional bodies/associations. All were requested to pass on the details of the consultation.

The Welsh Government also used its social media channels to publicise the launch of the consultation. The issues of second homes, self-catering accommodation and council tax premiums are often highlighted in the media and the consultation was widely reported in local and national media.

We value the views of our stakeholders. To make sure citizens can contribute to future Welsh Government council tax consultations I would encourage them to sign up for our regular email newsletters about our consultations <https://gov.wales/subscribe/consultations>

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The script is cursive and fluid.

Rebecca Evans AS/MS

Y Gweinidog Cyllid a Llywodraeth Leol

Minister for Finance and Local Government