

MEETING: **THE FULL COUNCIL**

DATE: **21 JANUARY 2010**

TITLE: **COUNCIL TAX: DISCRETIONARY POWERS TO ALLOW DISCOUNTS**

PURPOSE: **Ratification of the decisions not to allow any discounts for second homes and to disallow discount on empty properties for 2010/11 and thereafter.**

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PORTFOLIO LEADER: **Councillor Dylan Edwards**

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## **1. BACKGROUND / INTRODUCTION**

- 1.1 Section 12 of the Local Government Finance Act 1992 (as amended by Section 75 of The Local Government Act 2003 and The Council Tax (Prescribed Classes of Dwellings) (Wales) (Amendment) Regulations 2004) provides Councils with the discretionary powers to grant discount or not to two classes of second homes (classes A and B, below) and to long term empty dwellings (class C). The discount can be 50%, a reduced percentage or no discount.
- 1.2 Whilst regulations now provide the Board with powers to decide on the council tax base, a decision by the full Council is still required in relation to discounts. For technical reasons, confirmation has been sought annually regarding the decision to disallow council tax discounts.

## **2. “THE REGULATIONS” – COUNCIL TAX (PRESCRIBED CLASS OF DWELLINGS (WALES) REGULATIONS 1998 / THE COUNCIL TAX (PRESCRIBED CLASSES OF DWELLINGS) (WALES) (AMENDMENT) REGULATIONS 2004**

- 2.1 In the above Regulations, 'second homes' have been categorised into two classes, A and B, while class C refers to empty properties:
- **Class A** - Second homes which are unoccupied and furnished, with a restriction on occupancy for a period of at least 28 consecutive days in any 12 month period.
  - **Class B** - Second homes which are unoccupied and furnished.
  - **Class C** – empty and unfurnished properties, and have been such for a period of over 6 months.
- 2.2 The Regulations provide the Council with the discretion to charge full Council Tax or to allow a 25% or 50% discount to classes A and B.
- 2.3 Similarly, the Regulations provide the Council with discretion to continue to allow a 50% discount, to allow a lower percentage of discount, or no discount at all to class C.

### **3. CURRENT POLICY**

- 3.1 The Council has resolved to allow NO discounts to second homes (classes A and B) every year since receiving discretionary powers for these classes in 1998.
- 3.2 The Council resolved NOT to allow a 50% discount for class C (in respect of empty/unoccupied properties) for 2009/10.
- 3.3 The financial strategy for 2010/11, and the Council's grant settlement from the Assembly, is based on continuation of the policy to allow NO discounts, and any change to that policy would need to be funded by the Council in 2010/11.

### **4. SECOND HOMES**

- 4.1 A number of elected members have suggested that we should charge more than 100% of the usual Council Tax payable on second homes, by means of a 'premium' rather than a discount.
- 4.2 In order to operate a 'premium', there would need to be a change in the national Regulations, and also a change in the primary legislation underpinning those Regulations (by the Westminster and Assembly Governments).
- 4.3 It would be necessary to act jointly with other local authorities in order to succeed with a campaign to prompt such a development. This matter has received attention from officers, as has the retention of council tax income generated by disallowing discounts to second homes.

### **5. EMPTY PROPERTY**

- 5.1 Gwynedd Council's Empty Property Strategy 2009/10 – 2011/12 was adopted by the Care Scrutiny Committee on 3 February 2009. The Council has also recognised the importance of paying attention to empty properties within its 3 Year Plan (bringing empty properties back into use). The Empty Property Strategy's mission statement is that: *"Gwynedd Council will endeavour to bring empty properties back into use. Our aims are to contribute to the well-being of the neighbourhood, increase the supply of housing, reduce homelessness or the potential for homelessness, and at the same time, reduce the pressure on the Housing Waiting List"*.
- 5.2 Since April 2009, long term empty dwellings have been charged at 100% of the occupied council tax payable, following either an exempt period of 6 months, or an extended 12 month period of exemption if undergoing major renovation. Any discount would provide an unfortunate incentive for owners to keep dwellings empty. The Empty Property Strategy includes the Council exercising its discretion to charge 100% council tax on long term empty dwellings, as an incentive for these dwellings to be reoccupied. It is recommended that the full Council continues with the resolution not to allow a discount on empty property in 2010/11.

## 6. RECOMMENDATION

- 6.1 It is interpreted that an annual decision by the full Council may be required, therefore **the Council is asked to formally resolve** again for 2010/11 **that Gwynedd Council allow NO discount** under Section 12 of the Local Government Finance Act 1992 **to the two classes of second homes** (classes A and B) defined in the Council Tax (Prescribed Class of Dwellings) (Wales) Regulations 1998.
- 6.2 Further, **the Council is asked to decide** for 2010/11 **to allow NO discount in respect of empty properties** (class C).
- 6.3 In order to avoid the need for an annual decision on the above, the Council is asked to confirm that this policy should continue beyond 2010/11, and thereafter until a relevant item is tabled on the full Council's agenda.