



FULL COUNCIL REPORT

Date Written	8 th March 2021
Report Author	Mike Parry
Service Area	Revenues
Exempt/Non Exempt	Non-Exempt
Committee Date	24 th March 2021

To: Mayor, Ladies and Gentlemen

Council Tax Discounts for Long Term Unoccupied Properties

1.0 SUMMARY OF THE REPORT

- 1.1 The Council is required to make an annual determination as to the level of discounts applicable to both Long Term Unoccupied Properties and Unoccupied Furnished Properties within its area.
- 1.2 In respect of Long Term Unoccupied and Unfurnished Properties, the Council has previously resolved to apply a discount of 0%. This report proposes that this be continued effective from 1st April 2021.
- 1.3 In respect of Unoccupied and Furnished Properties, the Council has consistently resolved that no discount be applied.
- 1.4 The Housing Wales Act gives Local Authorities the discretionary powers to charge up to an additional 100% council tax premium on Long Term Unoccupied Unfurnished Properties and Unoccupied Furnished Properties.

2.0 RECOMMENDATIONS that

- 2.1 The determination to continue the level of 0% discount effective from 1st April 2021 for all Class C, Long Term Unoccupied Properties as defined in Section 12 of the Local Government Finance Act 1992 as amended, be approved (See Appendix B).
- 2.2 The determination to apply no premium in the 2022/2023 financial year in respect of Long Term Unoccupied Properties, and Unoccupied and Furnished Dwellings be approved. (This position to be reviewed in 2021 in relation to financial year 2023/24).

3.0 INTRODUCTION AND BACKGROUND

DISCOUNTS ON LONG TERM UNOCCUPIED PROPERTIES

- 3.1 Historically, Local Authorities have had no choice other than to apply a 50% discount in respect of long-term unoccupied properties. A long-term unoccupied property is defined as an unoccupied, substantially unfurnished dwelling that is not exempt according to the list of exempt classes at Appendix A. Unoccupied properties are generally exempt for the initial six-month period, (or twelve months in respect of those properties that are additionally uninhabitable), regardless of any interim ownership change.
- 3.2 In February 2004, secondary legislation was introduced which permitted Local Authorities to vary the discount anywhere between 50% and 0%. The discount must apply to all such properties during the course of a financial year and cannot be incremented, although it could be varied between electoral divisions. A resolution must be made prior to each new financial year as to the policy in this regard. Since the 1st April 2019, the Council has resolved to apply a 0% discount in such cases.

UNOCCUPIED AND FURNISHED PROPERTIES

- 3.3 Similarly, in respect of properties that are unoccupied, furnished and not exempt from Council Tax, (Appendix B – classes A & B). Council must make an annual resolution as to what discount from Council Tax (on a sliding scale between 50% and 0%) should apply in these cases. The resolution must apply to all such properties and all areas of the Authority for the given financial year. This Authority and the former Borough Council has consistently resolved since the commencement of Council Tax in 1993 that no discount be applied in these cases.
- 3.4 On April 1st 2010, the Welsh Assembly Government also enacted legislation which introduced a statutory 50% discount on those properties owned by Armed Forces personnel, who currently live in accommodation provided by the Ministry of Defence.

There are presently four qualifying properties within the Authority.

HOUSING (WALES) ACT: (COUNCIL TAX PREMIUMS)

- 3.5 The Housing (Wales) Act 2014 added Sections 12A and 12B to the Local Government Finance Act 1992. This amendment includes a discretionary provision which allows Authorities to charge a premium of no more than 100% on long term unoccupied properties and unoccupied furnished properties. The Council must provide notice of its intention to raise a premium at least one year before the start of the financial year to which it relates. That is, if the Council were to raise a premium for 2022/23, a determination would be required prior to the 31st March 2021.
- 3.6 The implementation of a premium is to incentivise owners to bring empty and periodically occupied properties back into use.

- 3.7 The Council Tax (Exceptions from higher amount) (Wales) Regulations 2015, prescribed the classes of dwellings that are excepted from a premium being charged. (Appendix C). These are loopholes that can be easily exploited and result in a loss of Council Tax to Councils.
- 3.8 The Revenue Section is responsible for charging, collecting and undertaking any required enforcement action for non-payment of Council Tax. The imposition of a premium could mean that additional resources will be required within the team to mitigate the effect of increased administration, ICT costs, enforcement resources and attendance at Valuation Tribunals to defend the Council at individual case hearings. Additionally, non-payment of any premium would have a negative impact on collection rates.
- 3.9 Welsh Government have not ringfenced how Authorities should use any additional funding generated by a premium. However, they have stated that Authorities are encouraged to use any additional revenue generated to help meet local housing needs in line with the policy intentions of the premiums.
- 3.10 At the time of writing, our neighbouring Councils are not planning to charge premiums in respect of the financial year 2021/22. However, eleven Welsh Local Authorities have already introduced premiums due to their particular circumstances and large numbers of second homes.
- 3.11 It is proposed that no changes are made in this Council and we review the position annually in light of other Council experience of implementing changes.

4.0 FINANCIAL IMPLICATIONS

- 4.1 No changes to revenue from the introduction of a premium or reduction in Council Tax discount has been included within the medium term financial plan.

5.0 INTEGRATED IMPACT ASSESSMENT

5.1

	Positive Impacts	Negative Impacts	Not Applicable
1. Merthyr Tydfil Well-being Objectives	0 of 4	0 of 4	4 of 4
2. Sustainable Development Principles – How have you considered the five ways of working: <ul style="list-style-type: none"> • Long Term • Prevention • Integration • Collaboration • Involvement 	4 of 5	0 of 5	1 of 5

3. Protected Characteristics (including Welsh Language)	0 of 10	0 of 10	10 of 10
4. Biodiversity	0 of 1	0 of 1	1 of 1

Summary:

The main positive impacts are bringing long term unoccupied properties back into use will increase the number of properties available for sale and let. Will also have environmental benefits such as reducing vandalism and improving community pride in an area.

No negative impacts have been identified.

ELLIS COOPER
CHIEF EXECUTIVE

COUNCILLOR ANDREW BARRY
CABINET MEMBER FOR GOVERNANCE
& CORPORATE SERVICES

BACKGROUND PAPERS		
Title of Document(s)	Document(s) Date	Document Location
Integrated Impact Assessment	8th March 2021	Electronic Library
Does the report contain any issue that may impact the Council's Constitution?		No

Consultation has been undertaken with the Corporate Management Team in respect of each proposal(s) and recommendation(s) set out in this report.

COUNCIL TAX EXEMPT CLASSES

- Class A** A dwelling that is unoccupied, substantially unfurnished, and requires or is undergoing major repair in order to render it habitable and for up to six months following the substantial completion of repairs. Effective from 1st April 2000, this form of exemption cannot exceed one year.
- Class B** An unoccupied dwelling owned by a charity; maximum period, six months.
- Class C** A dwelling that is unoccupied and substantially unfurnished; maximum period, six months.
- Class D** An unoccupied dwelling where the liable person and last occupier is detained (prisoner).
- Class E** An unoccupied dwelling where the liable person and last occupier have their main address in a hospital or Residential/Care/Nursing Home.
- Class F** An unoccupied dwelling which falls within the estate of a deceased person for up to six months following the issue of the Grant of Probate or Grant of Letters of Administration.
- Class G** A dwelling that is prohibited from occupation by law.
- Class H** An unoccupied dwelling awaiting occupation by a minister of religion.
- Class I** An unoccupied dwelling where the liable person and last occupier is living at another address in order to receive personal care from the other occupier(s) there.
- Class J** An unoccupied dwelling where the liable person and last occupier is living at another address in order to provide personal care to the other occupier(s) there.
- Class K** An unoccupied dwelling where the liable person and last occupier is a full-time student.
- Class L** An unoccupied dwelling where a mortgagee is in possession.
- Class M** Student halls of residence.
- Class N** A dwelling that is occupied solely by students.
- Class O** A dwelling owned by the Ministry of Defence and held for armed forces.
- Class P** A dwelling where a liable person is a member of a visiting force.

- Class Q** An unoccupied dwelling owned by a bankrupt.
- Class R** An unoccupied caravan pitch or boat mooring.
- Class S** An occupied dwelling where no occupier has attained the age of 18.
- Class T** Unoccupied annexes which may not be let separately from that other dwelling without breaching planning control.
- Class U** A dwelling that is occupied solely by a person or persons who is or are severely mentally impaired.
- Class V** Diplomats.
- Class W** Annexes occupied by a dependant relative of the occupier(s) of the main dwelling.
- Class X** A dwelling that is occupied solely by care leavers.

Please note: This list is intended as a guide only and should not be construed as being the legal definition of any class. Any clarification should be made directly with the Council's Council Tax Department.

**PRESCRIBED CLASSES OF UNOCCUPIED DWELLINGS FOR
SECTION 12 of the LOCAL GOVERNMENT FINANCE ACT 1992**

CLASS A – A dwelling in Wales:

which is not the sole or main residence of an individual;
which is furnished; and
the occupation of which is prohibited by law for a continuous period of at least 28 days in the relevant year.

CLASS B – A dwelling in Wales:

which is not the sole or main residence of an individual;
which is furnished; and
the occupation of which is not prohibited by law for a continuous period of at least 28 days in the relevant year.

CLASS C – a dwelling in Wales:

which is not the sole or main residence of an individual; and
which is substantially unfurnished.

Please note: None of the above classes can apply in respect of pitches occupied by caravans or moorings occupied by boats, job-related or exempt dwellings.

COUNCIL TAX PREMIUMS - PRESCRIBED CLASSES OF EXCEPTED DWELLINGS

Long-term empty & substantially unfurnished dwellings:

Class 1 - Properties being marketed for sale (**exception period up to 12 months**).

Class 2 - Properties being marketed for let (**exception period up to 12 months**).

Class 3 - Annexes forming part of, or being treated as, part of the main dwelling.

Class 4 - Dwellings which would be someone's sole or main residence if they were not residing in Armed Forces accommodation or were not in service in the Armed Forces of the Crown.

Dwellings occupied periodically:

Class 1 - Properties being marketed for sale (**exception period up to 12 months**).

Class 2 - Properties being marketed for let (**exception period up to 12 months**).

Class 3 - Annexes forming part of, or being treated as, part of the main dwelling.

Class 4 - Dwellings which would be someone's sole or main residence if they were not residing in Armed Forces accommodation or were not in service in the Armed Forces of the Crown.

Class 5 - Occupied caravan pitches and boat moorings.

Class 6 - Seasonal homes where year-round occupation is prohibited.

Class 7 - Job related dwellings.