

Pecyn Dogfennau Cyhoeddus

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Tredomen Park,
Ystrad Mynach,
Hengoed CF82 7PG

Tŷ Penallta,
Parc Tredomen,
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www.caerphilly.gov.uk
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Am unrhyw ymholiad yn ymwneud â'r agenda hwn cysylltwch â Julie Lloyd
(Rhif Ffôn: 01443 864246 Ebst: lloydj4@caerphilly.gov.uk)

Dyddiad: Dydd Iau, 21 Mawrth 2024

Bydd y cyfarfod hwn yn cael ei ffrydio'n fyw ac yn cael ei recordio a bydd ar gael i'w weld ar wefan y Cyngor, ac eithrio trafodaethau sy'n ymwneud ag eitemau cyfrinachol neu eithriedig. Felly, bydd delweddau/sain yr unigolion sy'n siarad ar gael yn gyhoeddus i bawb trwy'r recordiad ar wefan y Cyngor: www.caerffili.gov.uk

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I bwy bynnag a fynno wybod,

Bydd cyfarfod y **Cyngor** yn cael ei gynnal yn y Siambr, Tŷ Penallta a thrwy Microsoft Teams ar **Dydd Mercher, 27ain Mawrth, 2024** am **5.00 pm** i ystyried materion a gynhwysir yn yr agenda canlynol. Gall aelodau'r Cyhoedd neu'r Wasg fynychu'n bersonol yn Nhŷ Penallta neu gallant weld y cyfarfod yn fyw drwy'r ddolen ganlynol: <https://civico.net/caerphilly>

Yr eiddoch yn gywir,

Christina Harrhy
PRIF WEITHREDWR

AGENDA

Tudalennau

- 1 I dderbyn ymddiheuriadau am absenoldeb

A greener place Man gwyrddach



Correspondence may be in any language or format | Gallwch ohebu mewn unrhyw iaith neu fformat

2 Datganiadau o Ddiddordeb.

Atgoffi'r Cynghorwyr a Swyddogion o'u cyfrifoldeb personol i ddatgan unrhyw fuddiannau personol a/neu niweidiol mewn perthynas ag unrhyw eitem o fusnes ar yr agenda hwn yn unol â Deddf Llywodraeth Leol 2000, Cyfansoddiad y Cyngor a'r Cod Ymddygiad ar gyfer Cynghorwyr a Swyddogion.

I dderbyn ac ystyried yr adroddiad(au) canlynol:-

- | | | |
|---|---|---------|
| 3 | Datganiad Ymholiadau Archwilio Cymru 2022/23 | 1 - 26 |
| 4 | Canlyniad yr ymgynghoriad – Cynigion i Weithredu Premiymau Treth y Cyngor ar Eiddo Gwag Hirdymor ac Ail Gartrefi. | 27 - 64 |

Cylchrediad:

Pob Aelod a Swyddog Priodol

SUT FYDDWN YN DEFNYDDIO EICH GWYBODAETH

Bydd yr unigolion hynny sy'n mynychu cyfarfodydd pwyllgor i siarad/roi tystiolaeth yn cael eu henwi yng nghofnodion y cyfarfod hynny, weithiau bydd hyn yn cynnwys eu man gweithio neu fusnes a'r barnau a fynegir. Bydd cofnodion o'r cyfarfod gan gynnwys manylion y siaradwyr ar gael i'r cyhoedd ar wefan y Cyngor ar www.caerffili.gov.uk ac eithrio am drafodaethau sy'n ymwneud ag eitemau cyfrinachol neu eithriedig.

Mae gennych nifer o hawliau mewn perthynas â'r wybodaeth, gan gynnwys yr hawl i gael mynediad at wybodaeth sydd gennym amdanoch a'r hawl i gwyno os ydych yn anhapus gyda'r modd y mae eich gwybodaeth yn cael ei brosesu.

Am wybodaeth bellach ar sut rydym yn prosesu eich gwybodaeth a'ch hawliau, ewch i'r [Hysbysiad Preifatwydd Cyfarfodydd Pwyllgor Llawn](#) ar ein gwefan neu cysylltwch â Gwasanaethau Cyfreithiol drwy e-bostio griffd2@caerffili.gov.uk neu ffoniwch 01443 863028.



SPECIAL COUNCIL – 27TH MARCH 2024

SUBJECT: AUDIT WALES ENQUIRIES RETURN 2022/23

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

1.1 To present Council with responses to Audit Wales in relation to enquiries around our management processes relating to the prevention and detection of fraud, and compliance with laws and regulations in respect of disclosures in the 2022/23 Financial Statements.

2. SUMMARY

2.1 As part of their audit planning and to comply with International Auditing Standards, Audit Wales needs to gain an understanding of how the Council gains assurance over management processes and arrangements in relation to the detection and prevention of fraud and compliance with relevant laws and regulations in the preparation of the Financial Statements .

2.2 The Council's response to the questions raised by Audit Wales in respect of the 2022/23 financial year is appended to this report.

3. RECOMMENDATIONS

3.1 Council is asked to endorse the response appended to this report.

4. REASONS FOR THE RECOMMENDATIONS

4.1 To ensure that Council considers and endorses the responses to Audit Wales.

5. THE REPORT

5.1 As part of the external audit of the Authority's Draft Financial Statements for the year ended 31st March 2023, Audit Wales, in compliance with the International Auditing Standards, is required to refresh its understanding of how the Council gains assurance over management processes and arrangements.

5.2 The assurances are around an understanding of our management processes to prevent and detect fraud and to ensure compliance with relevant laws and regulations in the preparation of the Council's Financial Statements.

5.3 The questions asked by Audit Wales in the attached document are standard for all Local Authorities and are not specific to Caerphilly Council. The responses are presented to Council

for endorsement prior to the audited 2022/23 Financial Statements being presented to the Governance & Audit Committee on 16 April 2024 and then Full Council on 18 April 2024.
Conclusion

5.4 The report provides Members with details of the responses given to Audit Wales.

6. ASSUMPTIONS

6.1 No assumptions have been made in respect of this report.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 This report is a statement of existing management processes and arrangements, so an Integrated Impact Assessment is not required.

8. FINANCIAL IMPLICATIONS

8.1 There are no direct financial implications arising from this report.

9. PERSONNEL IMPLICATIONS

9.1 There are no personnel implications.

10. CONSULTATIONS

10.1 Any comments received from consultees have been included within the report.

11. STATUTORY POWER

11.1 Local Government Act 2000

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Appendices:

Appendix 1 Audit Wales Enquiries Return 2022/23

Enquiries of management

General enquiries (including financial reporting) of management	
Question	Response
1. Are there significant matters and/or events that have occurred since April 2022 that could influence our audit approach or the Council's financial statements?	None.
2. What are your general views on the Council's risk assessment process relating to financial reporting?	<p>The Medium-Term Financial Plan (MTFP) is currently a 'Red Risk' on the Corporate Risk Register, and this is also reflected in Directorate Risk Registers.</p> <p>The budget monitoring process highlights any financial concerns and mitigating actions required. The Head of Financial Services & Section 151 Officer is consulted on the financial implications of all reports presented to Cabinet and Council.</p>

General enquiries (including financial reporting) of management	
Question	Response
3. Are you aware of significant transactions that are outside the normal trading activities of the Council's business?	Not aware of any significant transactions outside normal activities of the Council's business.
4. Are you aware of any transactions, events or changes in circumstances that would cause impairments of non-current assets (ie. its fixed assets, such as land and buildings)?	Not aware of any transactions, events or changes in circumstances that would cause impairments of the Council's non-current assets.
5. Are you aware of any transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?	Valuation of the Greater Gwent Torfaen Pension Fund. Valuation estimates related to the Council's Property, Plant and Equipment.
6. Does the Council have any new estimates in respect of the 2022-23 year of account?	No new estimates.

General enquiries (including financial reporting) of management	
Question	Response
7. Have there been any issues that may impact the preparation of the 2022-23 financial statements?	No Issues.
8. Do you have knowledge of events or conditions beyond the period of the going concern assessment that may cast significant doubt on the Council's ability to continue as a going concern?	No going concern issues identified.
9. Are there any issues around the use of service organisations or common functions, including uncorrected misstatements from service organisations? This would include the NHS Wales Shared Services Partnership.	None.
10. Please provide information on the status of the disclosed contingencies from the prior year.	No contingent liabilities disclosed in 2021/22.

General enquiries (including financial reporting) of management	
Question	Response
<p>11. What are your views on the Council's control environment? How would you assess the process for reviewing the effectiveness of internal control?</p>	<p>The Council has established a Governance & Audit Committee which has a range of responsibilities including consideration of the effectiveness of the internal control environment.</p> <p>The Governance & Audit Committee receives Internal Audit reports on the opinions generated from individual audits and progress against audit recommendations</p> <p>The Internal Audit Manager prepares an outturn report annually which includes an audit opinion on the effectiveness of internal controls, and this is incorporated into the Annual Governance Statement which is presented to and endorsed by the Governance & Audit Committee prior to its inclusion in the Financial Statements.</p>
<p>12. If significant internal control deficiencies were reported in the prior year, please comment on the status of these.</p>	<p>None.</p>

Enquiries of management - in relation to fraud	
Question	Response
13. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud? What is the nature, extent and frequency of management's assessment?	<p>Management is content that the risk of the financial statements being materially misstated due to fraud is low.</p> <p>This is due to the following: -</p> <ul style="list-style-type: none">• The identification of potential fraud is built into audit work as a matter of course and the Internal Audit Team provides ad hoc advice to service areas on request or where necessary.• Instances of fraud remain low.• The Purchase Ledger Team receives notifications of potential creditor fraud from the South Wales Creditor Group, which allows us to monitor these suppliers and raise awareness amongst payments staff. The Internal Audit Team also receives these notifications and where issues are identified relevant advice or guidance on best practice is issued.• We maintain a software package (AP Forensics) to monitor Purchase Ledger payments. This package identifies potential instances of fraud and error that are investigated prior to the release of funds.

Enquiries of management - in relation to fraud	
Question	Response
	<ul style="list-style-type: none"> • We have an effective system of internal control underpinned by Financial Regulations and Standing Orders for Contracts. Compliance is good with no material issues being identified. • We work with the DWP's Single Fraud Investigation Service in respect of Housing Benefit fraud.
14. Do you have knowledge of any actual, suspected or alleged fraud affecting the Council?	There is one ongoing police investigation relating to potential fraud in a previous reporting period.
15. What is management's process for identifying and responding to the risks of fraud in the Council, including any specific risks of fraud that management has identified or that have been brought to its attention?	<p>We have a number of key policies that are available on the Council's Intranet including the following: -</p> <ul style="list-style-type: none"> • Anti-Fraud, Bribery and Corruption Policy. • Anti-Money Laundering Policy. • Payment Card Industry Data Security Standard Policy. • Whistleblowing Policy. • I.T. Security Policy.

Enquiries of management - in relation to fraud	
Question	Response
	Any instances of alleged or suspected fraud are followed up and investigated. The number of instances are small and there have been no material matters that impact on the Financial Statements for the 2022/23 financial year.
16. What classes of transactions, account balances and disclosures, within the financial statements, have you identified as most at risk of fraud?	Cash Receipting, Petty Cash, Payroll and Creditor Payments (including purchase card transactions).
17. Are you aware of any whistleblowing or complaints by potential whistleblowers? If so, what has been the Council's response?	<p>There have been no whistleblowing referrals during the 2022/23 financial year.</p> <p>When whistleblowing notifications are received, they are fully investigated in accordance with the Council's whistleblowing policy, as are anonymous reports and complaints.</p>
18. What is management's communication to those charged with governance (full Council)	One of the key functions of the Governance & Audit Committee is to consider the effectiveness of the Council's

Enquiries of management - in relation to fraud	
Question	Response
regarding their processes for identifying and responding to risks of fraud?	<p>risk management arrangements, the control environment and associated anti-fraud and corruption arrangements.</p> <p>The Council has formally agreed a Risk Management Strategy which was originally endorsed in 2013 and updated in 2017. The Strategy was reviewed and updated again during the 2021/22 financial year and endorsed by the Governance & Audit Committee at its meeting on 25 January 2022.</p> <p>The Governance & Audit Committee approved the Caerphilly CBC Anti-Fraud Strategy on 14 June 2022, and this is underpinned by an Action Plan that was presented to the Committee on 11 October 2022. The Action Plan is currently in the process of being updated and refreshed.</p> <p>The Council has taken steps to ensure that its ability to mitigate cyber risk is effective given the escalating global threats, and at its meeting on 14 June 2022 the Governance & Audit Committee also endorsed the Council's Draft Cyber Security Strategy.</p>

Enquiries of management - in relation to fraud	
Question	Response
19. What is management's communication to employees regarding their views on business practices and ethical behaviour?	<p>The Council's Constitution contains formal codes of conduct that articulate the standards of ethical behaviour that are expected from both Members and Officers. These incorporate procedures for the disclosure of personal interests and offers of gifts and hospitality.</p> <p>Both Members and Officers are made aware of the personal conduct and disclosure requirements, and they are available for reference on the Council's Intranet.</p> <p>All declarations of Member gifts and hospitality are reported to the Council's Standards Committee. For Officers, a quarterly update is given to the Council's Governance & Audit Committee.</p> <p>Customer Services standards have been introduced as standards of behaviour adopted by the Council that all staff should be adhering to.</p> <p>Core policies are provided to staff on induction into the Council. Core policies are also available on the Council's Intranet, including the following: -</p> <ul style="list-style-type: none"> • Financial Regulations and Standing Orders.

Enquiries of management - in relation to fraud

Question	Response
	<ul style="list-style-type: none">• Anti-Fraud, Bribery and Corruption Policy.• Human Resources Portal – Managing Performance and Code of Conduct.• Information Governance/Data Protection.• Whistleblowing Policy.• Code of Conduct for Officers and Members.
20. For the Council's service organisations, have you reported any fraud or potential fraud to any affected parties?	None.

Enquiries of management – in relation to laws and regulations

Question	Response
21. What are the policies and procedures in place to identify applicable legal and regulatory requirements to ensure compliance?	<p>The Council aims to ensure compliance with established policies, procedures, laws and regulations through a variety of mechanisms, including the following: -</p> <ul style="list-style-type: none">• Corporate Management Team.• Directorate Management Teams.• Heads of Service.• Head of Legal Services & Monitoring Officer.• Head of Financial Services & S151 Officer.• Senior Information Risk Owner (SIRO).• Data Protection Officer.• Internal Audit.• External Audit.• Performance Management Framework. <p>The Head of Legal Services & Monitoring Officer and the Head of Financial Services & S151 Officer routinely attend each formal meeting of the Corporate Management Team and they also attend all Cabinet meetings. Furthermore, the standard committee reporting procedure and report template requires these Officers to examine reports to the Executive for compliance with legal and procedural issues. The report template also includes a section on financial implications</p>

Enquiries of management – in relation to laws and regulations

Question	Response
	<p>which is reviewed by the Head of Financial Services & S151 Officer.</p> <p>In addition to the above, the Council has a Deputy Monitoring Officer and a Deputy Section 151 Officer to ensure that adequate cover for these roles is in place during periods of sickness absence or annual leave.</p>
22. Are you aware of any instances of non-compliance with laws or regulations? Has the Council received any notice of any such known of possible instances of non-compliance?	None.
23. Have there been any examinations or inquiries performed by licensing, tax, or other authorities/regulators?	HMRC have recently completed a compliance check on VAT return submissions with no issues subsequently raised.
24. Has there been any significant communications with regulators?	No significant communications to disclose.

Enquiries of management – in relation to laws and regulations

Question	Response
25. For the Council's service organisations, have you reported any non-compliance with laws and regulations?	None.

Enquiries of management – in relation to regularity	
Question	Response
26. What is your assessment of the risk of material irregularity, in respect of the 2022-23 financial statements?	Management is content that the risk of material irregularity is low in respect of the 2022/23 financial statements
27. What is the process for responding to the risk of irregularity?	Please refer to the response to question 21.
28. What is your knowledge of actual, suspected, or alleged irregularity?	Not aware of any actual, suspected, or alleged irregularity.
29. Where service organisations are used by the Council, have any irregularities been reported to any affected parties?	None.

Enquiries of management in relation to related parties

Question	Response
30. Have there been any changes to related parties from the prior year? If so, what is the identity of the related parties and the nature of those relationships?	No significant changes to the related party disclosures from the prior year.
31. What transactions have been entered into with related parties during the period? What is the purpose of these transactions?	The Council is required to disclose material transactions with related parties i.e. bodies or individuals that can potentially control or influence the Council, or to be controlled or influenced by the Council. Details of related party transactions are provided in Note 20 of the 2022/23 Draft Financial Statements.
32. What controls are in place to identify, account for and disclose related parties?	The Council's Democratic Services Team maintains registers of interest for all Members, which are updated routinely on an annual basis. Members are also advised to notify Democratic Services of any changes as they occur. The Register of Interests for each Member are available on the Council's website. In addition to this process Members and Seniors Officers are also asked by Corporate Finance to complete a 'Disclosure of Interest' form as part of the annual accounts process.

Staff are also asked to disclose details of interests and gifts and hospitality. These are routinely reported to the Governance & Audit Committee

33. What controls are in place to authorise and approve significant transactions and arrangements:

- with related parties; and
- outside the normal course of business?

All contracts are let in accordance with the Council's Standing Orders and Financial Regulations.

At the commencement of meetings, Members are reminded of their responsibility to declare any personal and/or prejudicial interest(s) in respect of any item of business on agendas in accordance with the Local Government Act 2000, the Council's Constitution and the Code of Conduct for both Councillors and Officers.

Necessary disclosures are included in the Financial Statements which are reviewed and endorsed by the Governance & Audit Committee annually prior to Council consideration and approval.

Enquiries of those charged with governance

Enquiries of those charged with governance	
Question	Response
34. Do you have any knowledge of actual, suspected, or alleged fraud affecting the entity?	There is one ongoing police investigation relating to potential fraud in a previous reporting period.
35. What is your assessment of the risk of fraud within the entity, including those risks that are specific to the Council's business sector?	Not aware of any significant risks of fraud.
36. How do you exercise oversight of: <ul style="list-style-type: none"> • Management's processes for identifying and responding to the risk of fraud in the Council; and • The controls to manage these risks? 	<p>The Governance & Audit Committee approved the Caerphilly CBC Anti-Fraud Strategy on 14 June 2022, and this is underpinned by an Action Plan that that was presented to the Committee on 11 October 2022.</p> <p>The Council's recently appointed Deputy Section 151 Officer will be the Council's 'Fraud Champion' and the Anti-Fraud</p>

Enquiries of those charged with governance	
Question	Response
	<p>Strategy Action Plan is currently in the process of being updated and refreshed.</p> <p>The Council has taken steps to ensure that its ability to mitigate cyber risk is effective given the escalating global threats, and at its meeting on 14 June 2022 the Governance & Audit Committee endorsed the Council's Cyber Security Strategy.</p>
37. Are you aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the operations of the Council?	None.
38. Are you aware of any instances of non-compliance with relevant laws and regulations?	None.
39. What is the process for identifying and responding to the risks of fraud?	The Council has established a Governance & Audit Committee which has a range of responsibilities including

Enquiries of those charged with governance	
Question	Response
	consideration of the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and corruption arrangements.
40. Are there any matters which those charged with governance consider require particular attention during the audit?	None.
41. Are there any other matters which those charged with governance consider may influence the audit of the financial statements?	None.
42. Are those charged with governance aware of any significant communications with regulators?	None.
43. What arrangements are in place to oversee the effectiveness of internal control?	The Council has established a Governance & Audit Committee which has a range of responsibilities including

Enquiries of those charged with governance	
Question	Response
	<p>consideration of the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and corruption arrangements.</p> <p>A Corporate Governance Review Panel has also been established to oversee the compilation of the Annual Governance Statement (AGS), which is presented to both the Governance & Audit Committee and Council as part of the Financial Statements. Membership of the Panel is as follows: -</p> <ul style="list-style-type: none">• Corporate Director for Education & Corporate Services (Chair).• Head of Financial Services and S151 Officer.• Head of Legal Services & Monitoring Officer.• Head of Transformation.• SIRO/Head of Customer & Digital Services.• Internal Audit Manager.• Cabinet Member for Finance and Performance.• Chair of Governance & Audit Committee.

Background information

Matters in relation to fraud

International Standard for Auditing (UK and Ireland) 240 covers auditors' responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both management, and 'those charged with governance' (full Council). Management, with Council members, should ensure there is a strong emphasis on fraud prevention and deterrence and create a culture of honest and ethical behaviour, reinforced by active oversight by Council members.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

What are we required to do?

As part of our risk assessment procedures, we are required to consider the risks of material misstatement due to fraud. This includes understanding the arrangements management has put in place in respect of fraud risks. The ISA views fraud as either:

- the intentional misappropriation of assets; or
- the intentional manipulation or misstatement of the financial statements.

We also need to understand how Council members exercises oversight of management's processes. We are also required to make enquiries of both management and Council members as to their knowledge of any actual, suspected, or alleged fraud and for identifying and responding to the risks of fraud and the internal controls established to mitigate them.

Matters in relation to laws and regulations

International Standard for Auditing (UK and Ireland) 250 covers auditors' responsibilities to consider the impact of laws and regulations in an audit of financial statements.

Management, with the oversight of those charged with governance, (full Council), is responsible for ensuring that the Fund's operations are conducted in accordance with laws and regulations, including compliance with those that determine the reported amounts and disclosures in the financial statements.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. The ISA distinguishes two different categories of laws and regulations:

- laws and regulations that have a direct effect on determining material amounts and disclosures in the financial statements; and
- other laws and regulations where compliance may be fundamental to the continuance of operations, or to avoid material penalties.

What are we required to do?

As part of our risk assessment procedures, we are required to make inquiries of management and full Council as to whether the Fund is in compliance with relevant laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance, we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Matters in relation to related parties

International Standard for Auditing (UK and Ireland) 550 covers auditors' responsibilities relating to related party relationships and transactions.

The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties.

Because related parties are not independent of each other, many financial reporting frameworks establish specific accounting and disclosure requirements for related party relationships, transactions, and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. An understanding of the Council's related party relationships and transactions is relevant to the auditor's evaluation of whether one or more fraud risk factors are present as required by ISA (UK and Ireland) 240, because fraud may be more easily committed through related parties.

What are we required to do?

As part of our risk assessment procedures, we are required to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the Council's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework.

Regularity

Regularity is the concept that transactions that are reflected in the financial statements must be in accordance with the Council's framework of authorities.

Frameworks of authorities are external frameworks, specific to an audited entity, with which the audited entity's transactions must conform. These frameworks are set up by bodies able to issue and/or enforce the authorities for that entity and might include, for example:

- authorising legislation;
- regulations issued under governing legislation;
- parliamentary authorities; and
- government or related authorities (for example Managing Welsh Public Money, issued by the Welsh Government).

Further information is available in [Practice Note 10](#).

What are we required to do?

The Practice Note includes an overview, from page 56 of the Practice Note, of what we are required to do.

Gadewir y dudalen hon yn wag yn fwiadol



SPECIAL COUNCIL– 27TH MARCH 2024

SUBJECT: CONSULTATION OUTCOME - PROPOSALS TO IMPLEMENT COUNCIL TAX PREMIUMS ON LONG-TERM EMPTY PROPERTIES AND SECOND HOMES

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 This report provides Council with the results of the public consultation undertaken on the proposed introduction of council tax premiums on long-term empty properties and second homes in the County Borough.
- 1.2 The report also seeks Council approval to implement premiums from April 2025.

2. SUMMARY

- 2.1 A report to Cabinet on 13 December 2023 set out the conditions where council tax premiums can be applied to both long-term empty dwellings and second homes. Cabinet agreed to launch a public consultation on the levels of premiums that could be applied to both long-term empty dwellings and second homes. The discretion given to Councils to charge premiums is intended to be used as part of a wider strategy to help Councils to:
 - a) bring long-term empty homes back into use to provide safe, secure, and affordable homes;
 - b) support Councils in increasing the supply of affordable housing and enhancing the sustainability of local communities; and
 - c) prevent properties from becoming long-term problematic properties in the first place.
- 2.2 Most Welsh Councils have now adopted premiums and Caerphilly County Borough Council is in a minority of authorities yet to do so.
- 2.3 The consultation proposed a flat rate premium of 100% for second homes and stepped premiums on long-term empty properties, increasing based on the length of time properties have been empty.
- 2.4 This report provides details of the results of the consultation exercise and sets out the options for consideration.

- 2.5 The first determination to charge a premium on second homes must be made by Council at least one year before the beginning of the financial year to which it relates (section 12B (3) of the Local Government Finance Act 1992). For long-term empty dwellings, Welsh Government's statutory guidance is that the first determination is made at least 6 months before such a premium becomes chargeable.
- 2.6 Providing the necessary determinations are made by full Council before 01 April 2024, council tax premiums within the county borough could be introduced from 01 April 2025.
- 2.7 The recommendations in this report were considered by Cabinet at its meeting on 20 March 2024 and were unanimously supported.

3. RECOMMENDATIONS

- 3.1 Council is asked: -
 - 3.1.1 to review and consider the consultation feedback attached at Appendix A of this report; and
 - 3.1.2 to approve the implementation of the following premiums from 01 April 2025: -

Class of dwelling	Premium
Second Homes	100%
Long-Term Empty Properties: -	
Empty longer than 2 years	100%
Empty longer than 3 years	200%
Empty longer than 5 years	300%

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To provide Council with the results of the public consultation and to approve the introduction of council tax premiums on long-term empty properties and second homes.
- 4.2 Implementing council tax premiums for long-term empty properties and second homes is intended to be used as part of a wider strategy to help the Council encourage owners to bring properties back into use and reduce the number of unoccupied and underused properties across the county borough.

5. THE REPORT

- 5.1 Currently, within the county borough, unoccupied and furnished dwellings (second homes) and unoccupied and unfurnished dwellings (long-term empty properties) are subject to 100% of the standard council tax amount being charged for each dwelling. These policies have been in place since 01 April 1998 for second homes and from 01 April 2005 for long-term empty properties; the determinations were reaffirmed by full Council at its meeting on 17 July 2018. In effect, the current policies disapply the default 50% discount that would otherwise apply to such dwellings. Had the Council

not already done this, it would have needed to make a determination to this effect as part of any decision to introduce council tax premiums.

5.2 From 01 April 2017, Councils in Wales have been able to charge higher amounts (a premium) of up to 100% on top of the standard rate of council tax on second homes and long-term empty properties. The legislative changes were made by the Housing (Wales) Act 2014 and the powers given to Councils are discretionary. Whether to charge a premium on second homes and or long-term empty properties is therefore a decision to be made by each Council.

5.3 The Housing (Wales) Act 2014 also provides regulations which make exceptions to the premiums. These are set out in the Council Tax (Exceptions to Higher Amounts) (Wales) Regulations 2015 and amended by The Council Tax (Exceptions to Higher Amounts) (Wales) (Amendment) Regulations 2023.

5.4 From 01 April 2023, the relevant regulations have been updated by The Council Tax (Long-Term Empty Dwellings and Dwellings Occupied Periodically) (Wales) Regulations 2022, following a Welsh Government consultation exercise to allow Councils to charge a maximum premium of up to 300% on top of the standard rate of council tax.

5.5 **HIGHER AMOUNTS (PREMIUMS) FOR LONG-TERM EMPTY DWELLINGS**

5.5.1 For the purposes of charging a premium, a long-term empty dwelling is defined as a dwelling which is both unoccupied and substantially unfurnished for a continuous period of at **least one year**.

5.5.2 In determining the length of time a dwelling has been empty, no account can be taken of any period before 01 April 2016. In addition, the furnishing or occupation of a dwelling for one or more periods of six weeks or less during the year will not affect its status as a long-term empty dwelling. Use of a property for less than six weeks does not give rise to a new exemption period.

5.5.3 Where a Council makes a determination to charge a premium on long-term empty dwellings, it may specify different percentages (up to a maximum of 300%) for different dwellings based on the length of time for which they have been empty.

5.5.4 A Council may make a determination to charge a premium for a financial year, but only before the beginning of the year. In exercising its functions, the Council must also have regard to any guidance issued by the Welsh Ministers. The current statutory guidance is that Councils should provide at least 6 months' notice before implementing a premium for long-term empty dwellings. However, a longer notice period such as 12 months is preferred to allow taxpayers sufficient time to consider the impact of a higher premium on their own personal financial circumstances and make choices regarding their property, for example, to occupy, sell or let the property.

5.6 **HIGHER AMOUNTS (PREMIUMS) FOR SECOND HOMES**

5.6.1 A second home is defined as a dwelling that is not a person's sole or main residence and is substantially furnished. These dwellings are referred to in the Local Government Finance Act (LGFA) 1992 as dwellings occupied periodically but they are commonly referred to as 'second homes'.

5.6.2 Where a Council makes a determination to charge a premium on dwellings occupied periodically, it may specify a percentage of not more than 300%.

5.7 HOUSING STRATEGY CONTEXT

5.7.1 Caerphilly CBC's 'No Use Empty' Private Sector Empty Homes Strategy has a two-pronged approach: -

- a) Preventing properties from becoming problematic empty homes; and
- b) Tackling problematic empty properties on a risk assessment basis.

5.7.2 The Council's Private Sector Empty Homes Strategy (2023 – 2028) was developed in recognition of the high number of private sector empty homes in the County Borough and the Council's commitment to address the problem. It is acknowledged that there is an ongoing national housing crisis, combined with continuing pressure to increase the supply of available good quality homes, and that empty homes are one of Welsh Government's priorities. Most new housing supply will be delivered through new build programmes, and alongside this bringing empty homes back into use can offer an economically viable option, which can also contribute to increasing the affordable housing supply. At the same time, it will have a positive impact on existing communities by improving environmental and social conditions.

5.7.3 Although the Council's Empty Homes Strategy has only been formally in place since March 2023, work to bring empty properties back into use has been undertaken for many years; with the Empty Property Team successful in returning 104 properties into use during 2022/23. The average per annum prior to this was circa 36.

5.7.4 There are still a high number of empty homes across the county borough despite the Council's progress and commitment to bringing them back into use. To continue to address the issue, the recently approved Private Sector Empty Homes Strategy (2023 – 2028) needs to be fully implemented. The proposal to introduce council tax premiums fully supports this new strategy.

5.7.5 A recent analysis of long-term empty dwellings in Caerphilly County Borough showed that a total of 885 homes have been empty for more than 1 year, with 264 empty for more than 5 years. Table 1 below provides a breakdown of long-term empty properties, while table 2 provides the total number of second homes in the county borough. While the Council continues to target these empty homes, providing advice and assistance to the homeowners in order to support them to bring them back into use, it is recognised that additional measures are required to encourage homeowners not to leave these homes empty.

5.7.6 Table 1 - Analysis of Long-Term Empty Dwellings empty longer than 1 year

Empty over 5 years	264
Empty between 3 and 5 years	171
Empty between 2 and 3 years	145
Empty between 1 and 2 years	305
Total	885

Data as at 24/02/2024

5.7.7 Table 2 – Second Homes

Second Homes	254
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Data as at 24/02/2024

5.7.8 With 6,569 active applications on the Common Housing Register (01/10/23) the need for affordable housing in the county borough remains high. The 2018 based Local Housing Market Assessment showed an annual requirement for an additional 282 affordable homes per annum over a 5-year period once the turnover of the existing stock and the development of new homes had been taken into consideration. A new Local Housing Market Assessment is currently being produced and the emerging figures suggest that the requirement for additional affordable housing will remain high. By helping to increase the supply of accommodation throughout the county borough the proposal to introduce council tax premiums may help the Council towards meeting any backlog housing need, whilst supporting its homeless prevention agenda.

6. ASSUMPTIONS

- 6.1 It is assumed that a proportion of the extra revenue raised would support the implementation of the Council's Empty Homes Strategy.
- 6.2 It is also assumed that some of the additional revenue generated from council tax premiums will fund additional staffing resources required within the Council Tax Team to implement and administer premiums.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 The determination to charge a premium under these powers must be made by full Council. However, prior to doing so the Council must give due consideration to its statutory duties to carry out an integrated impact assessment under the Equality Act 2010 including socio-economic duties, the Welsh Public Sector Equality Duties 2011, incorporating its duties under the Well-being of Future Generations (Wales) Act 2015. The Council must also consider engagement and consultation with key stakeholders and the residents of the county borough.
- 7.2 This Integrated Impact Assessment (IIA) indicates that the implementation of Council Tax premiums on second homes and long-term empty properties would fully support the Council's Empty Homes Strategy. This in turn would have a positive impact upon the residents of the County Borough by increasing the number of affordable houses available to buy or rent which in turn would help meet the housing demand of the County Borough. In addition, a proportion of the extra revenue generated from premiums would be used to support the Council's strategy.
- 7.3 By providing opportunities for residents to access a wider range of housing options, the IIA shows that the Strategy will have a positive impact on tackling social disadvantage and promoting the wellbeing of existing and future generations. Helping people achieve affordable home ownership also contributes to several of the Council's wellbeing objectives.
- 7.4 No adverse impact on the promotion of the Welsh language was identified.

[Link to IIA](#)

8. FINANCIAL IMPLICATIONS

- 8.1 It is difficult to accurately forecast the additional revenue that may be raised by charging a premium on both long-term empty dwellings and second homes. This is because the Council Tax Team does not currently hold information regarding all of the circumstances that give rise to a dwelling being excepted (excluded) from a premium charge. In particular, dwellings up for sale or to let would be excepted from paying a premium for a period of 1 year which would reduce the estimated additional revenue accordingly. Currently, there is no requirement to record whether a home is up for sale or to let because it has no bearing on the level of council tax charged within this Authority's area where the legislation on premiums has not been introduced. For the purpose of projecting the additional revenue that could be raised by charging premiums, this report assumes that 25% of properties will be excepted from a premium for up to 1 year, with the most common exceptions being properties up for sale or let. These are statutory exceptions set by Welsh Government. The projected additional revenue is also adjusted for an assumed **80%** collection rate.
- 8.2 The tables in paragraph 8.10 set out the potential additional revenue that could be raised by charging premiums on both long-term empty dwellings and second homes. The tables provides a basic forecast based on a premium level of 100% for second homes, and a stepped premium of up to 300% on long-term empty properties based on the length of time they have been empty. This would be on top of the 100% standard rate of council tax charged on these dwellings.
- 8.3 All dwellings that may be eligible to be excepted from a premium will need to be identified and reviewed by the Council Tax Team to establish whether the Council's council tax records are correct or need updating in line with statutory Welsh Government exceptions. The largest category is likely to be dwellings up for sale or to let.
- 8.4 Another consideration is that based on feedback from some Councils in Wales that have implemented premiums in recent years, the percentage collection rate in respect of dwellings liable for a premium tends to be lower than the percentage rate achieved in respect of standard council tax charges. This is partly due to the reluctance of some homeowners to pay a higher rate of council tax willingly, but also the fact that some cases can be complex and require a lot of manual intervention by council tax officers, which can involve recovery action taking more than one financial year to be concluded. For this purpose a collection rate of **80%** has been assumed.
- 8.5 The Non-Domestic Rating (Amendment of Definition of Domestic Property) (Wales) Order 2022 changed the criteria for properties being commercially let for short periods as self-catering accommodation. Prior to April 2023 properties that were available to let for at least 140 days, and were actually let for at least 70 days, paid business rates rather than council tax. It was felt that these regulations provided a loophole for second homeowners to move their properties from the council tax banding list to the business rate rating list and avoid paying a premium. From April 2023 the change has increased the thresholds to being available to let for at least 252 days and actually let for at least 182 days in any 12-month period.
- 8.6 It is for the ratepayer to demonstrate to the satisfaction of the Valuation Office Agency (VOA) that a property has met the necessary criteria to be classed as non-domestic property. Consequently, a property used wholly for the purposes of living accommodation is considered domestic and liable for council tax until such time as the ratepayer provides sufficient evidence to the VOA that a particular property is being commercially let and meets the following criteria: -

- it will be available for letting commercially as self-catering accommodation for short periods totalling 252 days or more in the following 12-month period;
- the ratepayer's interest in the property enables them to let it for such periods;
- in the 12 months prior to the day being considered it has been available for letting commercially as self-catering accommodation for short periods totalling 252 days or more; and
- the short periods it has actually been commercially let for is a total of at least 182 days during that period.

Offering the property at excessively high rents may indicate that the operator is not seriously making the property available commercially.

- 8.7 This change is intended to provide a clearer demonstration that the properties concerned are being let regularly as part of genuine holiday accommodation businesses making a substantial contribution to the local economy. Both changes followed a consultation process including businesses, the tourism industry, and local communities.
- 8.8 There will be a need for additional staffing resources within the Council Tax Team to deal with the additional administration of council tax premiums, including valuation tribunal appeals, and new property inspection requirements in respect of dwellings that may fall into one of the exception categories. Subject to Council approving the introduction of premiums, this resource requirement will be considered as part of the 2025/26 revenue budget setting process.
- 8.9 It is proposed that the extra revenue raised through premiums would also partly be used to support the implementation of the Council's Empty Homes Strategy, and therefore be in line with the stated policy intentions of Welsh Government.
- 8.10 **Table 3 – Potential additional revenue based on charging a premium on Second Homes**

	No. of properties	Premium	Additional Revenue
Second Homes	254	100%	£240,743.20

Table 4 – Potential additional revenue based on charging a premium on Long-Term empty properties

	No. of properties	Premium	Additional Revenue
Empty longer than 1 year	305	0%	£0.00
Empty longer than 2 years	145	100%	£127,374.17
Empty longer than 3 years	171	200%	£296,280.72
Empty longer than 5 years	264	300%	£671,883.86
Totals	885		£1,095,538.75

The additional revenue is based on 75% of the full premium. This assumes that 25% of properties will be excepted from a premium for up to 1 year. The most common exceptions will be properties up for sale or let. These are statutory exceptions set by Welsh Government. The projected additional revenue is also adjusted for 80% collection rate. All revenue based on 2024/25 Council Tax charges.

- 8.11 The additional revenue raised from the charging of a premium on long-term empty dwellings and second homes, would need to additionally support the financing of the Empty Property Team (currently employed on a fixed term basis until March 2026) to ensure the continuation of the implementation of the Council's Empty Homes Strategy, and therefore be in line with the stated policy intention of Welsh Government. This resource requirement will also need to be considered as part of the 2025/26 revenue budget setting process.
- 8.12 Council is advised that the Welsh Government expects local authorities to annually publish a summary of the additional revenue generated by implementing premiums and in broad terms how that revenue has been spent. Councils already charging premiums have placed this information their websites.

9. PERSONNEL IMPLICATIONS

- 9.1 There will be a need for additional staffing resources within the Council Tax Team to deal with the additional administration, including valuation tribunal appeals, and new property inspection requirements in respect of dwellings that may fall into one of the exception categories.
- 9.2 The ongoing funding requirement for the Empty Property Team (currently funded on a fixed-term basis until March 2026) will also need to be considered.

10. CONSULTATIONS

- 10.1 An online consultation was launched on 12 January 2024 and ran for 4 weeks closing on 08 February 2024. Respondents were asked for their views on a number of key points around implementing premiums on long-term empty properties and second homes. The proposals included a flat rate premium of 100% for second homes and stepped premiums on long-term empty properties, increasing based on the number of years the property had been empty. The detailed analysis of the consultation responses is shown in appendix A and is summarised in the following paragraphs.
- 10.2 As part of the consultation process, **1,111** letters were sent to all long-term empty and second homeowners. It was important to engage with this group as they could potentially be negatively impacted by the proposals which in turn could have a disproportionate impact on the results of the consultation.
- 10.3 MPs, Senedd Members, Caerphilly CBC elected members, Estate Agents, Social Landlords and Citizens Advice Bureau were invited by email to take part in the consultation.
- 10.4 To ensure wider outreach and involvement of the community, the consultation was promoted through the Council's website and social media channels. The public consultation was available online via the Join the Caerphilly Conversation webpage and paper copies were available upon request.
- 10.5 The consultation received **143** responses, reflecting a wide range of interests and views. The consultation contained twenty-two questions relating to the proposals to implement Council Tax Premiums on long-term empty properties and second homes.

10.6 HIGHER AMOUNTS (PREMIUMS) FOR LONG-TERM EMPTY DWELLINGS

- 137 responses were received when asked if the Council should put measures in place to reduce the number of long-term empty properties in Caerphilly. 41% of responses strongly agreed while only 27% strongly disagreed.
- 41% of respondents own a long-term empty property in Caerphilly, with over half (59%) of properties being empty for over a year. There was a multitude of responses to why the property is empty, with the most common reason being 'unable to sell the property' (36%).
- 45% of responses strongly disagreed with proposals to introduce a premium on properties that have been empty for over 12 months, with 30% of responses strongly agreeing.
- 48% of responses strongly disagree with the proposal that the Council should charge higher premiums based on the length of time a property has been empty.

Below is a selection of comments from the consultation response:

Agreeing with proposal

"Well actually I don't think it's tough enough. It is 10 years empty the council should buy it at 80% of it's current market value."

"I agree with the principle. However, there is no excuse to leave a property empty for 5 years + so I would give the 300% from 5+ So up-to 2years 100%, 2-5 200%, 5+ 300%"

"I think 100% premium should be introduced after two years. A year is not long enough given the circumstances in which an empty property may be acquired or inherited. I agree with 200% after four years but would propose six years for the 300% premium."

Disagreeing with proposal

"Empty property does not use council resources, which are paid for by the council tax, if the property was occupied then the resources would be used. Standard rate is enough for resources that are not being used. People have a right to use or not use their properties, and not to be forced into renting them out to destructive tenants or sell them"

"You are trying to dictate what someone does with their property-you have no right to do this. Why are measures always punitive. Why can't you introduce measures to encourage the use of the property instead? Shared relief for owners and renters?- even for a temp period?"

Below are the common themes from the responses to the question 'Are there any alternatives that you think the Council should consider?'

- 1) *The Council purchasing unoccupied properties to utilize as their own local housing stock; and;*

- 2) *For the Council to work with owners to help bring the unoccupied properties back into use.*

Most responses were unaware of any grants or support available for properties that have been long-term empty. For those that were aware, only a small percentage have been successful with their applications.

10.7 HIGHER AMOUNTS (PREMIUMS) FOR SECOND HOMES

From the consultation responses second homes were seen as less detrimental to the neighborhood than long-term empty properties. In general, there was less support for charging premiums on second homes.

- 141 responses were received when asked if the Council should put measures in place to reduce the number of second homes in Caerphilly. Whilst 26% of responses strongly agreed, 41% of responses strongly disagreed with this proposal.
- 48% of respondents disagreed with this proposal to introduce a Council Tax premium on second homes, with 25% strongly agreeing.

Below is a selection of comments from the consultation response:

Agreeing with proposal

“Second homes add to the housing issues and should be discouraged”

“The premium should be the full 300%”

“Increase Council Tax for all if additional money required to build more council homes.”

Disagreeing with proposal

“2nd home ownership in this area could be down to family usage and inheritance and not a holiday home in this area, it’s not exactly vacation territory and is a deprived area especially New Tredegar, the council are assuming owners are well off !, thus is discriminatory.”

“There are only small numbers of second homes in the borough. Accept that some people have reasons for needing a second home, and that they should only pay the same as everyone else. That is, do nothing.”

“Does Caerphilly not want tourism? I have a holiday let on my brother’s farm. It’s not really a house that is designed for a long term occupancy. It’s only just started so I haven’t got enough occupancy to qualify for business rates. What happens to these properties with this change? Where are the tourists going to stay?”

Below are a selection of comments to the question ‘Are there any alternatives that you think the Council should consider?’

“Encourage second owners to let houses for short-term tenancies (emergencies, for those really in need), and guarantee that it’s a short term occupancy.”

“Make an offer to buy empty second homes”.

“Perhaps the council could build more affordable houses”

The most frequent concerns expressed were that a blanket policy of higher rates will unfairly impact people with individual circumstances beyond their control and that it is unreasonable to be charged any or higher Council Tax on properties that are empty as these properties make no demands on the services they perceive Council Tax to be paid for.

11. STATUTORY POWERS

- The Housing (Wales) Act 2014 (Commencement No. 5) Order 2015.
- Sections 12A and 12B of The Local Government Finance Act 1992 as inserted by Section 139 of The Housing (Wales) Act 2014.
- The Council Tax (Exceptions from Higher Amount) (Wales) Regulations 2015 No. 2068.
- The Council Tax (Long-term Empty Dwellings and Dwellings Occupied Periodically) (Wales) Regulations 2022 No. 370.
- The Council Tax (Exceptions to Higher Amounts) (Wales) (Amendment) Regulations 2023 No. 253.
- The Non-Domestic Rating (Amendment of Definition of Domestic Property) (Wales) Order 2022

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Appendices: -

Appendix A - Council Tax Premiums Consultation Responses

Background Papers: -

Cabinet (13/12/23) - Consultation on Proposals to Implement Council Tax Premiums on Long-Term Empty Properties and Second Homes.

Cabinet (20/03/24) - Consultation Outcome - Proposals to Implement Council Tax Premiums on Long-Term Empty Properties and Second Homes.



**Consultation – Proposals to
implement Council Tax Premiums
on long-term empty properties and
second homes**

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Introduction

This document provides an overview of the responses to the consultation on proposals to implement Council Tax Premiums on long-term empty properties and second homes which ran from 12th January to 8th February 2024.

This consultation requested views on the Council's proposal to charge premiums on long-term empty homes and second homes and the level of premiums to charge. The consultation was on domestic properties and did not extend to empty business/commercial properties.

The discretion given to Councils to charge a premium is intended to be used as part of a wider strategy to help Councils to:

- a) bring long-term empty homes back into use to provide safe, secure, and affordable homes;
- b) support Councils in increasing the supply of affordable housing and enhancing the sustainability of local communities

By increasing the council tax charges on long-term empty homes and second homes, the aim is to encourage homeowners to bring their long-term empty properties back into use for the benefit of the local community and economy.

Background

Caerphilly do not currently award any discounts for long-term empty homes and second homes and charge 100%.

Welsh Government have granted local authorities the power to raise council tax premiums for long-term empty homes and second homes, by up to 300% over the standard charge, from 1st April 2024.

The Council consulted on the following proposals:

Long-term empties

- Do you agree or disagree with our proposal to introduce a council tax premium on properties that have been empty for over 12 months?
- Do you agree that the Council should charge higher premiums based on the length of time a property has been empty (up to a maximum of 300%).

For example:

- If a property has been empty over 1 year charge a premium of 100%
- If a property has been empty over 4 years charge a premium of 200%
- If a property has been empty over 10 years charge a premium of 300%

Second Homes

- Do you agree or disagree that the Council should put measures in place to reduce the number of second homes in Caerphilly?
- Do you agree or disagree with our proposals to introduce a Council Tax premium on second homes?

Summary of engagement

As part of engagement, **1,111** letters were sent to all long-term empty and second homeowners that would be impacted by the proposed increase in premium. It is important to identify engagement with this group as they could potentially be negatively impacted by the proposals which could have a disproportionate impact on the results of the consultation.

In addition, MPs, Senedd Members, Caerphilly CBC elected members, Estate Agents, Social Landlords and Citizens Advice Bureau were invited by email to take part in the consultation.

To ensure wider outreach and involvement of the community, the consultation was promoted through the Council's website and social media channels.

The public consultation was available online via the Join the Caerphilly Conversation webpage and paper copies were available upon request.

Who responded

The consultation received **143** responses, reflecting a wide range of interests and views. The consultation contained **twenty-two** questions relating to the proposals to implement Council Tax Premiums on long-term empty properties and second homes.

Summary of responses

137 responses were received when asked if the Council should put measures in place to reduce the number of long-term empty properties in Caerphilly. 41% of responses strongly agreed while 27% strongly disagreed.

In contrast, 45% of responses strongly disagreed that the Council should put measures in place to reduce the number of second homes in Caerphilly with 30% strongly agreeing.

Around a third of responses strongly agreed that the extra revenue raised would partly be used to support the implementation of the Council's empty Homes Strategy, to help bring long-term empty homes back into use and meet local housing needs while a similar number strongly disagreed.

41% of responses own a long-term empty property in Caerphilly, with over half (59%) of properties being empty for over a year. The most common reason for a property being empty is they have been unable to sell the property (36%).

30% of responses strongly agreed with the proposal to introduce a Council Tax premium on properties that have been empty for over 12 months; the majority of which had already stated they did not own a long-term empty property in Caerphilly. 45% of responses strongly disagreed with the proposal.

When asked if the Council should charge higher premiums based on the length of time a property has been empty (up to a maximum of 300%) 27% strongly agreed. 48% strongly disagreed with the majority also disagreeing with the proposal to introduce a Council Tax premium on second homes.

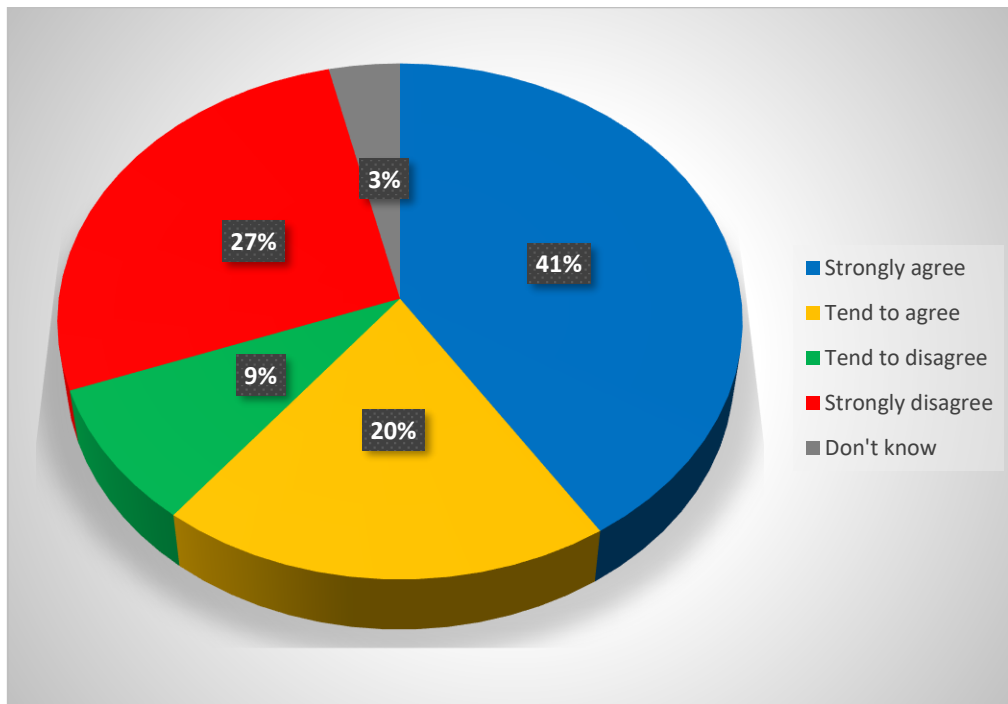
Most responses were unaware of any grants or support available for properties that have been long-term empty. For those that were aware, only a small percentage have been successful with their applications.

A selection of comments are provided within this document. The most frequent concerns expressed a blanket policy of higher rates will unfairly impact people with individual circumstances beyond their control and that it is unreasonable to be charged any or higher Council Tax on properties that are empty as these properties make no demands on the services they perceive Council Tax to be paid for. The full list of comments will be provided to Cabinet and senior officers.

Consultation – Proposals to implement Council Tax Premiums on long-term empty properties and second homes

Question 1.

Do you agree or disagree that the Council should put measures in place to reduce the number of long-term empty properties in Caerphilly?



There were **137** responses to this question.

Just under half of the responses (41%) strongly agreed that the Council should put measures in place to reduce the number of long-term empty properties in Caerphilly, while almost a third (27%) strongly disagreed. The majority who strongly agreed answered they did not own a long-term empty property.

Question 2.

Do you own a long-term empty property in Caerphilly?

138 responses were provided to this question with 41% advising they do own a long-term empty property and 59% advising they do not.

Consultation – Proposals to implement Council Tax Premiums on long-term empty properties and second homes

Question 3.

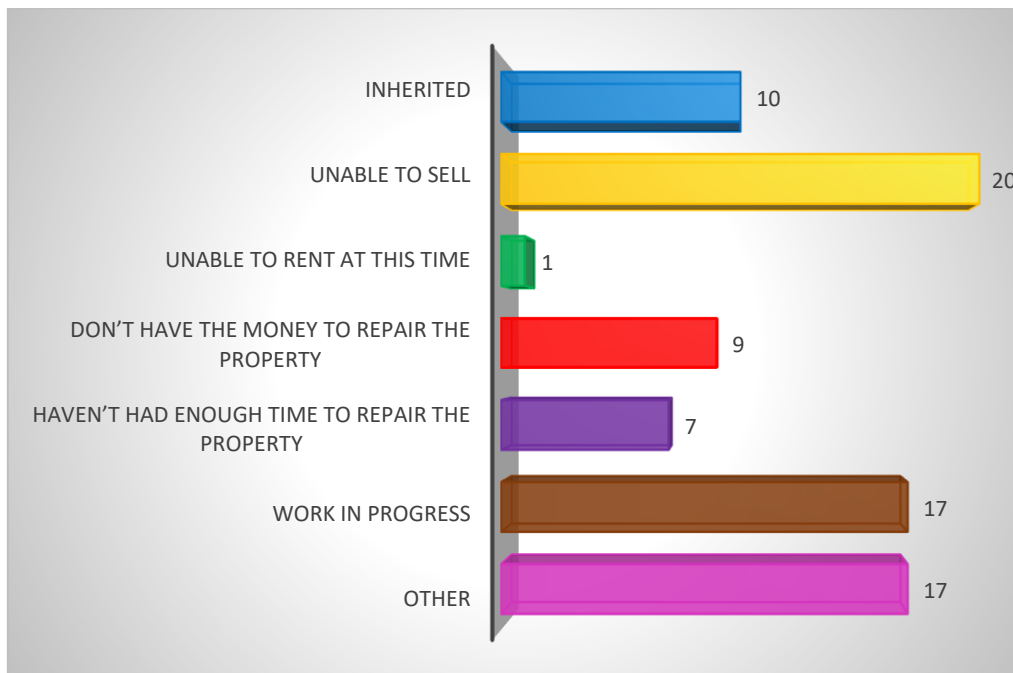
How long has the property been empty?

There were **49** responses to this question.

Over 1 year	29 respondents / 59%
Over 4 years	13 respondents / 27%
Over 10 years	7 respondents / 14%

Question 4.

Could you please tell us why the property is empty?



There were **56** responses to this question with some selecting multiple reasons.

The top reason being UNABLE TO SELL (36%)

Question 5.

Other reasons why the property is empty?

The consultation invited respondents to complete this question via the facility to free type their reasons.

28 responses were received, the following being a selection of those submitted.

“We are currently renovating the house and have been granted the empty homes grant there is no kitchen or toilet currently in the house so it is unliveable. We intend to move into the property at the earliest opportunity but with the cost of everything rising work is slower than what we hoped”

“Lots of factors. Money, I won't go into debt to finish house. Waiting on builders time frame when I do have money. The death of a parent and caring for my other parent when she was seriously ill was my main priority”

“I purchased this derelict property and have done extensive work to put it back in a liveable state. The property is currently for sale, I just can't find a buyer currently due to the poor market conditions. I don't feel people like me (who in this instance are actually trying to help more homes become available) should have to pay the extra council tax - I'm already paying £170 a month for a property I don't live in, I don't put out any bins etc, I don't use any council service at that property. I understand why you are looking at this but there should be more help for people like me who are actually trying to solve the problem”

“Unable to sell an inherited property which has been actively marketed the market since the death of both my parents following finalisation of probate and clearance of contents myself, despite substantially reducing the price and spending a substantial amount of my own money to maintain, insure and secure the property and garden in a safe and tidy state. I therefore require enough time to sell the property in light of present property market conditions and cannot afford to pay additional council tax burdon from my limited income in addition to paying council due on my own flat located in England”

“My wife and I received your letter about the consultation as a result of being executors of my wife's sister's deceased estate. The property has been empty since April 2023 as a result of my wife's mother's ill health. It is ludicrous to suggest that a premium council tax should be charged in these circumstances. How does that help bring the property to the housing market? It simply penalises the deceased estate when neither the deceased, the deceased estate, nor the property are getting any benefit from the council nor are any of them using council resources. The property has been on the market since August 2023 but due to the falling property market has not sold. How does a council tax premium act as anything other than a further penalty?”

Question 6.

How could the Council work with you and support you to help you to bring the property back into use?

Respondents were invited to complete this question via the facility to free type their suggestions.

48 responses were provided, the following being a selection of those provided.

“Give out grants. Once property is let then claw back the grant slowly and reuse. Stop using sticks to get what you want and try some carrot approaches”

“Help the owner to sell the property or purchase to add to council portfolio”

“Discuss our intentions and advise best route”

“Council could kill to birds with one stone they could provide assistance in completing works. To property and also provide training/work for persons unemployed in area. A fee could be agreed and deducted from house price on sale”

“Provide more time to complete renovation and bring it to the rental market. Increasing council tax only reduces funds available to continue with the renovation, therefore the house will be empty for longer until enough funds have been acquired to complete the renovation. In the recently inflated market funds have been limited and will be if further in council tax is increased”

“Buy the property from us for a slight discount on market value”

“Do not add unnecessary costs to the property by increasing the council tax above what it is set at. If the council tax is being paid in full then that should be enough. I understand there is a backlog on the waiting list for housing but 811 houses is not going to solve the problem for the 6569 waiting”

Consultation – Proposals to implement Council Tax Premiums on long-term empty properties and second homes

Question 7.

Have you tried to access any of the following grants or support that are available for properties that have been long-term empty?

55 responses were received with a high majority reporting they were not aware of any grants or support available to them.

	Not Aware	Yes - application in progress	Yes – application unsuccessful	Yes - application successful
Grant - former Welsh Government funded Valley Task Force Empty Homes Grant for a property within CCB	84.8%	2.2%	6.5%	6.5%
Grant - current Welsh Government funded National Empty Homes Grant for a property within CCB	88.3%	4.7%	4.7%	2.3%
Loan – CCBC Owner Occupier Loan	94.9%	0%	5.1%	0%
Loan – CCBC Landlord Loan	92.3%	0%	7.7%	0%

Question 8.

Have you tried to access any of the following support that is available for properties that have been long-term empty?

46 responses were received.

100% of responses were unaware of support available via contact with the Empty Property Team and Private Sector Housing for matters such as advice in relation to available options to return the property back into use including renovating the empty property, VAT discounts, renting, selling and buying an empty property, sign posting to financial assistance and local authority enforcement.

97.4% of responses were unaware of support via Housing Solutions such as ‘Caerphilly Keys’ (helping landlords to find long-term tenants for their properties whilst also preventing homelessness). Only 1 response was aware of this support and had received the funding.

Consultation – Proposals to implement Council Tax Premiums on long-term empty properties and second homes

Question 9.

If you received support, what was the outcome?

19 responses were provided via the facility to free type their answer. The following are a selection of the responses received.

“Someone contacted us but we have not heard back from them about grants available to us - the issue we understand is a lack of builders”

“We are in the early stages of our application the surveyor has been out to make a list of proposed work and advised what we could be awarded. We are now gathering quotes for the proposed work”

“In past have had contact with Council about property been sold to Council and was asked not to continue with repairs/upgrades u til decision was made this delayed process and I was advised help can be made available to sell no other advise on grants etc”

“I have been awarded a grant but the process itself took just shy of a year. I purchased the property as empty”

“Difficult to contact anyone at the council”

“The monies the grant was issued was not really the core monies to return the house to a habitable state. Money was granted for new landscaping which was the least of my worries- money would have been better allocated to a new roof. Think the grant: surveyor/ council needs to work with the owners more”

Question 10.

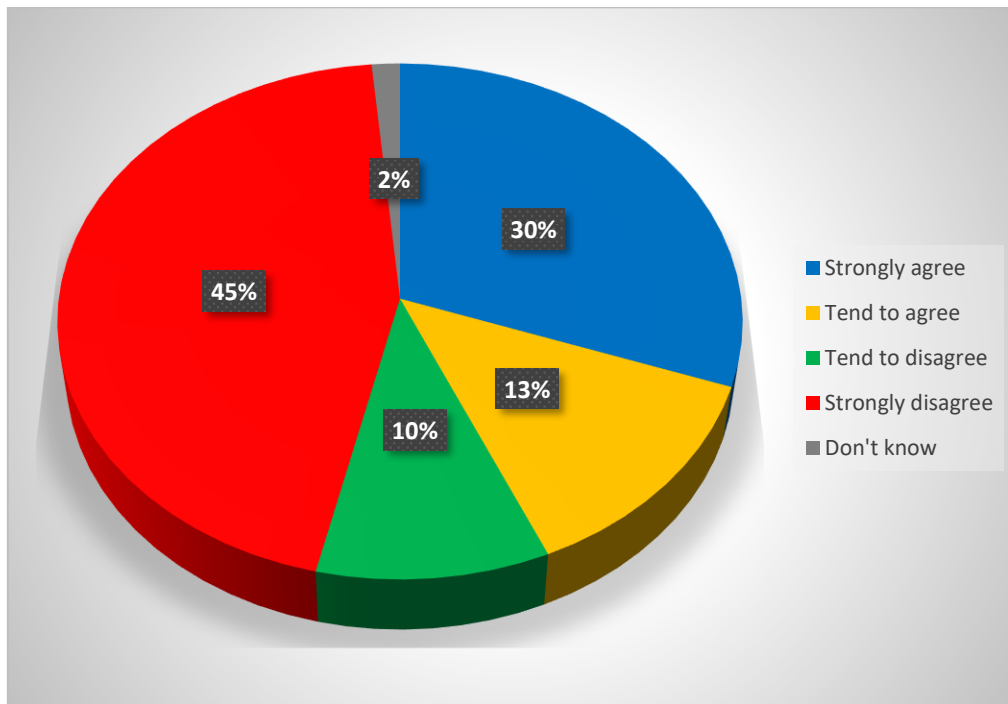
If you would be interested in finding out more about the support that's available, please leave your contact details

21 respondents provided contact details.

Consultation – Proposals to implement Council Tax Premiums on long-term empty properties and second homes

Question 11.

Do you agree or disagree with our proposal to introduce a Council Tax premium on properties that have been empty for over 12 months?



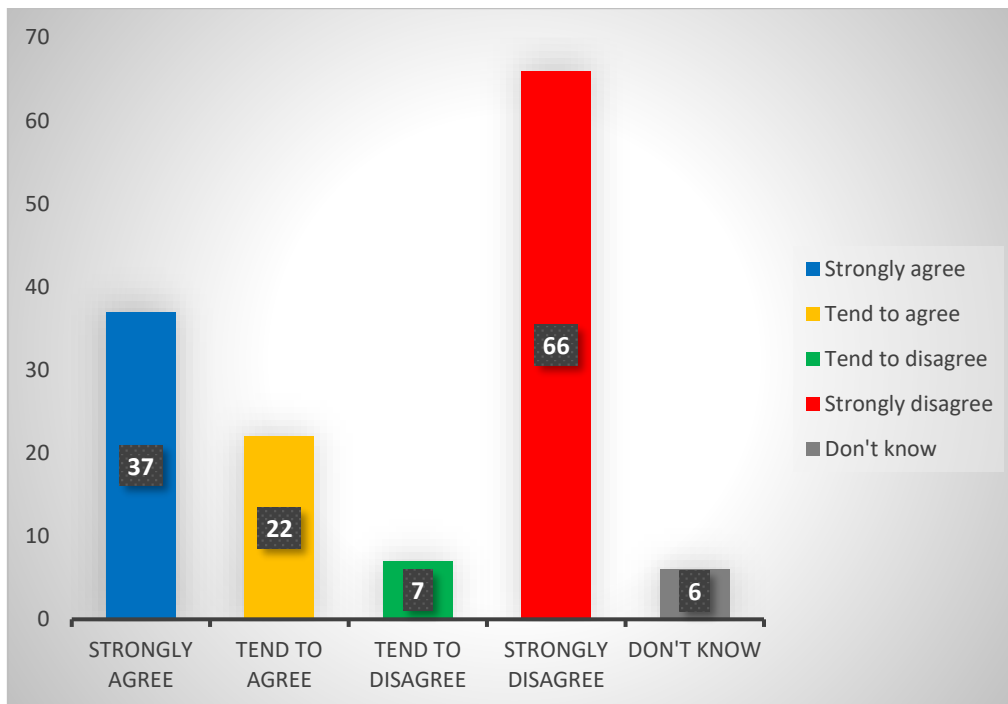
There were **138** responses to this question.

Around a third of the responses (30%) strongly agreed they should while almost half (45%) strongly disagreed.

Consultation – Proposals to implement Council Tax Premiums on long-term empty properties and second homes

Question 12.

Do you agree or disagree with the proposal that the Council should charge higher premiums based on the length of time a property has been empty (up to a maximum of 300%)?



There were **138** responses to this question.

48% of responses strongly disagreed to this Question with almost a third (27%) strongly agreeing.

Consultation – Proposals to implement Council Tax Premiums on long-term empty properties and second homes

Question 13.

If you disagree with any of the above, please tell us why:

Respondents were invited to complete this question via the facility to free type their suggestions.

84 responses were received. The following are a selection of both positive and negative comments received.

“Well actually I don't think it's tough enough. It is 10 years empty the council should buy it at 80% of it's current market value.”

“You are trying to dictate what someone does with their property-you have no right to do this. Why are measures always punitive. Why can't you introduce measures to encourage the use of the property instead? Shared relief for owners and renters?-even for a temp period?”

“I agree with the principle. However, there is no excuse to leave a property empty for 5 year + so I would give the 300% from 5+ So up-to 2years 100%, 2-5 200%, 5+ 300%”

“Why are you trying to penalise people who have worked hard all their lives and invested rather than squandering their money. I am paying council tax for an empty property as well as full tax for my own home.”

“Empty property does not use council resources, which are paid for by the council tax, if the property was occupied then the resources would be used. Standard rate is enough for resources that are not being used. People have a right to use or not use their properties, and not to b forced into renting them out to destructive tenants or sell them”

“I think this may act as a deterrent to property developers and private landlords. But I agree that for long- term empty properties something needs to be done and this is one method.”

“I don't think one year is a very long time. Property could be genuinely empty due to having issues selling it etc and these people don't need to be punished. Exemption should be allowed for those who can show they are actively seeking to rent it or are doing full scale renovations.”

“I think 100% premium should be introduced after two years. A year is not long enough given the circumstances in which an empty property may be acquired or inherited. I agree with 200% after four years but would propose six years for the 300% premium.”

Question 14.

Are there any alternatives that you think the Council should consider?

79 responses were received via the facility to free type their answers.

2 common themes were:

1. The Council purchasing unoccupied properties to utilize as their own local housing stock; and;
2. For the Council to work with owners to help bring the unoccupied properties back into use.

The following are a selection of other alternatives that were suggested:

“Provide help to people like me to buy derelict properties and renovate them. Give more assistance as interest free loans/grants etc”

“ddim yn siwr am opsiynau ond mae achosion lle mae probate wedi cymryd amser llawer rhy hir i'w datrys a dylai fod hawl gyda'r cyngor roi pwysau ar yr adrannau perthnasol a chyfreithwyr i gyflymu'r broses. Hefyd dylid sicrhau bod adrannau'r cyngor yn gweithio'n effeithiol i sicrhau cofstru eiddo'n iawn a mynd ar ol perchnogion tai gwag os nad ydynt yn cymryd gofal o'r tai. Dylai fod hawl prynu'r ty yn orfodol.”

Translation

“not sure about options but there are cases where probate has taken far too long to resolve and the council should have the right to put pressure on the relevant departments and lawyers to speed up the process. It should also be ensured that the council's departments work effectively to ensure proper property registration and go after the owners of empty houses if they do not take care of the houses. The right to buy the house should be compulsory.

“Yes, stop supporting large new housing estates, these are in no way affordable and do not assist with the housing shortage. I fear we need to accept that in order to access more affordable housing, residents need to consider travelling further into the North of the Borough where the houses are cheaper, but this will undoubtedly have a knock on effect for residents further up the Borough.”

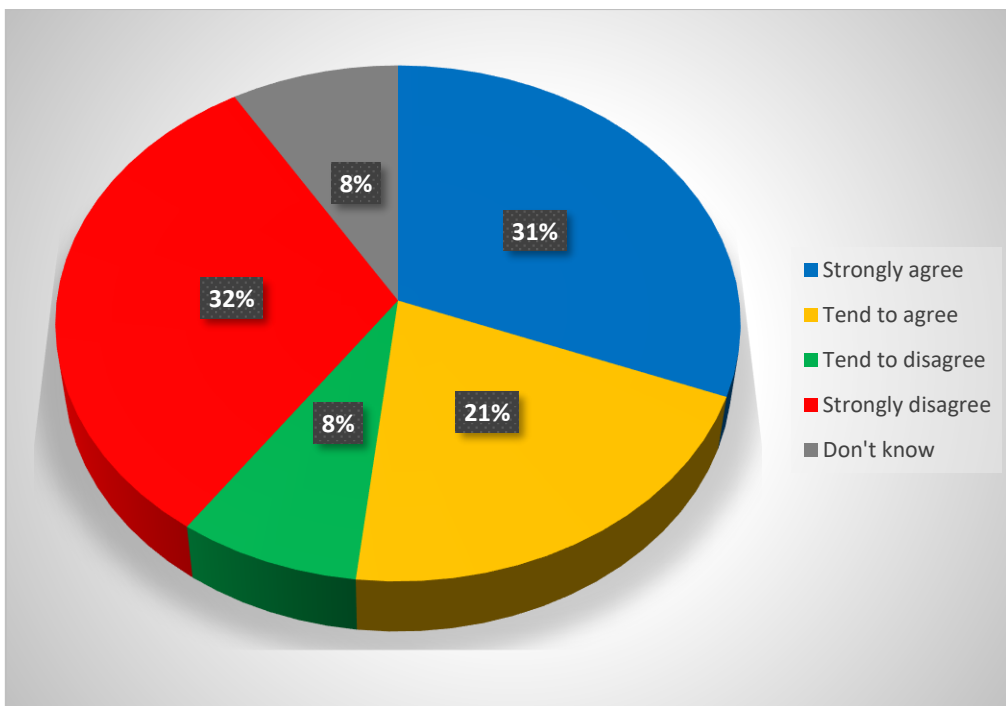
“Why do you not take money from the Councils Reserves to buy land and build more houses which you state is needed.”

Consultation – Proposals to implement Council Tax Premiums on long-term empty properties and second homes

Question 15.

If our proposals for long-term empty properties are agreed, it is proposed that the extra revenue raised would partly be used to support the implementation of the Council's empty Homes Strategy, to help bring long-term empty homes back into use and meet local housing needs.

Do you agree or disagree that the income should be used in this way?



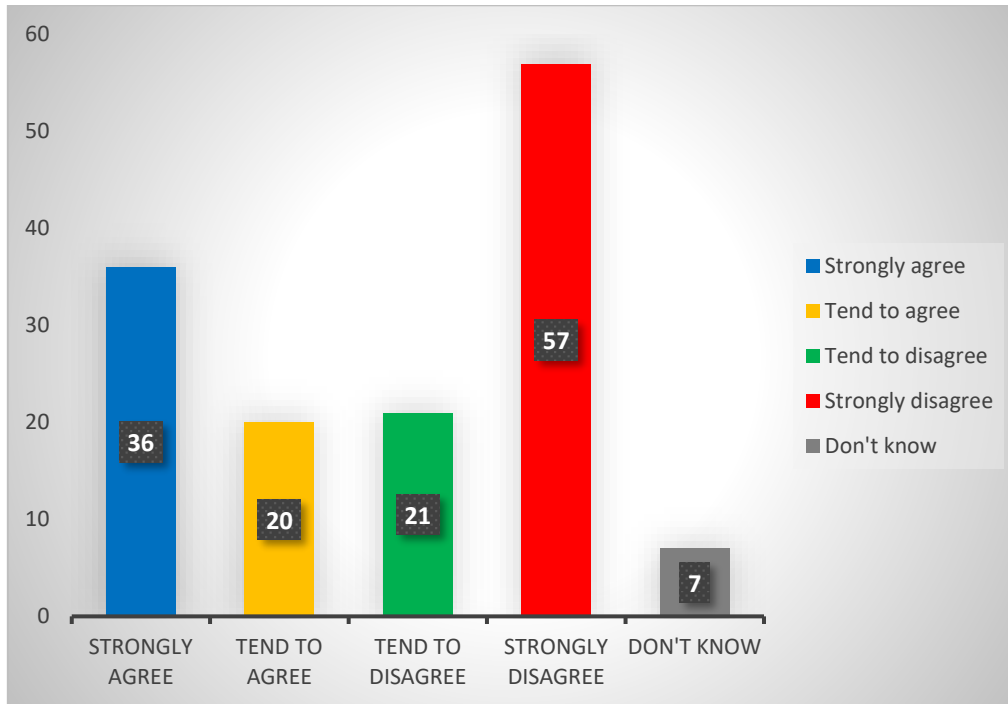
139 responses were received.

Just under a third (31%) of responses strongly agreed the extra revenue raised should partly be used this way with around the same proportion of responses (32%) strongly disagreeing.

Consultation – Proposals to implement Council Tax Premiums on long-term empty properties and second homes

Question 16.

Do you agree or disagree that the Council should put measures in place to reduce the number of second homes in Caerphilly?



There were **141** responses to this question.

26% of responses strongly agree to this Question. Just under half (40%) strongly disagreed with putting these measures in place.

Consultation – Proposals to implement Council Tax Premiums on long-term empty properties and second homes

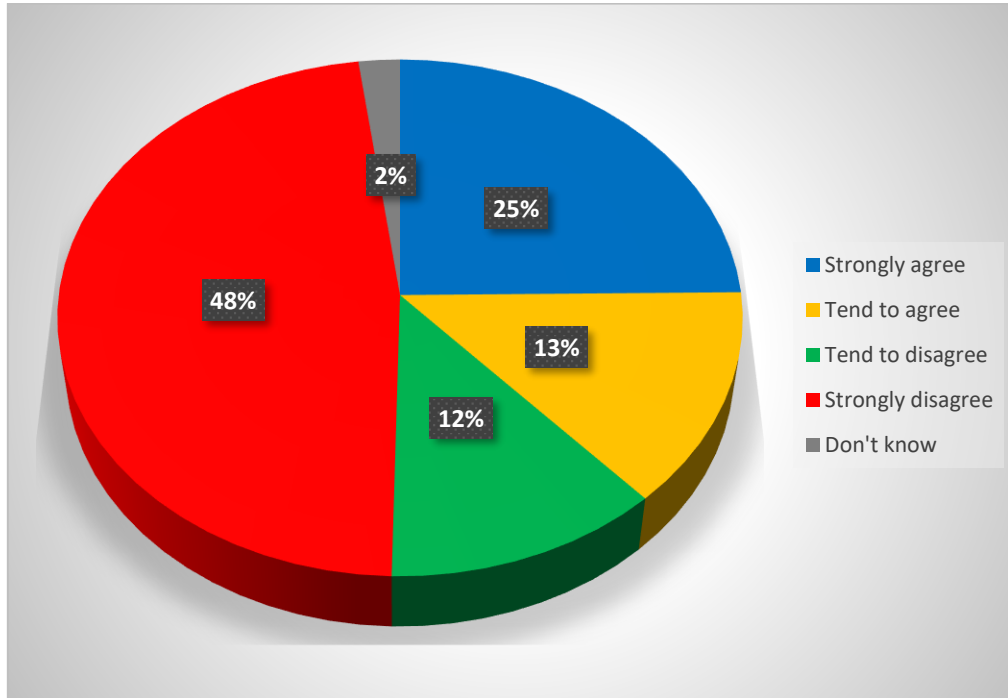
Question 17.

Second homes in Caerphilly are currently subject to a full Council Tax charge without any discounts.

The Council has the discretion to charge an extra premium of up to 300% on top of the standard rate of Council Tax on second homes.

Our proposal is to introduce a Council Tax premium on second homes from April 1, 2025. The level of premium we propose to introduce is 100%. This would mean that second homes, which do not qualify for an exemption, would in effect pay 200% in Council Tax. As an example, that means for an average Band D property in Caerphilly with a normal annual Council Tax bill of £1,677.53, the owner would pay £3,355.06 (based on 2023/24 charges).

Do you agree or disagree with our proposals to introduce a Council Tax premium on second homes?



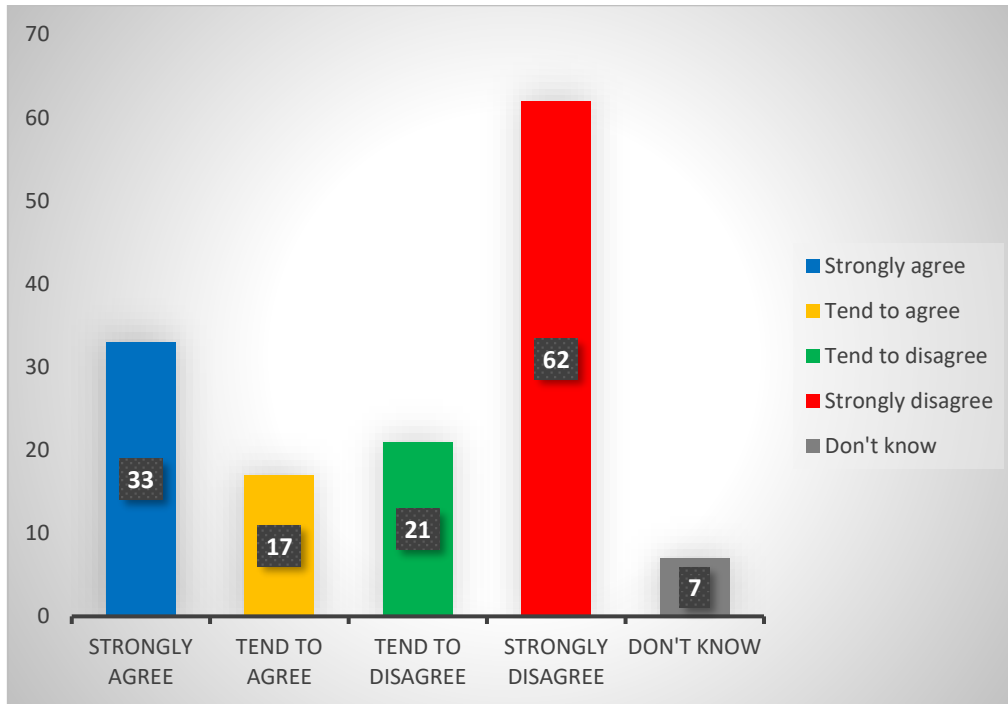
141 responses were received.

Just under half (48%) of responses strongly disagreed and a quarter of responses (25%) strongly agreed.

Consultation – Proposals to implement Council Tax Premiums on long-term empty properties and second homes

Question 18.

Do you agree or disagree with our proposal that the level of premium should be set at 100%?



There were **140** responses to this question.

Almost half (44%) of responses strongly disagreed to this Question with a similar number also strongly disagreeing to the proposal to introduce a Council Tax premium on second homes. Just under a quarter (24%) strongly agreed with the proposal.

Consultation – Proposals to implement Council Tax Premiums on long-term empty properties and second homes

Question 19.

If you disagree with the above, please tell us why:

Respondents were invited to complete this question via the facility to free type their suggestions.

83 responses were received. The following are a selection of both positive and negative comments received.

“As a second home owner I am bound to disagree but I feel the focus should initially be on empty unfurnished deteriorating properties. A premium of 25 to 50% on second homes would be adequate. My property is used regularly by me and is important to my own mental health to have it available. I receive no direct council services (my rubbish bins were both stolen and I take all rubbish away from me) and I put money into the local economy every time I visit as do family members and close friends when they stay occasionally. However if there is a need for more properties for a social housing I would be willing to sell my house to the local authority for say 95% of market valuation with all legal fees covered and no estate agent fees . I suspect many empty property owners would also accept such an offer if it were legal and practicable to do so.”

“The premium should be the full 300%”

“2nd home ownership in this area could be down to family usage and inheritance and not a holiday home in this area, its not exactly vacation territory and is a deprived area especially New Tredegar, the council are assuming owners are well off !, thus is discriminatory.”

“Does Caerphilly not want tourism? I have a holiday let on my brother’s farm. It’s not really a house that is designed for a long term occupancy. It’s only just started so I haven’t got enough occupancy to qualify for business rates. What happens to these properties with this change? Where are the tourists going to stay?”

“This will not encourage people to invest in the area.”

“Level should be lower but stepped at a more regular rate”

“Should only apply if a 2nd property is not occupied and is for the occasional benefit of the owner only.”

Question 20.

Are there any alternatives that the Council should consider?

61 responses were received. The following are a selection of comments received via the facility to free type their answer.

“Limiting the number of second homes in the county. With Airbnbs popping up on every corner, long term homes aren't available to locals. This will continue no matter what amount of council tax is charged to second homes. A licencing scheme for second homes used as businesses (short term let's), could generate income (application to licencing scheme fee) and allow the number of short term let's to be known. Also would enable anti social behaviour complaints with holiday homes to be addressed.”

“There are only small numbers of second homes in the borough. Accept that some people have reasons for needing a second home, and that they should only pay the same as everyone else. That is, do nothing.”

“Second homes add to the housing issues and should be discouraged”

“Continue charging council tax as current practice. Encourage more tourism and thereby increase other revenue streams for the area. Media coverage of 300% premiums (the media will lead with the worst case scenario) is likely to be damaging. Focus council effort on empty homes where the overall benefits are huge by comparison. (And I don't own a holiday home). And after reading Q21 it's clear why the proposal is to charge second homes more - to raise revenue for empty homes policy. I suspect that second home owners are easier to identify and track down than empty home owners. Don't penalise those that have a business that is supporting the local community.”

“Increase Council Tax for all if additional money required to build more council homes.”

“Gwneud hi'n fwy deniadol i fod yn landlord er mwyn rhentu eu tai. Wrth gwrs bod angen sicrhau hawliau tenantiaid yn ogystal. Mae prisiau tai a rhent mor uchel mae'n anodd i bawb.”

Translation

Make it more attractive to be a landlord in order to rent their houses. Of course tenants' rights need to be secured as well. House prices and rent are so high it's hard for everyone.

“Encourage second owners to let houses for short-term tenancies (emergencies, for those really in need), and guarantee that it's a short term occupancy.”

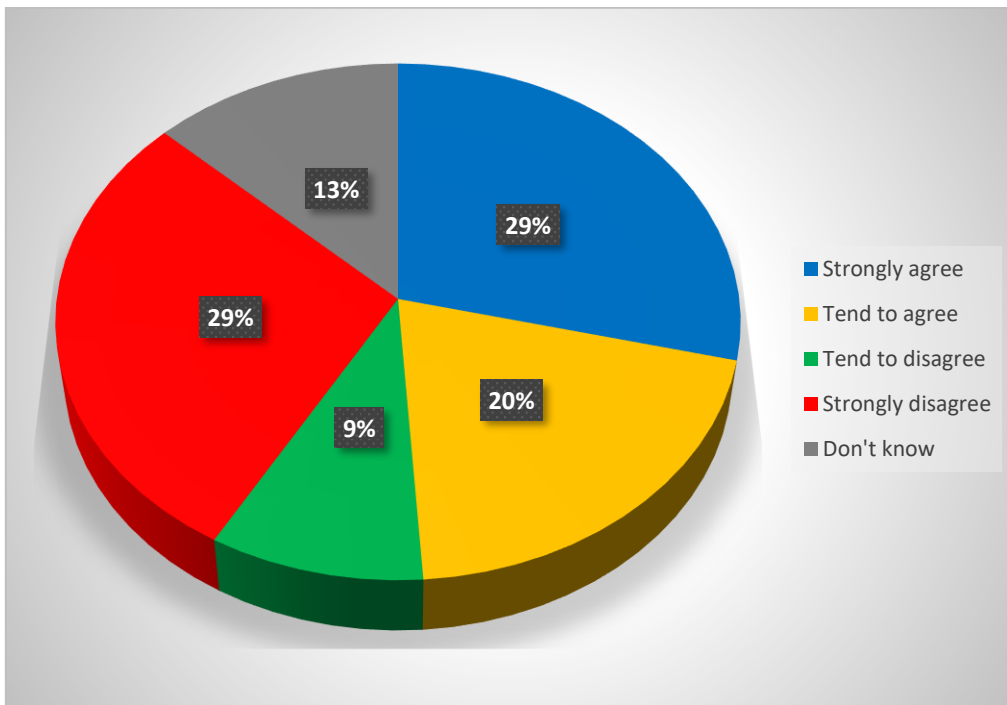
“Make an offer to buy empty second homes”.

Consultation – Proposals to implement Council Tax Premiums on long-term empty properties and second homes

Question 21.

If our proposals for second homes are agreed, we would use a proportion of the income gained to help bring long-term empty homes back into use and meet local housing needs.

Do you agree or disagree that the income should be used in this way?



139 responses were received.

(29%) of responses strongly agreed the income gained should be used this way with the same proportion of responses (29%) strongly disagreeing.

Consultation – Proposals to implement Council Tax Premiums on long-term empty properties and second homes

Question 22.

Do you have any other comments in relation to this consultation?

58 responses were received via the facility to free type their answer. The following are a selection of the comments received:

“Funds raised should be used to police empty homes and take owners to court to enforce handover of properties, as opposed to funding repair”

“It is interesting and I think is worthy if it brings the number of empty homes down.”

“I am aware of places in Wales where second home owners have priced locals out of the property market leading to almost ghost towns in winter months and I fully understand the need to discourage that going even further. However I don't think Caerphilly is a tourist hotspot (proposed closure of TIC would support that view) and it is not necessary here. it is LONG TERM UNFURNISHED HOUSES that should be targeted not much-loved second homes.”

“Why in 21 would it be a ‘portion’ the pretext for the extra revenue is to help solve the so called problem. Why wouldn't it all be used”

“The position re second homes is totally different to the position of long-term empty homes . You have multiple schemes to help the owners of long-term empty properties bring them back into usage; hence in these instances if they do not accept help then penalising them may be an incentive. Owners of second homes in this area are more likely to be like me; holding onto properties they love for future full-time usage; those that rent out their properties are in a different position. The situations are entirely different and should not be considered under one sweeping act”

“All of this seems sensible on paper but what you are doing is putting in a scheme which will require extra work to monitor by the council and those who want to get around it will. Second homes which are on Airbnb or similar sites and genuinely used to bring foreign tourists to Wales should be recognised for their contribution to the economy and supported, not punished.”

“Good to see you are consulting with people on this issue. However, I believe a common sense approach should be used so not to penalise people who are trying to sell a property that has no furnishings in.”

Welsh Language

There were **45** responses when asked for views on the impact that this draft action plan would have on the Welsh language, specifically on opportunities for people to use Welsh and on treating the Welsh language no less favourably than English. The following are a selection of the comments received:

“Reducing second homes increases the possibility of local people living the area. Which can only benefit the use of the Welsh language.”

“This could bring fewer tourists to Wales which could impact use of the Welsh language.”

“I dont think this will have an impact on welsh or english language preference etc”

“Policy could push homeowners (a Welshspeaker)to sell house and move to England.This would have a negative impact on the Welsh language.”

Diversity

27 responses were received when asked if this proposal would affect them as an individual because of any of the following (age, disability, ethnic origin, sex, gender reassignment, marital status, religious belief or non-belief, use of Welsh language, BSL or other languages, nationality or responsibility for any dependents or because you or a member of your household are or have been a member of the armed forces). The following are a selection of the comments received:

“This discriminates against people of age where retirees have worked to acquire somewhere for their future ad leisure time to renovate properties. Also discriminating against the ex armed forces who use an additional property to deal with their PTSD away from family members and children. The council don't provide any support services as it is and is in no way shape or form to provide such care and won't be for many years, any attempts have always been substandard to the requirement usually have unfit people in the occupation for the council to tick the box necessary of supporting our veterans.”

“If you charge me more it will impact on my families standard of living”

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“I’m single so I’m on my own trying to renovate my house. This would seriously affect me as I would likely lose my home to be.”

The consultation has concluded

Caerphilly County Borough Council is grateful to everyone who has participated in this consultation and in particular everyone who has submitted a response. As a summary document, not all the issues outlined in responses have been reflected but each response has been considered carefully and will be provided to Cabinet and senior officers to assist with decision making.

Action points

1. Respondents were invited to free type their comments throughout the consultation. These will be collated and shared with the relevant Departments of the Council.
2. Where contact details were provided, these will be passed to the Empty Property Team who may also share these details with other Agencies so that further information on the support available can be provided.