



Llywodraeth Cymru
Welsh Government

Number: WG46892

Welsh Government
Consultation – summary of response

The draft Council Tax (Exceptions to Higher Amounts) (Wales) (Amendment) Regulations 2023

February 2023

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

Overview

The Welsh Government undertook a technical consultation on draft Regulations to add properties subject to a planning condition that specifies a dwelling may only be used for short-term holiday lets or restricts occupancy of the property as a person's sole or main residence, as a class of dwelling for which a billing authority may not make a determination to apply a higher rate of council tax (ie dwellings to which a local authority may not apply a council tax premium). This document provides a summary of the responses received.

Action Required

This document is for information only.

Further information and related documents

Large print, Braille and alternative language versions of this document are available on request.

Contact details

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Additional copies

This summary of response and copies of all the consultation documentation are published in electronic form only and can be accessed on the Welsh Government's website.

Link to the consultation documentation:

[Draft council tax \(exceptions to higher amounts\) \(Wales\) \(amendment\) Regulations 2023 | GOV.WALES](#)

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Introduction

This document provides an overview of the responses to the technical consultation on the draft Council Tax (Exceptions to Higher Amounts) (Wales) (Amendment) Regulations 2023 which ran from 11 November to 22 December 2022.

The purpose of the legislative change is to amend Class 6 of the exceptions to the council tax premiums for dwellings occupied periodically and add properties subject to a planning condition that specifies a dwelling may only be used for short-term holiday lets or that restricts occupancy of the property from use as a person's sole or main residence. Such properties would be liable for council tax at the standard rate but could not be charged a premium, notwithstanding the wide discretionary powers local authorities have in general on council tax bills.

The consultation sought views on the clarity of the draft legislation and the practicality of implementation. The policy proposals were consulted upon between 25 August and 17 November 2021.

The Consultation

Views were invited as part of a six-week consultation period which began on 11 November 2022 and ended on 22 December 2022. The consultation was published on the consultation pages of the Welsh Government's website. Respondents were able to submit their views and comments on paper, by email or online, and in Welsh or English. The link to the consultation was emailed to a range of stakeholders including local authorities, representative organisations and professional bodies for the relevant sectors.

The consultation received a total of 143 responses reflecting a wide spectrum of interests and views. The consultation contained three questions relating to the draft Regulations alongside standard questions on the Welsh language.

The consultation applied to Wales only.

Who responded to the consultation?

The consultation received a total of 143 responses. All these responses have been considered and analysed. The respondents represented a range of interest groups, as follows.

Category of Respondent	Number of Respondents
Local Authority	2
Long-term empty property owner	4
Member of the public	18
Professional body / Representative body	8
Provider of self-catering accommodation	95
Second Homeowner	7
Second Homeowner with a planning condition on the property	7
Town or Community Council	2

A list of respondents other than those who requested anonymity is at Annex A. Where respondents have not provided the name of an organisation, it is assumed that they responded in a personal capacity and they are categorised as a member of the public.

Where respondents asked for their details to be withheld, they are identified as 'Anonymous' in order to comply with the General Data Protection Regulation.

Where a respondent submitted a response in format which did not include a declaration allowing publication of their details, they are identified as 'Anonymous'.

Summary of Responses

This document aims to present the broad views and themes that were provided in responses to the consultation, rather than to summarise every individual response.

The consultation prompted a range of representations which focused on issues outside the scope of the consultation rather than the matters raised in the technical consultation. These views have been considered when assessing the impact of the proposed changes, but the following summary concentrates on the responses to the questions set out in the technical consultation.

Question 1

Do the draft Regulations provide clarity on the circumstances in which a property with a planning condition can be excepted from the council tax premium? If not, how can it be improved?

12 respondents provided a written response relevant to the question. Of these nine (75%) welcomed the draft Regulations and the clarity provided.

For example, one local authority said "*We believe the modifications to Class 6 are clear and reasonable and reflect most recent planning conditions*" and another said "*The draft Regulations clearly set out the circumstances where an exception from the premium may apply in the case of properties with planning conditions and restrictions.*".

Another respondent, a self-catering operator, said "*The rules are clear*".

Three respondents (25%) were of the opinion the draft regulations did not provide clarity. For example, one said *“Further clarity is needed on the policy regarding buildings that have been converted for holiday lets but could not be used for long-term lets or sold as houses”*.

Where any respondent provided a comment on wider local taxation policy this has been captured under the summary for Question 3.

Question 2

Are there any unintended consequences for the proposal to extend Class 6 of the council tax premium exception? Can you provide any examples?

26 respondents provided a response relevant to the question. Of these, 24 (92%) did not consider there to be any unintentional consequences.

Section 1(b) of the draft regulations specifies that a dwelling may be used for short-term holiday let only. Two self-catering operators questioned the use of the phrase ‘short-term’. For example, one respondent commented *“Many older planning permissions simply restrict to ‘holiday use’ and do not specify the property must be ‘let’ or specify ‘short term’ holidays”*. The respondents expressed concerns these properties would fall outside the intention of the provision.

Where any respondent provided a comment on wider local taxation policy this has been captured under Question 3.

Question 3

Do you have any other comments about the draft Regulations?

There were 105 responses to this question. The majority related to the policy position rather than the clarity of the draft legislation.

Some respondents (6%) welcomed the draft regulations. For example, one local authority commented *“... a property should not be subject to a council tax premium where planning conditions prohibit its use from being a living dwelling, or where planning conditions limit its use to holidays only.”* A self-catering operator said *“I am pleased the Welsh Government is listening to owners of genuine self-catering businesses, who bring income to the local economy through visitor spend and employment.”*

Wider comments

The majority of the respondents to this question (47%) wanted the Welsh Government to consider an exception for further categories of properties, for example: properties within the curtilage of the owner’s main residence; farm diversifications; registered charities providing respite for carers or owners who donate nights for fund-raisers and any self-catering accommodation business that is registered for VAT. They also thought any exceptions should not be at the discretion of local authorities. It is anticipated that some of the examples suggested will be covered through the amended exception or can be dealt with on a local basis.

Many of the responses to this question (27%) reflected the views from respondents on the Welsh Government's policy approach to increase the thresholds for properties providing self-catering accommodation to be classified as non-domestic and then may become liable to the council tax premium from 1 April 2023.

Some of the responses (5%) were of the opinion the draft Regulations would have a detrimental effect on tourism.

The remainder of the responses (15%) provided other comments, many of which discussed personal circumstances.

The wider comments made by respondents in Questions 1 and 2 are reflected in the summary of responses for this question.

Question 4 and 5

We would like to know your views on the effect the draft regulations 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. What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?

Please also explain how you believe the draft regulations could be formulated or changed so as to have positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language, and no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.

There were 192 responses for both these questions. Most responses to Question 4 (74%) and Question 5 (87%) were unrelated to the question; or were on personal views and use of the Welsh language rather than the impact of the proposals; or commented on wider Welsh language policy considerations which are beyond the scope of local taxation and this consultation.

Of the responses to both questions that were analysed, the following themes emerged.

Approximately a quarter of respondents (25%) considered the draft regulations would have a positive effect on the Welsh language. For example, one local authority said *"We believe these regulations can be positive for Welsh-speaking communities (e.g. the agricultural community) where there has been diversification to provide units dedicated to holiday use."*

Approximately two-thirds of the respondents (63%) were of the view they would have no impact.

Some respondents (13%) commented they did not understand the relevance of the question.

Question 6

Any further comments.

In Question 6, respondents to the consultation were asked to report any related issues which had not been specifically addressed in their responses to Questions 1 to 5. As a result, responses to this question included a number of themes.

83 respondents provided further comments.

A small number of respondents (4%) welcomed the draft regulations.

Approximately a third of the respondents (30%) commented that a separate appeals system should be established.

Other responses reiterated themes set out in Question 3.

22% of the responses reflected the views from respondents on the policy to increase the letting thresholds for properties providing self-catering accommodation to be classified as non-domestic which may then result in properties becoming liable for a council tax premium from 1 April 2023.

14% of the responses asked the Welsh Government to consider an exception for further categories of properties.

5% of the respondents were of the opinion the draft Regulations would have a detrimental effect on tourism.

The remainder of the responses (25%) provided other comments, many of which discussed personal circumstances.

Welsh Government Response

The Welsh Government 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 issues outlined in responses may have been reflected fully, but each response has been considered carefully. The absence of issues or suggestions in this summary does not mean they have been disregarded. Many issues may remain relevant to the wider programme of work as part of the Welsh Government's [three-pronged approach](#) to address issues of affordability and the impact of second homes and holiday lets on communities and the Welsh language.

In response to a point on the technical clarity of the draft regulations and the reference to 'short-term' holiday lets, the draft regulations will be amended to remove the reference to 'short-term'. This will ensure the Welsh Government is not excluding any properties that may not have a length of time specified in their holiday let planning condition from being excepted from the premium.

Next steps

The Minister for Finance and Local Government issued a Written Statement alongside this summary of responses setting out the intention to bring forward this legislation as amended. The proposed application date for introducing the exception will be from 1 April 2023, in conjunction with the increased letting thresholds for properties providing self-catering accommodation to be classified as non-domestic.

Annex A – List of respondents to the consultation

Brenig Cottage Escapes
Bythynnod Gwledig Y Rhos
Canllefaes ventures ltd
Capel Bach
Cilfach Holidays
Clydey Cottages Pembrokeshire
Clyne Farm Centre/ Dylan Thomas Birthplace/ G P Haden and Associates
Cyngor Gwynedd
Cyngor Tref Caerfyrddin
East Jordeston Cottages
Faircroft
Flintshire County Council
Golwg y Graig
Hengoed Farm Holidays
Jasmine Cottage & Velvet Cottage
LLinos and Tyddyn Crwn Letting
Madog Barn self catering holiday let
One Voice Wales
Potterslade Holiday Cottage
Professional Association of Self Caterers: Wales Branch
Red Kite Cottages
Rosemoor Country Cottages
Tai Gwyliau Dwyfach
Tan y Bryn Cottages
Tan y Bryn Holiday Cottage
Tanyfoel Holiday Barns
The Bothy At Tyddyn Du
The Laundry retreat
The Neuadd
Tourism Swansea Bay Trade Association
Tregynon Cottages
Ty Godro
Wales Tourism Alliance
Wye View Limited
Y Grana, Tan yr Allt
Private individuals x 17
Anonymous x 91