

Explanatory Memorandum to The Council Tax (Prescribed Classes of Dwelling) (Wales) (Amendment) Regulations 2017

This Explanatory Memorandum has been prepared by the Local Government Finance Policy Division and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

Cabinet Secretary's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of The Council Tax (Prescribed Classes of Dwelling) (Wales) (Amendment) Regulations 2017. I am satisfied that the benefits justify the likely costs.

Mark Drakeford
Cabinet Secretary for Finance and Local Government
25 January 2017

1 Description

The Council Tax (Prescribed Classes of Dwelling) (Wales) (Amendment) Regulations 2017 (“the Regulations”) make minor amendments to the Council Tax (Prescribed Classes of Dwellings) (Wales) Regulations 1998 (“the 1998 Regulations”).

2 Matters of special interest to the Constitutional and Legislative Affairs Committee

None

3 Legislative Background

The Regulations are made by Welsh Ministers in exercise of the powers conferred on by the Secretary of State by sections 12(4), 113(1) and 116(1) of the Local Government Finance Act 1992. Functions of the Secretary of State, so far as exercisable in relation to Wales, were transferred to the National Assembly for Wales by the National Assembly for Wales (Transfer of Functions) Order 1999 (S.I. 1999/672). Those functions were subsequently transferred to the Welsh Ministers by virtue of paragraphs 30 and 32 of Schedule 11 to the Government of Wales Act 2006.

The Regulations are subject to the negative procedure.

4 Purpose and intended effect of the legislation

The Regulations make minor amendments to the 1998 Regulations to ensure consistency with the terminology used in the Housing (Wales) Act 2014.

These Regulations make minor amendments to the classes prescribed by Regulation 4 (Class A) and Regulation 5 (Class B) of the 1998 Regulations, adjusting the wording to clarify that these classes comprise dwellings of which there is no resident and that are substantially furnished.

5 Consultation

Details of the consultation undertaken are included in the Regulatory Impact Assessment below.

6 Regulatory Impact Assessment (RIA)

Options

Option 1 – Do nothing

If there are no amendments made to the existing legislation, there will be inconsistencies with terminology used in the Housing (Wales) Act 2014.

Option 2 – Make amending Regulations

Making amending Regulations will ensure that the terminology used is consistent with that used in the Housing (Wales) Act 2014.

Option 1 – Do nothing

Costs

If no Regulations were made, there would continue to be inconsistency between the terminology used in the 1998 Regulations and the Housing (Wales) Act 2014. This could lead to confusion or ambiguity for taxpayers regarding the definition used for a second home.

Benefits

There are no identified benefits of not amending the Regulations.

Option 2 – Make amending Regulations

Costs

There are likely to be minimal costs of making these Regulations, as the amendments are minor and technical in nature.

Benefits

Amending the definitions used in the 1998 Regulations provides clarification of the existing position and ensures consistency with the definitions used in the Housing (Wales) Act 2014. This is likely to avoid ambiguity and to assist the effective administration of the council tax system.

Consultation

A Consultation on Technical Amendments to Council Tax Legislation to Reflect the Introduction of Council Tax Premiums on Long-Term Empty Homes and Second Homes ran for an eight-week period from 6 October 2016 to 1 December 2016.

The consultation sought views on the amendments being made to the Regulations to take account of the implementation of the council tax premiums from 1 April 2017.

In total, 19 responses to the consultation were received. A breakdown of respondents is provided below:

- Local Authorities – 4
- Police and Crime Commissioners – 1
- Private Landlords – 2
- Individuals – 12

The majority of consultation responses commented on the introduction of the council tax premiums rather than the amendments being made to existing council tax legislation to allow for their effective administration. Only one respondent commented on the proposed amendments, confirming it would make the legislation clearer.

The full consultation can be found at the following link, along with a summary of responses:

<https://consultations.gov.wales/consultations/amendments-council-tax-legislation-reflect-introduction-premiums-long-term-empty-homes>.

7 Duties

The Regulations themselves, being technical in nature, are likely to have minimal impacts as regards Tackling Poverty, UNCRC and the Well-Being of Future Generations. However, they provide for the full operation of the overall policy of allowing the introduction of premiums in Wales, which is assessed to have the following impacts.

Well-Being of Future Generations (Wales) Act 2015

. The introduction of council tax premiums on long-term empty homes and second homes is intended to help to bring empty properties back into use, to generate additional income to improve the supply of affordable housing and to support the sustainability of local services and communities.

The policy will contribute to the wellbeing objectives of a prosperous Wales; a more equal Wales; and a Wales of cohesive communities.

Tackling poverty

For the same reasons, the premiums are likely to benefit those in poverty. The existing exemptions from council tax and the exceptions to the premiums ensure that there is no negative impact on people in poverty as no additional council tax will be charged in situations where it would be unfair or unreasonable to do so.

UNCRC

Although the council tax premiums will apply to parents of children and young people, there is no adverse effect on children's rights as one of the aims of the premiums is to increase housing supply which would protect the standard of living of families with the lowest incomes.

Welsh Language

The 1998 Regulations are in English only as they predate devolution. The amending set of Regulations are made bilingually. In line with Welsh Language Standards, consideration has been given to remaking the original Regulations bilingually in their entirety rather than amending them. However,

due to the complexity of the 1998 Regulations, and to ensure local authorities can meet statutory timescales for billing, it has not been possible to do so.

The amending Regulations are made bilingually. The consultation asked for views in line with the Welsh Language Standards and none were received.

8 Competition Assessment

No competition impacts have been identified as arising from these Regulations.