

CYNGOR GWYNEDD – Report to Cyngor Gwynedd's Cabinet



Item title: Council Tax Reduction Policy under Section 13A(1)(c) of the Local Government Finance Act 1992

Cabinet Member: Councillor Huw Wyn Jones
Cabinet Member for Finance

Relevant Officer: Dewi Morgan, Head of Finance
Sian Pugh, Assistant Head of Finance

Meeting date: 11 November 2025

1. DECISION SOUGHT

- 1.1 The adoption of a Council Tax Reduction Policy under Section 13A(1)(c) of the Local Government Finance Act 1992 to provide officers with clear guidance and boundaries on the use of reductions and exemptions from the standard Council Tax and the Premium.

2. THE REASON WHY CABINET NEEDS TO MAKE THE DECISION:

- 2.1 Section 13A(1)(c) of the Local Government Finance Act 1992, gives the Council additional discretionary powers to reduce the amount of Council Tax payable for individuals, or for classes of taxpayers. Section 13A does not impose a restriction on its use so the requirement for careful and consistent use, without setting a prejudicial precedent, is essential.
- 2.2 This policy sets out the criteria and process for awarding discretionary reductions to Council Tax in accordance with Section 13A(1)(c) of the Local Government Finance Act 1992
- 2.3 Currently, Cyngor Gwynedd has used Section 13A of the 1992 Act to introduce local, optional exceptions in very limited cases. For example, on 8 April 2025 the Cabinet decided to use Section 13A to give a local discount to Foster Carers in Gwynedd, and 3e project in the Housing Action Plan uses the power to give a tax rebate to first-time buyers who are repairing a property, beyond the statutory exemption.

- 2.4 Any action to exercise this power must be consistent with other legislation (e.g. Equality Act, Well-being of Future Generations Act). In accordance with the Constitution of the Council and Section 67 of the 1992 Act, the use of Section 13A is a matter for the Cabinet, it is not a matter which must have a full Council decision. The power under Section 13A (1)(c) is broad, and allows the billing authority to reduce the Council Tax bill of any dwelling for any period as the billing authority considers fit.
- 2.5 A copy of the Council Tax Reduction Policy under Section 13A(1)(c) of the Local Government Finance Act 1992 can be found at Appendix 1. It is good practice to have such a Policy in order to ensure transparency and consistency, with clear guidance for officers but at the same time explaining the steps that need to be taken to deal with cases that are truly exceptional.

3. INTRODUCTION AND REASONING

- 3.1 Section 13A(1)(c) of the Local Government Finance Act 1992, gives the Council additional discretionary powers to reduce the amount of Council Tax payable for individuals, or for classes of taxpayers, in exceptional circumstances. This includes the power to reduce the amount payable to nothing.
- 3.2 This is separate and distinct from the Council Tax Reduction Scheme, which has replaced Council Tax Benefit since 2013. The Council Tax Reduction Scheme is decided annually by the full Council, usually at its meeting in December, and in accordance with statute before 31 January.
- 3.3 Whilst the Council Tax Reduction Scheme exists to provide support for those liable to pay the tax, some provision is needed for those residents who find themselves in 'exceptional' circumstances and need short-term support to meet their Council Tax obligation.
- 3.4 It is important to define what could be considered exceptional and in this case it would be a situation that was not typical, completely unusual and only likely to occur very rarely. Exceptional situations for the purposes of this scheme are likely to be things outside the taxpayer's control, such as flooding of properties as an example.
- 3.5 Cyngor Gwynedd must bear the full cost of awarding any Section 13A reductions. The Council must therefore balance the need of the individual council payers who need support against the interests of council tax payers in general.

- 3.6 Sections 12A and 12B of the 1992 Act give the Welsh Ministers powers to make regulations to prescribe one or more classes of dwellings to which councils may not decide to apply a premium. The Council Tax (Exceptions to Higher Amounts) (Wales) Regulations 2015 are made under these powers a premium cannot be levied on a dwelling that falls under an exception.
- 3.7 The regulations prescribe seven classes of exempt dwellings. Classes 1, 2, 3 and 4 apply to long-term vacant properties and second homes. Classes 5, 6 and 7 apply to second homes only.
- 3.8 Details of these exceptions can be found in the following statutory guidance:
<https://www.gov.wales/council-tax-empty-and-second-homes-html>

4. OTHER CONSIDERATIONS

- 4.1 In formulating the proposed Policy (at Appendix 1) consideration has been given to cases that have been submitted to the Finance Department over a number of years. These could be applications for a reduction in basic Council Tax, the Premium, or both.
- 4.2 As an exemption from the basic Tax using Section 13A is a direct cost on the Council's coffers, the power must be exercised very carefully, while at the same time avoiding setting a precedent that could harm the Council financially in the long run.
- 4.3 At the same time, fairness and consistency must be ensured in the use of this force. A copy of the Equality Impact Assessment can be found at Appendix 2.
- 4.4 The Finance Department is also aware that consultations are underway or have recently closed in order to modify some of the statutory exemptions. We will keep the Policy under ongoing review and adapt it as any legislative changes are introduced. A prominent example of this in Gwynedd is challenges by owners of second homes used for the purposes of self-catering accommodation and failing to meet the 182 day threshold to be on the non-domestic rates list. This is currently the subject of consultation by the Welsh Government which could lead to a change in the regulations.
- 4.5 Supporting Community Enterprises is a priority for the Council and therefore the Policy supports tax exemptions for these initiatives. Nevertheless, it is assessed that there is a risk that bogus Community Enterprises may be set up in order to avail of any tax relief so it is proposed that a Panel considers any Community Enterprise on its own merits to ensure that it is genuinely established in order to support the community. There is no proposal, therefore, that a Community Enterprise be subject to any exceptions without a detailed assessment of the individual case first.

5. EQUALITY IMPACT ASSESSMENT

- 5.1 The protected characteristics identified in the Equality Act, the Socio-Economic Duty and the impact on the use of the Welsh language have been considered in the preparation of this report. As a public body in Wales, the Council must consider the impact of strategic decisions, such as the development or review of policies, strategies, services and functions. It is considered that no significant or unacceptable equality effects will result from this report.
- 5.2 The Equality Impact Assessment is included in Appendix 2.

6. THE WELL-BEING OF FUTURE GENERATIONS (WALES) ACT 2015

- 6.1 The original aim of the Council Tax Section 13A Reduction Policy is to reduce inequalities resulting from socio-economic disadvantage.
- 6.2 There is a duty to act in accordance with the principle of sustainable development, which is to seek to ensure that the needs of the present are met without jeopardising the ability of future generations to meet their needs. In acting in accordance with this general duty the Council needs to take into account the importance of long-term impact, being integrated, inclusive, collaborative and preventive in the development and implementation of the proposal before it.
- 6.3 The well-being goals set out in the Act have been considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts on the achievement of well-being goals/objectives as a result of this report.

7. NEXT STEPS

- 7.1 The Policy is adopted to be effective for the remainder of 2025-26 and until it is reviewed or repealed.

STATUTORY OFFICER OPINION:

Monitoring Officer:

The Government Guidance "**Council Tax on Empty Homes and Homes Guidance for local authorities on council tax premiums for long-term empty properties and second homes**" provides guidance on the use of statutory discretion in relation to the premium. Having a Policy allows the Cabinet to establish a statement about how applications for exemptions from either Council Tax and/or Premium will be considered. It is also noted that a review of the exemption regulations is also underway and the intention to keep the Policy under review is emphasised. The recommendation provides a framework for addressing applications.

Head of Finance:

I have collaborated with the Cabinet Member in the preparation of this report, and I confirm the content.