

## CYNGOR GWYNEDD – Report to Cyngor Gwynedd's Cabinet



**Item title:** COUNCIL TAX: DISCRETIONARY POWERS TO ALLOW DISCOUNTS AND/OR RAISE A PREMIUM ON SECOND HOMES AND LONG-TERM EMPTY DWELLINGS

**Cabinet Member:** Councillor Huw Wyn Jones  
Cabinet Member for Finance

**Relevant Officer:** Dewi Morgan, Head of Finance

**Meeting date:** 11 November 2025

### 1. DECISION SOUGHT:

Recommend to the full Council on 4 December 2025 that the following is the favoured option of the Cabinet with regards to the level of Premium on the Council Tax of Second Homes and Long-Term Empty Dwellings for the 2026/27 financial year:

- That Gwynedd Council allows NO discount on class A second homes, under Section 12 of the Local Government Finance Act 1992 (i.e. no change).
- That Gwynedd Council allows NO discount and RAISES A PREMIUM OF 150% on class B second homes, under Section 12B of the Local Government Finance Act 1992 (i.e. no change).
- That Gwynedd Council allows NO discount on homes that have been empty for 6 months or more and RAISES A PREMIUM OF 150% on homes that have been empty for 12 months or more, under Section 12A of the Local Government Finance Act 1992) (i.e. increase the premium from 100% to 150%).

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

- 2.1 In accordance with the requirements of the Local Government Finance Act 1992, the Council must make an annual decision if it wishes to levy a Council Tax Premium on long-term vacant properties and second homes ("periodically occupied dwellings"). Without a decision, a 50% discount on Council Tax on such properties would have to be offered.

- 2.2 While the final decision on the Council Tax discount or premium, and the level of the discount or premium, must be made by the full Council, in accordance with the Council's Constitution the Cabinet needs to make a recommendation to the full Council.
- 2.3 For the 2024/25 and 2025/26 financial years, the Council has charged a Council Tax Premium of 150% on second homes and 100% on long-term empty properties, but legislation allows the Council to charge a Premium of up to 300%.
- 2.4 However, if the Council were to increase the Premium rate, it will have to consider whether such a decision would be reasonable having regard to the statutory guidance, the outcome of research and legal advice that the authority has obtained.
- 2.5 A copy of the latest Statutory Guidance can be found at Appendix 2.

### **3. INTRODUCTION AND LOGIC**

#### **Background/ Introduction**

- 3.1 The Local Government Finance Act 1992 allows the Council discretion to levy full Council Tax, allow a discount of up to 50%, or charge an additional Premium on Council Tax on certain classes of second homes and long-term empty properties.
- 3.2 The Council has adopted annually, since 1998, to allow NO discount for second homes.
- 3.3 The Council has adopted annually, since 2009, to allow NO discount for properties that have been vacant for 6 months or more.
- 3.4 Section 139 of the Housing (Wales) Act 2014 added Sections 12A and 12B to the Local Government Finance Act 1992 to include a discretionary right for Councils to raise an additional “Premium” of no more than 100% on dwellings that have been empty for 12 months or more (Section 12A) and relevant second homes (Section 12B).
- 3.5 On 8 December 2016, the Council resolved to charge a 50% Premium on Council Tax on second homes and long-term empty properties, with effect from 1 April 2018. On 4 March 2021, the Council resolved to increase the Premium to 100%, which was the highest possible level under the legislation, for the 2021/22 financial year, and on 2 December 2021 decided to maintain the level of the Premium at 100% for 2022/23.

- 3.6 *The Council Tax (Long-term Empty Dwellings and Dwellings Occupied Periodically) (Wales) Regulations 2022 (SI 2022/370 W.90)* have amended Sections 12A and 12B of the 1992 Act giving billing authorities the power to raise a Premium of up to 300% on the Council Tax of second homes and long-term empty dwellings for the 2023/24 and subsequent financial years.
- 3.7 In response to this legislative change, on 1 December 2022 the Council decided to increase the Premium on second homes to 150% and keep the Premium on long-term empty properties at 100% for the 2023/24 financial year. This followed a comprehensive public consultation being carried out during autumn 2022. On 7 December 2023 the Council decided to keep the Premium at the same level in 2024/25 and on the 5 December 2024 the Council decided to keep the Premium at the same level in 2025/26.
- 3.8 The Council's report on 1 December 2022, when the current level of the Premium was first set, is included in Appendix 1. This report explains all the rationale for setting those levels.**
- 3.9 In 2022 it was concluded:
- "12.6. The Cabinet has made its recommendation concluding that a similar justification cannot be established to increase the premium above the rate of 150%. Many of these further steps such as changes to the planning regime or business tax have not yet become operational and therefore we have not had the opportunity to assess the impact of these policies in the face of a very significant change in the Premium, or the practical implications."*
- 3.10 This followed an extensive consultation process considering the range of open increases of up to 300%. By now, several changes have come into effect and started to have an impact on the market. The business rates system has changed since 1 April 2023 increasing the requirements to allow the transfer of holiday properties to business tax to let for 182 days and an availability of 282 days.
- 3.11 In order to be able to defend a decision to raise a Premium at a higher rate than it currently is, a basis and rationale is needed for review.
- 3.12 The decision sought in this report would build on and be a development of the 2022 decision using the findings from the consultation to provide information and understanding of the impacts.

### 3.13 According to the statutory guidance:

Any decision to vary or revoke a determination to apply a premium must be made before the beginning of the financial year to which it applies.

Local authorities are also strongly encouraged to consult before making a determination to increase a premium to a level above 100% and to do so at least 6 months before the beginning of the financial year to which the proposed premium increase relates.

This will enable the premium to be taken into account when setting council tax levels for the forthcoming year and allow taxpayers sufficient time to consider the impact of a higher premium on their own personal financial circumstances and make choices regarding their property

- 3.14 Whilst the new Guidance therefore gives the impression that Councils should carry out consultation before deciding to raise a premium and in particular before deciding to raise a premium above 100%, there is no requirement to do this every time a Council decides to raise the premium higher. The proposed resolution proposes to keep the premium rate on second homes as it is and raise the premium rate on empty properties.
- 3.15 As Cabinet considers reforming the rates, particular attention will be paid to the results of the consultation in 2022. The consultation was broad, received a significant response and was based on seeking views on an increase of up to 300% (the 2022 decision report is attached). But, appropriately and reflecting on the December 2022 decision, the findings of the research together with the wider information and assessments should be considered when considering the context and justification for a decision. The recommendation regarding long term empty properties is based on statistics and information which highlights the impact of the premium on the property of this particular type. It is noted that the level of long-term empty properties has remained effectively unchanged since the decision in 2022. The assumption taken at the time as a result of the consultation was to set a particular level to achieve the intention of the premium. The current statistics leads to the conclusion that the level needs to be revised. In consequence there is basis to continue to rely on the consultation and outcome when considering the latest information to review the long-term empty property premium level.

- 3.16 The risk of a legal challenge can never be completely removed, but the Research Work presented in the remainder of this report and in Appendix 3 could be weighed and measured to conclude whether this risk can be mitigated to an acceptable level.

#### **4. RESEARCH WORK**

- 4.1 Specific research was commissioned in 2024 by the full Council in order to analyse the impact that the Premium was having on the communities of Gwynedd.
- 4.2 The result of that research was published in November 2024, and they were used to make a premium rate decision for 2025/26.
- 4.3 That research shows that, (although it must be remembered that other factors may also be influencing the situation) the premium has made a contribution to bringing second homes back into use as primary residences.
- 4.4 The change in holiday accommodation regulations also appears to have influenced and continues to influence – resulting in a flow of properties from holiday accommodation to second homes, somewhat offsetting the impact of the trend (above) for second homes to switch to primary residences.
- 4.5 As for the impact of the premium on long-term vacant properties, it is difficult to find any definite pattern. A higher number had transferred after a premium increase in 2021, but subsequently the numbers have been very variable. It states that "there is no obvious long-lasting effect", over a period where the rate has remained at 100% since 2021.
- 4.6 Since that in-depth research, we have updated the data and analysed any further patterns or changes since November 2024. The result of the update to the Research is in Appendices 3(a) and 3(b).
- 4.7 As in the previous Research Work, no definite pattern is to be seen. The numbers of long-term vacant properties remain unchanged.

##### **Other considerations**

- 4.8 The research shows that the number of second homes has increased since 2024/25 after several years of decline, with the change more pronounced than it was in the November 2024 research. This change is the result of a legislative change whereby a property must now be let for 182 days a year to qualify for inclusion on the non-domestic rates list (see paragraph 3.10 above).

- 4.9 As a result of this change the Valuation Office Agency has transferred a number of properties within Gwynedd from the non-domestic rates regime to a Council Tax band and as there is no resident in the property these dwellings are also subject to a Premium.
- 4.10 Nevertheless, we understand that a large number of appeals have been lodged with the Valuation Office against the decision to transfer properties from one regime to another which means that the situation in terms of the number of second homes remains volatile at present. That is to say, although the trend of reduction in the number of second homes has ceased, that is as a result of a legislative change and this is not seen as a justification for changing the Premium rate on second homes (Section 12B of the 1992 Act) for 2026/27.
- 4.11 The Welsh Government is currently consulting on refining the classification of self-catering properties for local tax purposes, which may lead to changes to the "182 day" rules and this may change the situation in the coming year. This uncertainty is also an issue to consider and suggests that it would be premature to switch the premium rate to second homes at this time.

## **5. CONCLUSIONS**

- 5.1 Statistics and research over several years suggest that the Premium on second homes is realising its intention, and that the recent increase in numbers is the result of other legislative factors as highlighted above. Taking into account all the issues highlighted above, it is not seen that there is justification for increasing the Premium on second homes for 2026/27.
- 5.2 On the other hand, the research has shown that keeping the Premium rate for long-term empty properties at a lower level than the Premium on second homes has not had an impact on reducing the number of empty properties. The Council has a Empty Homes Scheme in place which aims to bring long-term empty properties back into use, but nevertheless the number of dwellings that have been vacant for a number of years remains a concern and as the research work notes (Part 4 above) a 100% Premium level is not to be seen to have had an impact on this.
- 5.3 It is appropriate, therefore, that the level of the Premium on long-term empty properties be reviewed.

#### 5.4 The Statutory Guidance states:

There are a range of factors which could help inform local authorities in deciding whether to charge a premium. Whilst some factors will be specific to either longterm empty properties or second homes, others will be common to both. A list of these factors is set out below to assist local authorities. It is not intended to be exhaustive.

- Numbers and percentages of long-term empty properties and/or second homes in the local area.
- Distribution of long-term empty properties and/or second homes and other housing throughout the authority and an assessment of their impact on property values in particular areas.
- Potential impact on local economies and the tourism industry.
- Patterns of demand for, and availability of, affordable homes.
- Potential impact on local public services.
- Potential impact on the local Community
- Potential impact on the Welsh language.
- Other measures that are available to authorities to increase housing supply and the availability of affordable housing.
- Other measures that are available to authorities to help bring empty properties back into use

5.5 Any increase in the rate of the Premium may be subject to a legal challenge and in that respect, consideration must be given to what has changed in the last year since the Council resolved in December 2024 that the Premium is 100% appropriate level for the Premium on long-term empty properties.

5.6 As of June 2025 there were 1,121 long-term vacant properties in the county as follows:

vacant for between 1 and 3 years	vacant for between 3 and 5 years	has been vacant for more than 5 years.
574	231	316

- 5.7 It can be seen that over 500 dwellings have been vacant in Gwynedd for over 3 years, in the context of a situation where a housing crisis has been identified. The Empty Homes Team within the Housing and Property Department is addressing the situation in the face of limited resources, and this was the subject of a report to the Care Scrutiny Committee on 25 September 2025: [Report](#) . The Committee was keen to be assured that suitable plans were in place to bring empty properties back into use. Further to that, a group of officers from a range of departments are considering action to be taken with problematic vacant properties. Against this backdrop, therefore, the latest research and scrutiny highlights that it is increasingly difficult to justify different ratings for a long-term empty property premium compared to second homes.
- 5.8 Should there be a desire to increase the level of the Premium on long-term empty properties beyond 150%, a new public consultation would need to be carried out.

## **6. USE OF THE PREMIUM**

- 6.1 Since the introduction of the Premium at the start of the 2018/19 financial year, money raised through the Premium has contributed to funding the Housing Action Plan. Since the 2023/24 financial year £3m has been used in the revenue budget towards funding services for homeless people.
- 6.2 The Housing Action Plan aims to build, purchase or refurbish over 2,000 units that will help over 15,000 people in Gwynedd over the life of the Scheme.
- 6.3 Following changes to the housing situation, the needs of the people of Gwynedd and financial sources in recent years, particularly in light of the Covid-19 pandemic and Brexit, we recently took the opportunity to review the Plan and extend it to 2028/29, taking advantage of new opportunities to expand and help even more residents of the county with their housing situation.
- 6.4 The Housing Action Plan will invest over £190m over the period of the Scheme, drawing on a number of financial sources, such as the Welsh Government's Housing Support Grant and Social Housing Grant, the Council's Asset Management Plan and of course the Council Tax Premium on Second Homes and Empty Houses.



- 6.5 The funding received from the Council Tax Premium fund (approximately 26% of the total value of the Scheme) is fully earmarked against several projects in the Housing Action Plan, such as supported accommodation schemes, building our own houses, contributing to residential elements in community schemes, bringing the county's empty houses back into use, and ensuring disabled people can continue to live in their current homes.
- 6.6 Being able to include the Premium as a financial source has enabled the Department to attract several additional grants. We prioritised spending those grants first because they had a time limit, which in turn has allowed us to prioritise premium spending and ensure that that benefits the people of Gwynedd the most.
- 6.7 Of all the Scheme's financial expenditure/commitments to date, around £15.5m has come from the Premium fund (up to the end of the 24/25 financial year).
- 6.8 This funding has been spent on several schemes in several areas, which has led to helping 11,385 of Gwynedd people. Some of the highlights over the past year includes:
- **Supported Housing Schemes (Scheme 1a):** Work is ongoing on preparing and adapting the former Crown Buildings, Penrallt, Caernarfon, to be transformed into supported accommodation for those in housing need. Recently the purchase of Tŷ Glyn, Bangor was completed in order to address the housing need in Bangor.
  - **Buy to Let Scheme (Scheme 2c):** 51 homes were purchased under the banner of the Buy to Let Scheme to date, and 20 of those have been let to locals in housing need, with another 6 expected to be let in the next few weeks, and renovation work is expected to complete on another 13 before the end of December. Through this Scheme, the Council offers a suitable home for our residents, residents like Ffion and Rhodri who moved into their new home in Porthmadog recently – more on their story here: [Cyngor Gwynedd's Buy to Let Scheme offers a key to the future for a young couple](#)
  - **Tŷ Gwynedd (Scheme 3a):** Work on the Llanberis and Coed Mawr sites are making good progress. The construction work at Llanberis is expected to complete in the next few months, and the process of marketing the homes for prospective residents has begun. We expect the handover to be completed in November, soon after which they will be sold. Good progress is being made on the Coed Mawr site too, with structural work almost complete.
  - **Engaging and communicating with communities (Scheme 3c):** During April, May and June this year, the second set of events in the Tai ar Daith

series were held. Tai ar Daith takes officers in the housing and connected fields out to the community to speak to the residents of Gwynedd. This time, visits were held at Bethesda (where 43 members of the public and Members came to see us), Porthmadog (40), Tywyn (38) and Nefyn (37). We intend to hold a third series in 2026, and discussions on locations and arrangements are already underway.

- **Gwynedd Empty Homes Grant (Scheme 3dd):** in August this year, the Council announced a change to the Empty Homes Grant criteria, which now means even more people can be eligible. The income threshold was raised to £60,000, and a maximum grant of £25,000 is now available. The eligibility criteria for the property has also changed, where Council tax bands are now used. More information can be found here: [More Gwynedd residents now eligible for empty home renovation grant](#). To date, a total of 331 empty homes have been restored as a result of the Council's Support, with 136 of those being brought back into use as a result of the Gwynedd Empty Homes Grant.
- **Council Tax Exemption on Empty homes (Cynllun 3e):** Scheme 3e offers an exemption of up to a year on Council Tax on empty homes for owners who need to complete essential renovation works on their homes. To date 142 households have benefitted from this support, which has therefore contributed to bringing 142 empty homes back into use in Gwynedd.
- **Siop un Stop for housing matters (Scheme 6):** On 15 September, 2025, the One Stop Shop launched, which offers one front door for all Gwynedd housing enquiries. The service's aim is to make access to information and advice on housing matters simpler and easier for the county's residents, and the feedback so far is positive, which 83 people (between 15-30 September) having been helped. In the period leading up to the launch date, drop-in sessions were held for Elected Members, and the new arrangements were promoted on our social media channels and through the media ([click here to read the press release](#)).

- 6.9 If the Full Council decides to increase the level of the Premium on long-term empty properties from 100% to 150% for 2026/27 a formal decision on the use of the additional income will be made when setting the 2026/27 Budget on 5 March 2026, taking into account the requirements of the Statutory Guidance (Appendix 2).

## **7. EQUALITY IMPACT ASSESSMENT**

- 7.1 The Equality Impact Assessment contained in the Appendix 1c reflects recent requirements and developments, changing circumstances, and the results of the comprehensive consultation carried out in 2022.
- 7.2 The outcome of the Equality Impact Assessment completed in 2022 in setting the current level of the Premium is that there is little evidence that increasing the premium on second homes would discriminate against a protected group, with data suggesting that second home owners tend to be older people and identify themselves as English. The policy from a Council Tax Premium perspective is intended to recognise that long-term empty properties and second homes increase some of Gwynedd's social problems, and owners should make a financial contribution to mitigate some of the disadvantages they cause.
- 7.3 The 2022 assessment also concluded that the Premium would have an overall positive impact on the Welsh language and the balance of communities as the premium product funds the Housing Action Plan which supports local families to buy an affordable home. However, it is noted that this is the result of a number of positive and negative factors affecting the Language, which are covered in a number of places in this report and the appendices.
- 7.4 The assessment has been updated in October 2025, and comes to the same conclusions set out in the previous one.

## **8. THE WELL-BEING OF FUTURE GENERATIONS (WALES) ACT 2015**

- 8.1 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.
- 8.2 In accordance with the requirements of the Act, Cyngor Gwynedd has adopted well-being objectives. Particular attention is drawn to the following objectives:
- Communities that thrive and thrive for the long term
  - Healthy and Independent Residents with a Good Quality of Life
- 8.3 The current Premium funds the Council's Housing Action Plan, which is a proactive attempt to strengthen the sustainability of those communities within Gwynedd that have a high number of second homes and long-term empty homes.
- 8.4 The Council's Housing Strategy sets out the vision of "Ensuring that the people of Gwynedd have access to a suitable and high-quality, affordable home that improves their quality of life".
- 8.5 The Strategy identifies five objectives that had to be met if the Council was to achieve this vision:
1. Nobody is homeless in Gwynedd
  2. Social housing available to everyone who needs one
  3. Everyone's home in Gwynedd is affordable for them
  4. Tai Gwynedd is environmentally friendly
  5. Homes have a positive influence on the health and well-being of the people of Gwynedd.
- 8.6 The Housing Action Plan includes a number of projects which, taken together, deliver on these objectives.

## **9. NEXT STEPS**

- 9.1 The Cabinet recommendation will be presented to the full Council at its meeting on 4 December.

## **THE VIEWS OF STATUTORY OFFICERS:**

### **Monitoring Officer:**

I have had the opportunity to advise on the report. The procedure for the decision and the steps to make a recommendation are in line with the legal guidance that has been provided.

### **Head of Finance:**

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

## **BACKGROUND DOCUMENTS**