

Appendix 3

Review of Reserves

Following a review of the reserves, it is recommended that the following transfers, relating to the council tax premium, should be implemented:

Fund	Sum to be transferred £'000
Move from:	
The Council's Financial Strategy Support Fund	(2,089)
Move to:	
Council Tax Premium Fund	2,089
Total	0

Additional allocation of Council Tax Premium for 2024/25

During 2024/25, it became apparent that the impacts of the changes on the thresholds of self-catering housing lettings (increase from 70 to 182 days) led to the property moving between tax classifications (non-domestic to domestic). This has affected the projected income expected to be collected through the premium.

The underspend on council tax for 2024/25 has been placed in the Council's Financial Strategy Support Fund during 2024/25 and when closing the accounts for the financial year. Therefore, it is now timely to carry out further review of council tax income and the premium deriving from the tax on second homes and empty properties for 2024/25.

The total value of council tax bills as well as the income received for the different types of accounts have been considered.

1. Background

The premium came into force in Gwynedd in 2018/19 at a rate of 50%, the rate was increased to 100% in 2021/22 and then to 150% from 2023/24 onwards, for the second home element only.

2 Inflation

£6 million annually – not increased with inflation - has been allocated towards the Housing Action Plan since 2021/22. £3 million has been allocated to the homelessness field since 2023/24, but this amount has been receiving inflation every year.

Adding inflation to the £6 million to correspond with the council tax increase rates would be as follows:

Table A: Inflation based on Council Tax increases since 2022/23.

	2021/22 £	2022/23 £	2023/24 £	2024/25 £
Premium Fund				
Sum to Fund	6,000,000	6,000,000	6,177,000	6,482,760
Council Tax Inflation %		2.95%	4.95%	9.54%
Council Tax Inflation £		177,000	305,760	618,460
Total	6,000,000	6,177,000	6,482,760	7,101,220
Value of Inflation (accumulative)		177,000	482,760	1,101,220

Therefore, the value of the £6 million increased to £7,101,220 for 2024/25, which is an increase of **£1,101,220**.

In addition to the above, to ensure that the appropriate inflation has also been allocated for 2022/23 and 2023/24, it is suggested that one-off amounts will be allocated for the two previous years, namely:

2022/23 - £177,000

2023/24 - £482,760

Total - £659,760

Therefore, a total inflation of £1,760,980, considering all aspects.

3 Remaining sum to be allocated

After considering the current liabilities and allocating inflation of an additional £1,760,980 to the £6m towards the Housing Action Plan, funding bids to the value of £893,150 to the Homelessness field already approved to be funded from basic revenue would release revenue funding to support setting the budget for 2026/27 and offer some protection for council tax.

It would leave a remainder of £328,400, with its use to be considered by the Cabinet in January 2026.

Table B: Income from the Premium and Liabilities

	£
Premium Tax collected	12,582,600
Current Liabilities	
£6 million	6,000,000
£3 million + inflation	3,207,230
Funding Taxation Posts	53,190
Funding Housing Posts	155,570
New Accountancy post	55,550
New Taxation Posts	128,530
Total Liabilities	9,600,070
 <i>Remainder after current commitments</i>	 2,982,530
 <i>2024/25 Inflation</i>	 1,101,220
 <i>2023/24 Inflation</i>	 482,760
 <i>2022/23 Inflation</i>	 177,000
 Total Inflation	 1,760,980
 Remainder after allocating inflation	 1,221,550
 Permanent Bids already allocated to the field, not currently being funded from the Premium	
Homelessness Service	57,560
Temporary Accommodation	308,880
Temporary Accommodation	412,150
Increase the Capacity of the Housing Options Homelessness Unit	114,560
	 893,150
 Remainder to transfer to the Council Tax Premium Fund	 328,400

4 Recommendation

Transfer £2,089,380, namely:

- £1,760,980 relevant to inflation
- £328,400 namely the remainder from the 2024/25 Premium

from the Council's Financial Strategy Support Fund to the Council Tax Premium Fund.

The use of the additional resource is being considered by the Cabinet.