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:	**10 November 2026**

1. DECISION SOUGHT

Recommend to the full Council on 3 December 2026 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 2027/28 financial year:

- **That Cyngor Gwynedd allows NO discount on class A second homes, under Section 12 of the Local Government Finance Act 1992 (i.e. no change).**
- **That Cyngor Gwynedd 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 Cyngor Gwynedd 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. no change).**

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

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

2.2. While the final decision on the Council Tax discount or premium, and the level of 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 financial year 2026/27, the Council has raised a Council Tax Premium of 150% on both second homes and long-term empty dwellings, 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 after considering statutory guidance, the result of research and legal advice which the authority has obtained.

2.5. A copy of the latest Statutory Guidance is found in Appendix 1.

3. INTRODUCTION AND REASONING

Background / Introduction

3.1. The Local Government Finance Act 1992 provides the Council with the discretion to charge full Council Tax, allow a discount of up to 50%, or to charge an additional Premium on the Council Tax of certain classes of second homes and long-term empty properties.

3.2. The Council has resolved annually since 1998 to allow NO discounts to second homes.

3.3. The Council has resolved annually since 2009 to allow NO discounts in respect of properties that have been empty 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 raise a Premium of 50% on the Council Tax of relevant second homes and long-term empty dwellings, to be implemented from 1 April 2018. On 4 March 2021, the Council resolved to increase the Premium to 100%, which was the maximum level allowed by legislation, for the 2021/22 financial year and on 2 December 2021 it resolved to keep the Premium level 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 to keep the Premium on long-term empty properties at 100% for the 2023/24 financial year. This followed a comprehensive public consultation in autumn 2022. On 7 December 2023 the Council resolved to keep the Premium at the same level in 2024/25.

3.8. The Council's report of 1 December 2022, when the current Premium level was first set, is found here: Agenda for The Council on Thursday, 1st December, 2022, 1.00 pm This report explains the whole rationale for setting those levels.

3.9. In 2022 it was concluded:

"12.6. [Cabinet has made its recommendation concluding that currently], there is no way of establishing equivalent justification for increasing the premium above a 150% rate. A number of these further steps such as changes to the planning regime and to business rates have not yet become operational and therefore we have not had an 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 increases open up to 300%. By now, several changes had been implemented and started to have an impact on the market. The business rates system has changed since 1 April 2023 increasing the requirements to allow holiday properties to be transferred to business rates, with actual letting needing to be for 182 days with availability of 282 days.

3.11. To be able to defend a decision to charge a Premium at a higher rate on second homes than it currently does, therefore, it will be necessary to be able to demonstrate **what has changed** since the current level was set in December 2022, and that sets a basis and rationale to review.

3.12. In December 2025, the Council resolved, based on a recommendation by the Cabinet, to increase the Premium on long-term empty dwellings to 150% so that it would be consistent with the Premium on second homes. This was as a result of statistics and information which highlighted the impact of the premium on the property of this particular type. At the same time, it was noted that the number of long-term empty properties had remained effectively unchanged since the decision in 2022. The assumption taken in 2022 as a result of the consultation was to set a particular level to achieve the intention of the premium. However, by 2025 the statistics led to the conclusion that the level needed to be revised. In consequence there was basis to continue to rely on the consultation and outcome when considering the latest information to review the long-term empty property premium level. Since there is no recommendation to change the Premium it is not considered – bearing mind the Statutory Guidnace – that there is currently a specific need for a consultation.

3.13. The decision sought proposes keeping the premium on second homes and long-term empty dwellings as they are.

4. RESEARCH WORK

4.1. When setting the current level of the Premium, the full Council requested research to analyse the impact the Premium was having on Gwynedd communities.

4.2. The result of this research work was presented to the Cabinet and the Full Council in November and December 2024, and is found here:

Evidence of the impact of the council tax premium on second homes and long-term empty properties in Gwynedd, November 2024

Appendices

4.3. Further work was commissioned for the 2025 decision. Once again, the Cabinet and Full Council considered the results:

Evidence of the impact of the council tax premium on second homes and long-term empty properties in Gwynedd, Update November 2025

Appendices

4.4. The conclusions of the research were that keeping the Premium rate for long-term empty properties at a level below the Premium on second homes did not have an impact on reducing the number of empty properties. The Council has a Empty Housing Scheme in place which aims to bring long-term empty properties back into use, but nevertheless it was found that the number of dwellings that had been empty for a number of years remained a concern and as the research indicated, a 100% Premium level was not seen to have had an impact on this.

4.5. It was decided, therefore, that it would be appropriate that the level of the Premium on long-term vacant properties be reviewed with the result that it increased to 150% from 1 April 2026 onwards.

4.6. It is too early at this time to be able to come to a definitive conclusion as to whether this increase has had the desired effect of bringing empty properties back into use.

Other considerations

4.7. The research showed that the number of second homes had increased since 2024/25 after several years of decline, with the change more pronounced than it was in the November 2024 research. This sudden change was as a result of a legislative change where properties must now be let for 182 days a year to qualify for the non-domestic rates list.

4.8. As a result of the change, the Valuarion Office Agency had transferred a number of properties within Gwynedd from the non-domestic rates regime to the Council Tax band and as there is no resident in the property these dwellings are also subject to a Premium.

4.9. However, between 1 April and 30 September 2026 the VOA has transferred 454 properties *back* to the non-domestic rates regime, either following an appeal by the taxpayer, further information has been submitted to them or that the letting now meets the 182-day threshold. This shows that the property status situation remains highly volatile and therefore there it cannot be seen that there is justification for changing the Premium scale on second homes (Section 12B of the 1992 Act) for 2027/28.

4.10. The Welsh Government has recently consulted on adjustments to the "182-day" rules and this may change the situation again in the coming year. This uncertainty is also an issue to consider and suggests that it would be premature to change the premium rate to second homes at this time.

5. USE OF THE PREMIUM

5.1. Since the introduction of the Premium at the start of the 2018/19 financial year, the money collected through the Premium has been placed in a dedicated fund, to fund specific projects that have been outlined in the Housing Action Plan. Since the 2023/24 financial year, £3m (increased with inflation) has been used in the revenue budget to fund the Homlessness service.

5.2. The Housing Action Plan will invest over £180m 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.

5.3. The funding received from the Council Tax Premium fund 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.

5.4. Being able to include the Premium as a financial source has enabled the Department to attract several additional grants. Spending those grants first was prioritised because they had a time limit, which in turn has allowed the Council to prioritise premium spending and ensure that that benefits the people of Gwynedd the most.

5.5. Two reports on the use of the Premium were submitted in the last year, on 19 May 2026 and 7 July 2026. The Cabinet's decision at that time was to allocate additional income from the premium on empty properties and second homes to the priority areas identified in the reports.

6. IMPACT ASSESSMENTS

6.1. The Impact Assessment in Appendix 2 reflects recent requirements and developments, changing circumstances and the results of the comprehensive consultation that was undertaken in 2022.

6.2. The result of the Impact Assessment undertaken in 2022 when setting the current level of Premium is that there is some evidence that increasing the premium on second homes would be discriminate against a protected group, with data suggesting that second home owners tend to be older people and identify themselves as English. The policy in relation to Council Tax Premium is intended to recognise that long-term empty properties and second homes increase some of Gwynedd's social problems, and the owners should make a financial contribution to alleviate some of the disadvantages they cause.

6.3. The 2022 assessment also concluded that there will be a positive impact on the balance of communities as the premium yield 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 which affect the Language, which receive attention in several places in the report and appendices.

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

7.1. There is a duty to act in accordance with the sustainable development principle, which is to try to ensure that the needs of the present are met without compromising the ability of future generations to meet their needs. When acting in accordance with this general duty the Council needs to consider the importance of the long-term impact, being integrated and inclusive, collaboration and prevention in developing and implementing the proposal.

7.2. In accordance with the requirement of the Act, Cyngor Gwynedd has developed well-being objectives. These are:

- Communities which thrive and are prosperous in the long-term

- Healthy and independent residents with a good quality of life

7.3. The current Premium funds the Council's Housing Action Plan (and related additional administration costs), which is a proactive attempt to strengthen the sustainability of those communities within Gwynedd with a high number of second and long-term empty homes.

7.4. The Council's Housing Strategy sets out the vision of "Ensuring that the people of Gwynedd have access to a suitable Home of a high standard that is affordable and improves their quality of life".

7.5. The Strategy identifies five objectives that had to be sought if the Council was to achieve this vision:

1. No one is homeless in Gwynedd
2. Social housing available to all who need one
3. Everyone's home in Gwynedd is affordable to them
4. Gwynedd Housing are environmentally friendly
5. Homes having a positive influence on the health and well-being of the people of Gwynedd

7.6. The Housing Action Plan includes a number of projects that together set out to deliver these objectives.

8. NEXT STEPS

8.1. The Cabinet's recommendation will be presented to the full Cabinet in its meeting on 3 December.

OPINION OF STATUTORY OFFICERS

Monitoring Officer:

The arrangements for deciding and the steps taken to make the recommendation is consistent with the legal guidance which been provided previously.

Head of Finance:

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

BACKGROUND DOCUMENTS