

DECISION NOTICE OF AN INDIVIDUAL MEMBER OF GWYNEDD COUNCIL CABINET

DATE OF DECISION	14/10/2026
DATE DECISION PUBLISHED	14/10/2026
DATE DECISION WILL COME INTO FORCE and implemented, unless the decision is called in, in accordance with section 7.25.1 of the Gwynedd Council Constitution.	21/10/2026

NAME AND TITLE OF THE CABINET MEMBER:

Councillor Huw Wyn Jones (Cabinet Member for Finance)

SUBJECT – Cyngor Gwynedd’s response to the Welsh Government’s ‘Consultation on the Classification of Self-Catering Properties for Local Taxation Purposes’

DECISION

Submit the response form (Appendix 1) as Cyngor Gwynedd's response to the Welsh Government's consultation on the classification of self-catering properties for local tax purposes.

REASON WHY THE DECISION IS NEEDED

Please see attached Officer Report.

DECLARATIONS OF PERSONAL INTEREST AND ANY RELEVANT DISPENSATIONS APPROVED BY THE COUNCIL’S STANDARDS COMMITTEE

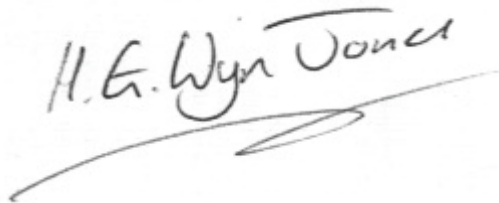
None.

ANY CONSULTATIONS UNDERTAKEN PRIOR TO MAKING THE DECISION

Consultation with
Cyngor Gwynedd Statutory Officers.

The results of the consultations are reported upon in the attached report.

DECISION NOTICE OF AN INDIVIDUAL MEMBER OF GWYNEDD COUNCIL CABINET – OFFICER REPORT

Name and title of Cabinet Member/s:	Councillor Huw Wyn Jones, Cabinet Member for Finance
Name and title of Report Author :	Catrin Thomas, Corporate Director
Date of Decision :	14/10/2026
Signature of Cabinet Member/s :	

Subject :

Cyngor Gwynedd's response to the Welsh Government's 'Consultation on the Classification of Self-Catering Properties for Local Taxation Purposes'

Recommendation for the Decision :

Submit the response form (Appendix 1) as Cyngor Gwynedd's response to the Welsh Government's consultation on the classification of self-catering properties for local tax purposes.

Reason why Decision is needed :

On 31 July 2026, the Welsh Government published a consultation entitled *Consultation on the Classification of Self-Catering Properties for Local Tax Purposes*. The closing date for responses to the consultation is 23 October 2026.

As part of the consultation, two changes to the current arrangements governing the eligibility of self-catering holiday accommodation for inclusion on the non-domestic rates list are proposed:

- A) Reviewing the threshold (182 letting days)
- B) Introducing new exemptions

The consultation document provides further details on the scope of these proposals.

Any changes to the relevant legislation arising from the consultation are expected to come into force on 1 April 2027.

Reason and justification behind the Decision :

This consultation is an important matter that requires careful consideration. Maintaining a sustainable tourism sector, alongside sustainable communities that provide opportunities for people to live and thrive, are priorities for Cyngor Gwynedd. To this end, the consultation response which has been prepared seeks to achieve a balance between these objectives and priorities.

Declarations of personal interest by any Cabinet Member consulted with and any relevant dispensations approved by the Standards Committee

None to note

Any consultations undertaken prior to making the decision :

Head of Finance –

There are no direct financial implications to the decision sought, however there are wider financial considerations attached to the taxation regime and consequently to any modifications to the legislation arising from this consultation. Finance Officers have had the opportunity to contribute to this formal response and I have no objection to the decision sought.

Monitoring Officer –

No additional comments to make regarding appropriateness.

Local Member/s –

Not relevant

Consultation on the classification of self-catering properties for local tax purposes

We are seeking your views on proposed changes to the treatment of self-catering properties for local tax purposes .

Do you live in Wales?
Yes/No/No answer

Do you have a business interest in Wales?
Yes/No/No answer

Please provide the first part of your home postcode (e.g. CF10)

You are about to submit your response. Please ensure you are satisfied with the answers you have provided before sending.

Name: Councillor Huw Wyn Jones

Are you responding as:

- On behalf of an organisation

Organisation (if applicable): Cyngor Gwynedd

If you want to receive a receipt of your response, please provide an email address:

Cynghorydd.HuwWynJones@gwynedd.llyw.cymru

Responses to the consultation may be published. Your response will be anonymous. However, if you would like your name to be published alongside your response, please tick the box.

I agree to my name being published alongside my response to this consultation.	Yes
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Consultation questions

Question 1

Do you think the Welsh Government should consider a modest reduction to the letting threshold?

Comment

Please give reasons for your view:

The current consultation suggests reducing the number of letting days required to qualify for non-domestic rates (no firm proposal in terms of the reduced number of days has been proposed). It is noted that the lack of information included in the consultation document, coupled with the lack of certainty as to the number of letting days that will be required, limits the Council's ability to give full consideration to the impact of any proposed change and, as a result, to express an informed view on the matter.

Further, due to the unrestricted ability to change the use of a residential house to holiday accommodation, it is not possible to assess with any certainty what the actual effect of lowering the proposed letting threshold would be. As a result, it is difficult to assess the extent to which such a change would achieve its intended objectives. While the proposal is intended to support the tourism sector, there is insufficient information at this stage to determine whether a reduced threshold would also be effective in safeguarding the local housing stock and maintaining a sustainable balance within Gwynedd's communities.

It is recognised that there have been calls from some businesses within the sector to relax the eligibility criteria for non-domestic rates as the current requirements are challenging to meet. It is believed that a relatively small reduction in the letting threshold, combined with the exemptions proposed as part of this consultation, could alleviate some of those concerns and support holiday accommodation businesses during a period where the tourism sector has faced significant challenges and changes.

However, it is crucial to ensure that any change to the criteria would not create an additional incentive to transfer more properties from the council tax system to the non-domestic rates system due to the financial benefit. This risk is particularly relevant in areas that already have a high concentration of self-catering holiday accommodation. In addition, excessive relaxation of the criteria could undermine the viability of genuine tourism businesses that have invested significantly in providing high-quality accommodation and operate commercially throughout the year. This would undermine one of the main objectives of the original changes, which is to ensure that the non-domestic rating system is used by businesses rather than as a means of avoiding council tax obligations.

Question 2

What impacts do you think a modest reduction to the letting threshold would have on self-catering operators?

The Council is aware of examples of tourism businesses that have failed to qualify for non-domestic rates and continue to do so despite the recent changes to the eligibility criteria. However, there is no concrete information available on the number of actual businesses that would continue to be affected by the current arrangements, or to what extent a reduction in the proposed threshold would address that situation. As a result, it is difficult to assess the likely impact of the proposal in detail.

Lowering the eligibility threshold could help some genuine tourism businesses that have found it difficult to meet the current criteria, supporting the visitor economy and economic activity in rural areas. However, it could also increase the number of properties eligible for non-domestic rates and related relief, affecting the level of competition.

The potential impact on the housing stock also needs to be considered, especially in areas where there is pressure on the housing market. While the scale of the impact is uncertain, any relaxation of the criteria could influence owners' decisions about using properties as holiday accommodation. Therefore, it is important to strike an appropriate balance between supporting tourism businesses and protecting the interests of local communities and housing supply.

Question 3

What impacts do you think a modest reduction to the letting threshold would have on the ability of local authorities to respond to the issues arising from any over-supply of self-catering properties?

As a means of responding to the housing crisis, Cyngor Gwynedd has implemented a wide range of interventions and policies aimed at increasing the availability of housing for local people. In this context, the changes to the eligibility criteria for non-domestic rates, introduced in 2023, are considered to have been an important measure in encouraging properties to return to residential use. As a result, these changes are believed to have contributed to increasing the supply of housing available to local communities, supporting the Council's wider objectives to tackle the housing crisis and strengthen the sustainability of communities across the county.

In some areas of Gwynedd, particularly in rural and coastal communities, a significant proportion of the housing stock is used as second homes or self-catering holiday accommodation. This reduces the supply of housing available to local people as permanent homes, increases pressure on the housing market, contributes to affordability problems and undermines the long-term sustainability of these communities.

The Council's Housing Action Plan responds to the housing challenges facing the county, including the impact that second homes and holiday accommodation have on the local housing market. Income generated through the council tax premium is used

to fund specific interventions through the Plan, including investing in affordable housing and increasing the supply of housing for local people.

As previously noted, due to the lack of control over the use of housing as holiday accommodation, it is not possible to fully predict what impact a modest reduction in the threshold would have on the number of properties operating as self-catering holiday accommodation.

However, it is noted that such a change could provide some flexibility to genuine tourism businesses that have faced difficulties in meeting the current criteria. It is emphasised that any change should not lead to a significant increase in the number of properties transferring to the non-domestic rates system. The objective of any reduction should be to strike a balance between supporting genuine tourism businesses and maintaining the wider policy objectives in managing the impact of holiday accommodation on local communities. Should any reduction be implemented, it should also be ensured that appropriate monitoring arrangements are in place to assess the impact of the change and confirm that it achieves the intended policy objectives.

Question 4

Do you agree with the proposed exemption for properties which are part of a wider business?

Comment

Please give reasons for your view:

Proving that holiday accommodation is an integral part of, or dependent on, the main business on a site is likely to be challenging from a definition perspective. In addition, there is a significant risk that defining businesses eligible for this exception will be based on interpretation or opinion, rather than clear criteria, which could lead to inconsistency and unfairness.

Question 5

Do you agree with the proposed exemption for large multi-unit properties?

Comment

Please give reasons for your view:

Normally, with this type of property, it is likely that there would be a planning condition attached to the use which restricts it to being a holiday use, and therefore would fall within the scope of exception 3. Where no such condition exists, it is likely that the properties concerned would be those with historic use rights or uses that have become lawfully established over time.

Question 6

Do you agree with the proposed exemption for properties subject to a relevant planning restriction?

Yes

Please give reasons for your view:

The proposed exception for properties that are subject to a relevant planning restriction is supported. However, further clarification is required regarding the meaning of the term "*planning restriction*". It would be helpful to confirm whether this refers specifically to occupancy or use restrictions secured through a planning condition or a Section 106 planning obligation.

Defining the exception in this way provides a simpler and straightforward approach, avoiding the need to rely on subjective judgments or differing interpretations. It would also help ensure fairness for genuine businesses operating within the self-catering sector.

For the avoidance of doubt, it is also important that there is alignment between local taxation arrangements and the planning framework when defining and regulating the use of self-catering accommodation.

Question 7

Do you agree with the proposed exemption for properties within the curtilage of the owner's home?

No

Please give reasons for your view:

It is believed that the exemption should be limited to units that have specifically received planning permission for use as holiday accommodation (exception No. 3). This would provide clear evidence of authorised use and reduce the risk of misuse.

Question 8

Do you agree with the proposed exemption for properties on the owner's farm?

Comment

Please give reasons for your view:

The reference to 'farming' in this context appears to be inconsistent with national policy guidance and other relevant guidance, which emphasises supporting the wider rural

economy and refers to rural enterprises beyond the traditional concept of farming. As a result, further clarity is needed as to how this definition fits into the wider policy framework and relevant policy objectives.

Question 9

Are you aware of any other circumstances in which a property could not be used as a permanent home which should be considered for exemptions?

Yes
No

If yes, please give further details:

Question 10

What, in your opinion, would be the likely effects of the proposals on the Welsh language? We are particularly interested in any likely effects on opportunities to use the Welsh language and on not treating the Welsh language less favourably than English.

1. Do you think that there are opportunities to promote any positive effects?
2. Do you think that there are opportunities to mitigate any adverse effects?

There is a genuine concern that high numbers or concentrations of holiday accommodation can have an adverse impact on the sustainability of communities and on the viability of the Welsh language as a language used every day within the community. In Welsh-speaking communities, the loss of residential housing to holiday use can limit opportunities for local people to stay in their communities and contribute to maintaining a permanent population.

Question 11

In your opinion, could the proposals be formulated or changed so as to:

1. have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English; or
2. mitigate any negative effects on using the Welsh language and on not treating the Welsh language less favourably than English?

See response to question 10

Question 12

We have asked a number of specific questions. If you have any related points which we have not specifically addressed, please use this space to record them.

When defining the exemptions, it is welcomed that responsibility for determining which categories of properties are eligible will rest with the Welsh Government. This approach will help ensure consistency across Wales and reduce the risk of variations in application between local authorities.

The introduction of any exemption classes is an issue that requires careful consideration. It needs to be ensured that the purpose of any exemptions is clear, based on sound evidence, and does not undermine the wider objectives of the policy. In particular, careful consideration should be given to whether any exemptions could create loopholes that might be exploited to circumvent planning controls, or result in unintended consequences that undermine efforts to manage the impacts of second homes and holiday accommodation on local communities across Wales. It is also important that robust monitoring and review arrangements are established to assess the effectiveness of any exemptions, and to ensure that they can be amended or withdrawn if evidence emerges that they are creating difficulties or producing unintended outcomes.

Responses to consultations may be made public. Your response will be anonymous. However, if you would like your name to be published alongside your response, please insert an x in the box.