

# Equality Impact Assessment

For help to complete this form see the *How to Undertake an Equality Impact Assessment* leaflet. You are also welcome to contact Delyth Gadlys Williams, Policy and Equality Officer on ext. 32708 or [DelythGadlysWilliams@gwynedd.llyw.cymru](mailto:DelythGadlysWilliams@gwynedd.llyw.cymru) for further assistance.

The Council's is required (under the Equality Act 2010) to consider the effect any change in policy or procedure (or the creation of a new policy or procedure), has on people with protected equality characteristics. The Council also has a general duty to ensure fairness and foster good relations. A timely Equality Impact Assessment must be undertaken before making any decision on any relevant change (i.e. which has an effect on people with protected characteristics).

## I Details

### I.1. What is the name of the policy / service in question?

Council Tax Premium on Long-term Empty Dwellings and Second Homes

### I.2 What is the purpose of the policy / service that is being created or amended? What changes are being considered?

Since April 2018 the Council has charged a premium of 50% on the Council Tax of second homes and long-term empty dwellings. A report was presented to the Council meeting on 3 December 2020 recommending that the Premium level be kept at 50% for the 2021/22 financial year. An amendment to this proposal, for the Cabinet to consider consulting on increasing the level of the premium to up to 100%, was tabled and passed. At its meeting on 15 December 2020, the Cabinet agreed to hold a public consultation on the proposal to increase the Premium on Second Homes and Long-term Empty Properties up to 100% for the 2021/22 financial year.

Having considered relevant issues, including the housing situation within Gwynedd and the outcome of the public consultation, the Cabinet recommends increasing the level of Premium on second homes and long-term empty dwellings to 100% in 2021/22.

### **1.3 Who is responsible for this assessment?**

Dewi Morgan, Assistant Head of Finance (Revenues and Risk)

### **1.4 When did you commence the assessment? Which version is this?**

15 December 2020. This assessment began after Cabinet decided that it would undertake a public consultation to ascertain public opinion on the proposal to change the Premium rate.

## **2) Action**

### **2.1 Who are the partners you need to work with to undertake this assessment?**

The Council has the power under the Local Government Finance Act 1992 (as amended) to adjust the Level of Premium by up to 100%. However, it is an explicit expectation that we should consult with the public and key stakeholders. A public consultation was held, with attention given in the local press and on social websites, and the Council wrote to owners of properties subject to the Premium.

The partners and key stakeholders were:

Gwynedd Residents  
Taxpayers on empty properties and second homes

There was collaboration with several internal partners, e.g.:

Finance Department  
Corporate Support Department  
Gwynedd Council Cabinet Members  
Full Council

## **2.2 What measures have you taken to engage with people with equality characteristics?**

We have endeavoured to identify individuals with protected characteristics as the public consultation asks respondents to inform us of any protected characteristics so that these can be taken into account in the development of the policy.

The consultation was public and the questionnaire was available to anyone to complete online. Two press releases raising awareness of it were issued, and social media was used to raise awareness.

The Council wrote to all households subject to the Premium with a letter drawing their attention to the consultation. Where the different correspondence address was recorded in the Council Tax system, this was used. The letter referred to the Council's website and the opportunity to complete the questionnaire there, but the Council's website stated that anyone could contact the Council if they wished to receive a paper copy of the consultation.

## **2.3 What was the result of the engagement?**

A public consultation was held between 22 December 2020 and 1 February 2021. 6,213 responses were received on the formal questionnaire, as well as around 100 separate letters and messages expressing dissatisfaction with the proposal.

The views of those who responded were divided, but over 70% of respondents were against increasing the Premium level. In general, second home owners in particular were opposed to the proposed raising of any premium, while another significant proportion supported charging a premium of up to 100%.

Respondents' comments were sought on the impact of the Premium on a number of aspects of social issues. A number of those who opposed the increase indicated that they had owned their property in Gwynedd for several years, and were very fond of the area. On the other hand, some of those responding claimed that there was a racist motive behind the intention to increase the Premium as the Council is against people from outside Gwynedd and that it is racist. No evidence was submitted to support this view.

There are two different categories of properties subject to the Premium, namely second homes and long-term empty properties.

Very few people want to pay more tax, and there was vehement opposition from second home owners in particular. It stands to reason that increasing the level of premium would have a financial impact on these individuals, but there was no evidence that any protected group would be affected. However, a number of those who have responded to the enquiry claim that the policy of raising the Premium is racist, anti-English, although no discrimination exists when setting the premium.

## 2.4 On the basis of what other evidence are you operating?

The Equality Act 2010 allows the Council to act positively towards some cohorts if there is evidence of need ("take action to meet the needs of people from protected groups where these differ from the needs of others"). Several studies by the Council have identified that there is a problem with the availability of housing for young families in Gwynedd, so we have identified a problem and are taking steps to deal with that. Young people have been priced out of the local housing market.

On 25 November 2020, there were:

- 4,718 dwellings subject to the Premium on second homes (Class B)
- 165 further second homes in Class B but not paying the Premium as they were subject to one of the statutory exemptions
- 811 properties within Class A where the occupation is prohibited for a period of at least 28 days in the relevant year and no Premium may be charged.

At the same time, 1,130 properties were subject to the Premium on long-term empty properties

### Study on the Effect of Holiday Homes

A key consideration by the Council in voting on the amendment to postpone the decision on charging a premium in 2021/22 was the detailed report Holiday Homes Research Work that was submitted to the Cabinet meeting on 15 December 2020:

<https://democracy.gwynedd.llyw.cymru/documents/s27960/Item%208%20-%20Report%20Holiday%20Homes.pdf>

This follows a similar study carried out in 2013.

This report shows that the total number of holiday homes (second homes and self-catering holiday units) within Gwynedd continues to increase, and asks for the Cabinet's commitment to take decisive action to address the situation.

The study is the result of detailed research that has been undertaken over recent months, and highlights that there are a number of factors that influence Gwynedd's housing stock. It builds on studies that have been undertaken in the past and highlights that there are pressing issues that continue to need attention, and that the situation within Gwynedd communities, particularly those that attract visitors, is intensifying.

Whilst the scope of the study also extends to planning issues, leading attention is given to the financial incentive that exists of owning a holiday home as well as the taxation advantage that exists of meeting the legal thresholds for transferring property to the non-domestic rates regime (these properties are not subject to the premium).

### Property Values

Second home Council Tax bands are generally higher than Gwynedd properties as a whole. In December 2020, 33.9% of Gwynedd's second homes were in Council Tax Band E or above, compared with 21.5% of Gwynedd properties overall. On the other hand, long-term empty property bands are lower. Only 17.8% of these properties are in band E or above.

One of the themes emerging from the consultation was that a number of second homes were a family home that had been inherited and retained by the family, or that the property had been owned by the family as a second home for a number of years.

## **2.5 Are there any gaps in the evidence that needs to be collected?**

Apart from the sense of some respondents that Gwynedd Council is generally racist by considering raising the Premium and then increasing it, no evidence has been received to support that as studies have been undertaken suggesting that action is needed to address housing problems in rural areas of Gwynedd.

The consultation included an equality questionnaire. This suggested that a higher proportion of second home owners than the general population are older people.

### 3) Identifying the Impact

**3.1 The Council has to give due regard to the effect any changes will have on people with the equality characteristics noted below. What impact will the new policy/service or the proposed changes in the policy or service have on people with these characteristics? You are welcome to any other characteristics if you wish.**

<b>Characteristics</b>	<b>What type of impact?*</b>	<b>In what way? What is the evidence?</b>
<b>Race (including nationality)</b>	<p>Positive</p> <p>Negative</p>	<p>The policy of charging a premium is intended to address the situation that housing is not available to local people, and the impact is positive on this cohort.</p> <p>The policy will affect people from outside Gwynedd and some respondents to the public consultation claim that the Policy would be racist as it targets people from outside Wales. However, there is no consideration of the race of the property owners when a premium is charged on second homes and long-term empty properties.</p> <p>The Premium is charged on all second homes and long-term empty properties without in any way discriminating on where the owners live or what their race or nationality is. However, we recognise that the public consultation shows that a significant proportion of second home owners identify themselves as English and therefore it is likely that the policy will have a negative financial impact on this cohort. However, the money will be used to develop the housing market for local People, which is a positive outcome.</p>
<b>The Welsh language</b>	<p>Positive</p>	<p>There will be an indirect impact on the language as the purpose of charging a premium is to encourage owners of long-term empty properties and second homes to return the property to the local housing stock, or to pay additional Council Tax. Premium yield to date have been used to meet local housing needs. Supporting the Welsh language is, therefore, a core part of this policy.</p> <p>In particular, there will be a positive impact on the balance of communities as premium products fund the Housing Action Plan which supports local families to buy an affordable home.</p>

<b>Disability</b>	Insignificant	There is a small possibility of differentiation indirectly on the grounds of disability if someone with a disability keeps an adapted property in Gwynedd as they cannot have a holiday elsewhere.
<b>Sex</b>	None	No impact has been identified
<b>Age</b>	Positive	<p>A 2013 study showed that the demographic makeup of communities with high proportions of second homes was different; in general, the resident population is 'older'. This affects the balance of communities and will have an impact on the future resilience and sustainability of these areas.</p> <p>It went on to note that the profiles of second home owners themselves suggested that they were generally middle-aged or retired, and richer than the national average. Shelter (2011) (<i>Taking Stock, an assessment of under-utilisation of housing stock in England</i>) estimated that 60% of second home owners nationally were aged between 45 and 60 compared with 40% across all owner-occupied in this age group. The responses from the current public consultation have suggested the same.</p> <p>Therefore, there is evidence that the financial losers are older, but it is expected that older people living in the relevant areas throughout the year will benefit as local society will be more resilient and sustainable.</p> <p>However, there is strong evidence that care providers face serious recruitment difficulties. Achieving community balance is vital to getting enough younger people to protect and care for older people, and the policy of raising a Premium is intended to help young people stay in the local area by being able to provide them with homes locally. Overall, therefore, the policy will have a positive impact as it helps young families to have a home. This will then have a more positive than negative impact on community balance.</p>
<b>Sexual orientation</b>	None	No impact has been identified
<b>Religion or belief (or non-belief)</b>	None	No impact has been identified
<b>Gender reassignment</b>	None	No impact has been identified

<b>Pregnancy and maternity</b>	None	No impact has been identified
<b>Marriage and civil partnership</b>	None	No impact has been identified

**3.2 The Council has a duty under the 2010 Equality Act to contribute positively to a fairer society by promoting equality and good relations in its activities regarding the following characteristics – age, gender, sexual orientation, religion, race, gender reassignment, disability and pregnancy and maternity. The Council must give due attention to the way any change affects these duties.**

<b>General Duties of the Equality Act</b>	<b>Does it have an impact?*</b>	<b>In what way? What is the evidence?</b>
<b>Abolishing illegal discrimination, harassment and victimisation</b>	No	
<b>Promoting equal opportunities</b>	Yes	This will provide equal opportunity for local people who are currently unable to afford a home. The current housing situation is unequal and the decision is intended to stabilise and rectify this situation.
<b>Encouraging good relationships</b>	Yes	<p>The policy of charging a Premium can promote good relationships with people within the communities of Gwynedd if the Policy gives them the opportunity to have a better home, or a first home, as the number of holiday homes and empty dwellings is found to have a detrimental effect on the ability of local people to have a place to live. A policy of charging a Council Tax Premium on second homes and empty dwellings can improve relationships if Gwynedd residents feel that the policy helps them to have a better chance of having a home in their local area.</p> <p>Some second home owners have claimed in their consultation response that increasing the level of the Premium will cause community ill feeling, but there is no evidence to support this claim. The current disparity is more likely to create resentment.</p>



#### 4) Analysing the results

##### 4.1 Is the policy therefore likely to have a significant, positive impact on any of the equality characteristics or the General Duty and what is the reason for this?

One of the main outcomes of the Premium is the funding of the Housing Action Plan. This scheme will address social disparity within Gwynedd. The Equality Impact Assessment completed during the preparation of the Housing Action Plan sets out the very positive steps that will result from the implementation of the Scheme, with the financial support of the Premium:

<https://democracy.gwynedd.llyw.cymru/documents/s27958/Item%206%20-%20Appendix%20B%20-%20Equality%20Impact%20Reprt.pdf>

The Premium is intended to aim to reduce inequality within the communities of Gwynedd, and contributes to that by funding specific projects.

Details of an assessment of the Well-being of Future Generations Act can be found in the body of the Cabinet report.

##### 4.2 Is the policy therefore likely to have a significant, negative impact on any of the equality characteristics or the General Duty and what is the reason for this?

The premium will be subject to two specific cohorts of the population, namely second home owners, and owners of long-term empty homes.

It should be noted that consultation responses, together with national studies strongly suggest that second home owners tend to be older people. A number of the consultation responses suggest that some of these older owners are "asset rich / cash poor". That is, they have bought the property for several years or inherited it, but their income is not necessarily high. This ultimately raises a very small amount of doubt if the Council is fulfilling its statutory duties, but that must be weighed against the poverty, unemployment and homelessness in rural Gwynedd. According to the Housing Action Plan, 59% of Gwynedd residents have been priced out of the market in Gwynedd.

A number of the responses to the public consultation have stated that this Policy is racist as it targets individuals living outside Wales. However, the Premium is charged to all properties that are second or long-term empty properties without considering ownership. A significant proportion of second home owners identify themselves as English, and increasing the Premium would have a negative financial impact on this cohort. However, the Equality Act 2010 states that this is legal if the policy is a proportionate means of achieving a legitimate aim, and in this case it is a means of realising a positive action, namely tackling the housing crisis for local people.

### 4.3 What should be done?

Choose one of the following:

Continue with the policy / service as it is robust	
Adapt the policy to delete any barriers	
Suspend and delete the policy as the detrimental impacts are too big	
Continue with the policy as any detrimental impact can be justified	✓

### 4.4 What steps will you take to reduce or mitigate any negative impacts?

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.

There is a claim that the policy of raising the Premium is racist because of where second home owners live, but a number of those who have answered the consultation note that Welsh people own a property in Gwynedd while their main home is outside Wales. The Premium will be charged based on the characteristics of the property, not the characteristics of the owner and there is a positive impact if local families can afford to buy a property in their local area rather than having to move away to get a home. There is recognition that there is a negative financial impact on people living outside Gwynedd, with a large number of them identifying themselves as English. In line with the requirements of the Equality Act 2010, increasing the level of the Premium is a proportionate means of achieving a legitimate aim, which is to fund a Housing Action Plan that addresses some of the damage that second homes and empty dwellings cause to the communities of Gwynedd.

Individuals who are for and against raising the Premium have expressed dissatisfaction with the same question on the impact of the Premium on the economy (claiming to be "leading"), which suggests that the balance of questions is correct.

**4.5 If you are not taking any further action to delete or reduce the negative impacts, explain why here.**

The level of premium is ultimately a political issue, taken on the basis of the evidence available. Elected members will reach a decision on the appropriate balance between the additional cost to owners of second homes and long-term empty properties and the associated incentive of bringing properties back into use, against the social well-being that would result from the ability to realise specific schemes to address social disparity.

**5) Monitoring**

**5.1 What steps will you take to monitor the impact and effectiveness of the policy or service (action plan)?**

The setting of the Premium level will require the annual approval of the full Council. The Finance Department will continue to keep track of changes to the status of long-term empty properties and second homes, and act as necessary to assess if there are equality issues behind transfer to non-domestic rating.