

Cumrae Second Homes Council Tax Premium Community Impact Assessment Report

Cumrae Community Council

May 2026

1. Executive summary

A survey was undertaken by Cumrae Community Council (CCC) in April 2026 to assess the real-world impacts of the 100% council tax premium on second homes. The survey was created following the decision by North Ayrshire Council to limit its own monitoring to movement in property status.

346 respondents provided strong evidence that the policy is having significant unintended social and economic consequences, with limited confidence that its stated objectives are being achieved.

The policy is already influencing behaviour, particularly in reduced spending, weakened community cohesion, and reconsideration of long-term engagement with the island.

- 89% of respondents rated the impact of the policy as negative.
- 57% believed it will result in fewer new permanent residents.
- Only 12% agreed it will free up homes for working families.
- 83% of second homeowners have reduced their spending on the island.
- The total negative impact on the island's economy is likely to be more than £450,000. The island has a total economic output of just £12.9 million.

2. Background

CCC challenged the introduction of the 100% premium on second homes council tax on the grounds that the Island Community Impact Assessment (ICIA) prepared by North Ayrshire Council (NAC) was inadequate. The ICIA identified a number of significant impacts that were likely on Cumrae, but it failed to suggest mitigations for those impacts as required by the Islands Act.

An NAC Cabinet meeting on 8 October 2025 rejected the challenge. This decision was called in by NAC's Audit and Scrutiny Committee, but the scheduled meeting of that Committee was then cancelled without satisfactory explanation.

The NAC Cabinet committed to preparing a report to be brought to Council in June 2026 as part of an "ongoing monitoring process", allowing review of the impact of the policy on Cumrae. But in a letter from Mark Boyd, NAC Head of Finance to Irene Campbell MP, dated 10 February 2026 it was revealed that the extent of that monitoring would be limited:

“The monitoring process will initially focus on the level of movement in property status from the baseline data recorded before the implementation of the new policy. This will include the number of second homes across North Ayrshire (including Cumbrae), self-catering units and long-term empty properties. If elected members request any wider economic impact assessment this would be considered, however, an appropriate funding source would require to be identified to support this work. It is also recognised that the attribution of economic impact to a singular policy event can be somewhat subjective and would require to be set within the context of a range of other macro and micro economic factors.”

As a result of this, CCC decided to prepare its own report based on an extensive survey so that NAC Cabinet might be better informed about the real and far-reaching impacts of the policy on the community of Cumbrae.

3. Respondent profile

346 responses were received.

Many respondents reported long-term and complex relationships with the island, often extending over decades and involving a mix of:

• Second homeowners	213 (6% not on Cumbrae)
• Permanent residents	83
• Frequent visitors	59
• Owners of permanent homes	32
• Users of second homes (not the owner)	27
• Workers on the island	21
• Business owners	15
• Occupants of permanent homes (not the owner)	10
• Occasional visitors	9
• Tenants	5

This reflects a highly interconnected community, rather than distinct, singular groups.

The employment status of respondents was similarly mixed, many people having multiple roles:

• Retired	178
• Work full time (not on Cumbrae)	105
• Work part time (not on Cumbrae)	38
• Work part time (on Cumbrae)	19
• Work full time (on Cumbrae)	17
• Volunteer	13
• In education	4
• Unemployed	1

On average, respondents who were second homeowners reported spending 117 days a year on the island and had owned their second homes on average for 27 years.

The reasons for owning second homes included:

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| • For regular visits | 162 |
| • For use by an extended family | 81 |
| • As a stepping stone to becoming a permanent resident | 43 |
| • Because of work | 11 |
| • For occasional visits | 4 |

4. Key findings

Overall perception of the policy

There was overwhelming opposition to the policy, and a belief that it is counterproductive to population growth:

- 89% of respondents rated the impact of the second homes council tax premium on the island as negative or very negative.
- Only 12% agreed that the policy would help free up homes for working families.
- 74% agreed that second homes historically acted as a pathway to permanent residency.
- 57% agreed that the policy will reduce the number of new permanent residents on the island.
- 62% would contribute financially to a legal challenge to the policy.

Direct economic impacts

- 83% of second homeowners reported reducing their spending on the island as a result of the policy.
- The £136 per month average reduction in spending on the island per respondent is equivalent to an annual reduction of £1,629.
- Of 183 respondents, this equates to £300,000 a year, excluding wider multiplier effects, and excluding second homeowners who did not respond to the survey.
- Assuming a conservative multiplier of 1.5, this equates to an economic shock to the island of £450,000, excluding second homeowners who did not respond to the survey (there are 450 second homes on Cumbrae).
- Respondents reported reduced spending on property maintenance and improvements, local trades and contractors, retail and hospitality and general day-to-day spending.

This suggests a direct and very significant impact on the local economy, particularly small businesses and the construction and maintenance sectors. It also creates a secondary long-term risk of unemployment, declining housing stock condition and the reduced overall attractiveness of the island.

Of the businesses that responded to the survey, 67% reported a decrease in visitor numbers or spending.

Community cohesion and social impact

Respondents perceived the policy as socially divisive and damaging to long-standing relationships within the community:

- 91% of second homeowners felt unfairly targeted by the policy.
- 57% believed the policy had influenced their emotional connection to the island.
- 40% reported increased tension between permanent residents and second homeowners.
- 39% were visiting the island less frequently, with the main reason being cost pressures.

Property ownership

- 75% of second homeowners indicated they were considering selling their property.
- 44% of second homeowners were considering converting their properties to a short term or long term let.
- 71% of the second homeowners reported that their properties were in council tax bands A or B. These properties might not be suited to permanent occupation by working families.

Policy design concerns

274 qualitative responses were submitted regarding the nature of the policy and how it might be changed. The views expressed are summarised below:

- A strong overall opposition to the policy, describing it as excessive, with many calling for the premium to be scrapped.
- A preference for lower rates, graduated rates or a gradual implementation of the policy.
- A widespread view that second homeowners should pay the same council tax as permanent residents.
- A desire for the policy to be more targeted to reflect property type, exempting or reducing rates for small homes or those not suited to permanent occupation by working families.
- A perception that second homeowners use fewer local services and so higher local taxes are simply punitive.
- Some conditional support for the policy if additional revenue raised is ring-fenced and spent locally, with greater transparency.
- Concerns about a lack of voting rights despite higher taxation (“no taxation without representation”).
- Perceived unfairness compared to other groups such as Airbnb/holiday lets or caravan owners paying less or no local tax.

Other comments

175 other qualitative comments were submitted in response to an open final question. These additional thoughts are summarised below:

- A strong perception that the policy is unfair, punitive, and targets second homeowners as an “easy revenue source”.

- Frequent reports that second homeowners are ending long family connections to the island.
- A belief that the policy will increase short-term lets and reduce council tax revenue overall.
- A strong view that many properties are unsuitable for permanent residents, undermining the policy's aims.
- Concerns that the policy will fail to solve housing shortages, which are instead linked to a lack of jobs and new housing supply.
- Repeated claims that second homeowners contribute significantly to the local economy and community life.
- Concerns about declining property values and potential housing market disruption.
- Views that the policy reflects a "one-size-fits-all" approach that ignores island-specific conditions.
- Concerns that wider structural issues are being ignored, such as; ferry reliability, employment and infrastructure.
- Some criticism of the consultation process and evidence base behind the policy.
- A minority view that the premium is justified to increase permanent residency and reduce second home dominance.
- An overall sentiment that the policy is short-sighted and risks long-term harm to the island's sustainability.

5. Key conclusions

- The policy is not meeting its stated objective and there is no confidence among respondents that it will improve housing access for local people.
- There is clear evidence of a significant negative economic shock with reduced spending affecting local businesses and impacting construction and maintenance.
- There is a risk to long-term sustainability. The policy may reduce inward migration, disrupt pathways to permanent residency and weaken long-term community stability.
- The social consequences are significant. The policy is perceived as unfair, is creating division and is damaging emotional ties to the island.

6. Recommendations

NAC must recognise that Cumbrae functions as a hybrid residential/seasonal economy and that it relies on part-time residents as key contributors, particularly in the winter months.

There should be an immediate review of the 100% premium, considering:

- A reduced rate.
- Phased implementation.
- Caps or thresholds based on property types.

There should be broader impact monitoring, beyond property status movement to include:

- Local economic indicators.

- Population change.
- Business performance.
- Community cohesion.

NAC should engage with affected stakeholders, establishing a structured dialogue with:

- Second homeowners.
- Other residents.
- Local businesses.
- Community organisations.

7. Final statement

This survey demonstrates that the second homes council tax premium is not a neutral fiscal measure, it is a punitive, behaviour-changing policy with measurable economic and social consequences for a small, fragile island community. Limiting evaluation of its impact to property status changes risks missing its wider effects, many of which are already emerging within the community, and so missing the opportunity to either improve the policy or to introduce mitigations for it.