

REPORT TO: CITY GOVERNANCE COMMITTEE – 22 JANUARY 2024

REPORT ON: COUNCIL TAX CHARGES FOR SECOND HOMES

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 22-2024

1.0 PURPOSE OF REPORT

1.1 To provide information on the discretion available to Local Authorities to vary the amount of Council Tax levied on second homes from 1 April 2024.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Committee:

- Agree to implement the 100% Council Tax surcharge on second home properties from 1 April 2024.
- Note that the surcharge cannot be applied to unoccupied properties which are undergoing repairs or renovations for a minimum period of six months as detailed in 4.7 of the report.
- Agree to remit the Executive Director of Corporate Services to use the discretionary powers as noted in 4.8 of the report.

3.0 FINANCIAL IMPLICATIONS

3.1 Applying the 100% surcharge to the current caseload of second homes could yield a maximum £308,000 in additional revenue for the fiscal year 24/25.

4.0 MAIN TEXT

4.1 A “second home” is defined as a dwelling which is no one’s sole or main residence, but which is furnished, and in respect of which, during any period of 12 months, the person who is liable to pay Council Tax can produce evidence to establish that it is lived in other than as a sole or main residence for 25 days during that period.

An “unoccupied dwelling” is a dwelling which is no one’s sole or main residence but is not a second home.

4.2 Under the terms of the Council Tax (Variation of unoccupied Dwellings) (Scotland) 2005 Regulations the Council Agreed to reduce the level of discount granted on second homes from 50% to 10% discount.

4.3 Further discretion was made available from 1 April 2017, under the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2016, to award no discount. The Council agreed to remove the 10% discount from 1 April 2019.

4.4 The regulations have now been further amended by the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023, which now give Local Authorities, from 1 April 2024, discretion to introduce a maximum increase of 100%. i.e. double the standard charge.

4.5 This would bring the Council Tax charges levied on second homes in line with the charges on long term unoccupied properties (properties unoccupied for more than 12 months).

4.6 Properties which are deemed to be a Purpose-Built Holiday Home, or a Job-Related Dwelling will still be granted a mandatory 50% discount.

4.7 Further protection is introduced by the 2023 Regulations to allow a 50% discount to be granted where:

- An unoccupied property is undergoing repairs or renovations that contribute to the improvement of the property and
- It was purchased by the person who is liable to pay the Council Tax in respect of it less than six months ago or such longer period as may be agreed.

4.8 In addition to the six-month protection for new owners whose dwellings require repair or renovation works, it is proposed that further discretion is available on a case by case basis for up to a maximum of 12 months from the date of purchase.

4.9 The decision to apply discretion would involve a recommendation from the Head of Customer Services & IT being made to the Executive Director of Corporate Services for approval.

4.10 This would be considered where:

- The circumstances of the dwelling are such that it could not be brought up to a habitable standard within the timescales allowed under existing legislation governing the award of discounts, exemptions, and surcharges.
- There are any other exceptional circumstances out with the direct control of the owner.

5.0 CURRENT POSITION

5.1 Figures taken as of 17 November 23 show that there were 204 second homes in the Dundee City area.

5.2 A breakdown of these dwellings by Council Tax band and postcode is shown below.

Band	Count	Additional CT Charge per property	Post Code	Count
A	40	990.95	DD1	25
B	42	1,156.11	DD2	45
C	37	1,321.27	DD3	26
D	24	1,486.43	DD4	28
E	36	1,953.00	DD5	80
F	17	2,415.45		
G	8	2,910.93		
H	0			
Total	204			

5.3 This strategic move aims to motivate second homeowners to either sell or rent their properties and thereby increasing the housing supply within the city. Encouraging the renovation of second homes may also have a positive impact on the appearance and quality of properties available.

6.0 POLICY IMPLICATIONS

6.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

7.0 CONSULTATIONS

7.1 The Council Leadership Team were consulted in the preparation of this report.

8.0 BACKGROUND PAPERS

8.1 None.

**ROBERT EMMOTT
EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

DATE: 28 DECEMBER 2023

**JACQUI KOPEL
HEAD OF CUSTOMER SERVICES & I.T.**

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