

REPORT TO: POLICY AND RESOURCES COMMITTEE -
REPORT ON: REVIEW OF LONG TERM EMPTY PROPERTY DISCOUNT
REPORT BY: DIRECTOR OF CORPORATE SERVICES
REPORT NO: 440 - 2014

1.0 PURPOSE OF REPORT

This report advises of a change in legislation governing the level of Council Tax discount awarded to long term empty properties and the option to introduce an additional charge.

2.0 RECOMMENDATIONS

It is recommended that the Committee:

- 2.1 Note the content of this report and the options which are available to the council in varying the discount policy and the objectives of changing this policy.
- 2.2 Approve the reduction of the existing 50% Council Tax discount on properties which are both unoccupied and unfurnished to 10% for the 6 to 12 month period from 1 April 2015.
- 2.3 Implement revised Council Tax charges on long term empty properties on a phased basis; 100% of charge from 1 April 2015 and 200% of charge (ie. 100% surcharge) from 1 April 2016.
- 2.4 Note that the possibility of a shared services approach, working closely with Shelter Scotland, for an Empty Homes Officer to progress initiatives locally is being explored.

3.0 FINANCIAL IMPLICATIONS

- 3.1 There will be costs associated with investigating why these properties are empty. Administration of the new policy and collection of sums due will be handled by existing staff in the Revenues Division, Corporate Services Department. Any additional costs will be contained within existing resources.
- 3.2 The current information held does not provide for the specific circumstances to categorise long term empty properties accurately.

The table below shows the **estimated maximum amount of potential additional income** which could be raised based on current Council Tax levels. It should be noted that this is a high end estimate, as once the results of the data gathering exercise and the potential increase to charges are available, it is likely the numbers will reduce significantly and so achieving the aims of the policy i.e. to bring back long term empty properties into use.

Dwellings that are unoccupied & unfurnished between 6 months and 12 months (Exempt for up to 6 months)			Amount collected at current empty property collection rate of 80%
Current Position	50% Discount	Estimated Additional Council Tax Charged	
Proposed Position	10% Discount	£110,000	£88,000

Current Charge on unoccupied properties	Proposed Charge on unoccupied properties over 1 year	Maximum Additional Council Tax charged	Amount charged if only 50% of properties met new criteria	Amount collected at current empty property collection rate of 80%
90%	100% - 01.04.15	£ 62,000	£ 31,000	£ 24,800
	200% - 01.04.16	£685,000	£342,500	£274,000

4.0 BACKGROUND

- 4.1 From 1 April 2005 local authorities were given discretion to vary the level of Council Tax discount on most second homes and long term empty dwellings from 50% to between 10% and 50%
- 4.2 Any additional income collected from reducing the discount had to be retained locally and routed through Registered Social Landlords (including the council) for the provision of new build affordable housing.
- 4.3 The council reduced the discount on all second homes and empty properties to 10% with effect from 1 April 2011.

5.0 NEW LEGISLATION

- 5.1 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 increase local authorities discretionary powers to vary Council Tax charges payable on unoccupied dwellings and also determine how it is spent.
- 5.2 An “unoccupied dwelling” is a dwelling which is no one’s sole or main residence but is not a second home.
- 5.3 A “second home” is 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 at least 25 days during that period. For those dwellings deemed to be second homes, the regulations do not allow any further variance in the charge and a level of discount of between 10% and 50% must be awarded.

- 5.4 The Scottish Government is committed to increasing the available property stock by encouraging owners of empty properties to bring them back into use. The legislation gives local authorities discretion to achieve this aim.
- 5.5 The legislation allows the council to further vary the discount on long term unoccupied properties and to replace the 10% discount granted to unoccupied properties after a year with an additional charge of up to 100%, i.e. up to twice the normal Council Tax charge.

Where the Dwelling is unfurnished	
0 – 6 months	Full Exemption
6 – 12 months	A discount between 50% and 10%
12 months+	A discount between 50% and 10%, or; no discount, or; a surcharge of up to 100%

Where the dwelling is furnished	
0 – 12 months	A discount of between 50% and 10%
12 months+	A discount of between 50% and 10%, or; no discount, or; a surcharge of up to 100%

- 5.6 The amended legislation does not affect an owner's eligibility for existing Council Tax exemptions (See appendix A). It also stipulates that no Council Tax increase can be imposed for up to 2 years after a property becomes empty where the property is being marketed for sale or let. Newly built properties also qualify for this exemption from the increases where they are also being marketed for sale or let.
- 5.7 Local authorities are not permitted to vary the discount and charge to give more favourable treatment to unoccupied social sector rented dwellings.
- 5.8 Any change in policy will result in an increase in the amount of Council Tax billed which would have to be paid and collected.

6.0 CURRENT POSITION

- 6.1 There are currently approximately 600 properties which have been unoccupied for over 12 months which could potentially be affected by any change in policy introduced under the provisions of the new legislation. It is unknown how many of these are currently for sale or let or are genuine second homes or job related dwellings.
- 6.2 Any reduction in the level of Council Tax discount and levying of an additional charge will increase the amount that taxpayers have to pay. The proposed change will impact on property owners who have left a property empty for over 6 months and it is therefore important that the Council fully understands the reasons why the identified properties are empty before applying the new policy.
- 6.3 It should also be noted that Council Tax due on properties already subjected to a reduced level of discount under the current policy is more difficult to collect.
- 6.4 All owners of empty properties will require to be canvassed to determine why they are not occupied, which properties are second homes, which properties are for sale or let, whether they require renovation, or if the owners require financial support to bring them back to the market.

6.5 The council may also have a number of empty properties which would be affected by any change in policy and give rise to additional costs to the council.

6.6 It should be noted that the neighbouring authorities of Angus, Perth & Kinross and Fife Councils are also in the process of introducing similar surcharge arrangements for long term empty properties.

7.0 FURTHER ACTION

7.1 It is recommended that the Revenues and Customer Services Division canvass the owners of the affected properties to establish why the properties are empty.

7.1 It should also be noted that the possibility of a shared services approach, working closely with Shelter Scotland, for an Empty Homes Officer to progress initiatives locally be explored. Under this model Dundee City Council would potentially share a post with a neighbouring council. This officer would work with Revenues Division, Corporate Services Department and Private Sector Services Unit, Housing Department in Dundee City Council. This resource would assist in finding out more about the reasons for long term empty properties and, by engaging with owners, assist in providing information and developing solutions. This would have the benefit of minimising empty properties and maximising council tax income to the Council. This post could potentially be partially funded by Scottish Government grant for up to two years and is a model embedded elsewhere in Scotland.

8.0 POLICY IMPLCATIONS

8.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Risk Management and Equality Impact Assessment. An Equality Impact Assessment is attached.

9.0 CONSULTATIONS

The Chief Executive and Head of Legal and Democratic Services have been consulted in the preparation of this report.

10.0 BACKGROUND PAPERS

None

MARJORY STEWART
DIRECTOR OF CORPORATE SERVICES

DATE _____

Protected Categories

Appendix A

Type/Category of dwelling	Protection Allowed
Existing classes of exempt dwelling	All such cases are unaffected by the new legislation and the existing exemption continues
Purpose built holiday homes and job – related dwellings	50% discount must be awarded where set criteria is met
Dwellings that are actively marketed for sale or let	<p>An unoccupied dwelling that has been continuously unoccupied for less than 2 years, and where the liable party can provide evidence that the property is being actively marketed for sale or let, is protected and must retain a discount for this period.</p> <p>Beyond the two year protected period it is treated as any other unoccupied dwelling.</p>
Dwellings undergoing major repair work	<p>Properties continue to be exempt for up to 12 months (or the length of the works if not exceeding 12 months).</p> <p>If the property is sold after being empty for 12 months then the new owner is eligible for a 50% discount for the first six months they own the home and it remains unoccupied and unfurnished.</p>
Second Homes	To be classed as a second home a dwelling must be furnished and the person liable to pay Council Tax will have to provide evidence that it is lived in for at least 25 days in a year. Where evidence is provided and accepted a 10% discount is granted.

EQUALITY IMPACT ASSESSMENT TOOL

Part 1: Description/Consultation

Is this a Rapid Equality Impact Assessment (RIAT)?		Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Is this a Full Equality Impact Assessment (EQIA)?		Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Date of Assessment:	22/10/2014	Committee Report Number:	440-2014
Title of document being assessed:		Review of Long Term Empty Property Discount	
1. This is a new policy, procedure, strategy or practice being assessed (If yes please check box) <input checked="" type="checkbox"/>		This is an existing policy, procedure, strategy or practice being assessed? (If yes please check box) <input type="checkbox"/>	
2. Please give a brief description of the policy, procedure, strategy or practice being assessed.		In accordance with Regulations, local authorities have the discretion to vary Council Tax charges payable on unoccupied dwellings. The Council intend to exercise this discretion from 1 April 2015.	
3. What is the intended outcome of this policy, procedure, strategy or practice?		To encourage property owners to bring empty properties back into use.	
4. Please list any existing documents which have been used to inform this Equality and Diversity Impact Assessment.		The Council Tax(Variation for Unoccupied Dwellings)(Scotland) Regulations 2013.	
5. Has any consultation, involvement or research with protected characteristic communities informed this assessment? If yes please give details.		No.	
6. Please give details of council officer involvement in this assessment. (e.g. names of officers consulted, dates of meetings etc)		Ian Gillanders, Jacqui Kopel and Charmaine Wanless.	
7. Is there a need to collect further evidence or to involve or consult protected characteristics communities on the impact of the proposed policy? (Example: if the impact on a community is not known what will you do to gather the information needed and when will you do this?)		No.	

Part 2: Protected Characteristics

Which protected characteristics communities will be positively or negatively affected by this policy, procedure or strategy?

NB Please place an X in the box which best describes the "overall" impact. It is possible for an assessment to identify that a positive policy can have some negative impacts and visa versa. When this is the case please identify both positive and negative impacts in Part 3 of this form.

If the impact on a protected characteristic communities are not known please state how you will gather evidence of any potential negative impacts in box Part 1 section 7 above.

	Positively	Negatively	No Impact	Not Known
Ethnic Minority Communities including Gypsies and Travellers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender Reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or Belief	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
People with a disability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Lesbian, Gay and Bisexual	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Socio-economic	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy & Maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other (please state)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Part 3: Impacts/Monitoring

<p>1. Have any positive impacts been identified?</p> <p>(We must ensure at this stage that we are not achieving equality for one strand of equality at the expense of another)</p>	<p>No – however it is possible that if this policy is implemented then more housing will be available.</p>
<p>2. Have any negative impacts been identified?</p> <p>(Based on direct knowledge, published research, community involvement, customer feedback etc. If unsure seek advice from your departmental Equality Champion.)</p>	<p>No</p>
<p>3. What action is proposed to overcome any negative impacts?</p> <p>(e.g. involving community groups in the development or delivery of the policy or practice, providing information in community languages etc. See Good Practice on DCC equalities web page)</p>	<p>Not applicable.</p>
<p>4. Is there a justification for continuing with this policy even if it cannot be amended or changed to end or reduce inequality without compromising its intended outcome?</p> <p>(If the policy that shows actual or potential unlawful discrimination you must stop and seek legal advice)</p>	<p>Not applicable.</p>
<p>5. Has a 'Full' Equality Impact Assessment been recommended?</p> <p>(If the policy is a major one or is likely to have a major impact on protected characteristics communities a Full Equality Impact Assessment may be required. Seek advice from your departmental Equality lead.)</p>	<p>No.</p>
<p>6. How will the policy be monitored?</p> <p>(How will you know it is doing what it is intended to do? e.g. data collection, customer survey etc.)</p>	<p>By monitoring appropriate Council Tax discounts.</p>

Part 4: Contact Information

Name of Department or Partnership	Corporate Services Department
--	-------------------------------

Type of Document	
Human Resource Policy	<input type="checkbox"/>
General Policy	<input checked="" type="checkbox"/>
Strategy/Service	<input type="checkbox"/>
Change Papers/Local Procedure	<input type="checkbox"/>
Guidelines and Protocols	<input type="checkbox"/>
Other	<input type="checkbox"/>

Manager Responsible	Author Responsible
Name: Ian Gillanders	Name: Jacqui Kopel
Designation: Head of Revenues & Customer Services	Designation: Senior Council Tax & Benefits Manager
Base: Dundee House	Base: Dundee House
Telephone: 01382 431300	Telephone: 01382 431375
Email: lan.gillanders@dundeecity.gcsx.gov.uk.	Email: jacqui.kopel@dundeecity.gcsx.gov.uk

Signature of author of the policy:	Jacqui Kopel	Date: 22/10/2014
Signature of Director/Head of Service:	Marjory Stewart	Date: 22/10/2014
Name of Director/Head of Service:		
Date of Next Policy Review:	1 April 2017	