

**REPORT TO: FINANCE COMMITTEE**  
**REPORT ON: COUNCIL TAX - NON-OCCUPIED PROPERTY DISCOUNTS**  
**REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)**  
**REPORT NO: 631-2004**

**1.0 PURPOSE OF REPORT**

1.1 To seek the Council's authorisation not to reduce the level of Council Tax discount granted in respect of non-occupied property.

**2.0 RECOMMENDATION**

2.1 That the Council agrees not to reduce, where legislation permits, the level of discount granted in respect of properties that are unoccupied.

**3.0 FINANCIAL IMPLICATIONS**

3.1 There are no financial implications to the Council.

**4.0 LOCAL AGENDA 21 IMPLICATIONS**

4.1 None.

**5.0 EQUAL OPPORTUNITIES IMPLICATIONS**

5.1 None

**6.0 BACKGROUND**

6.1 Council Tax legislation presently provides for a 50% discount in liability to be granted in respect of properties that are unoccupied and unfurnished after an initial six months exemption commencing from the date the property became unoccupied and unfurnished.

6.2 Properties which are unoccupied but furnished also receive a 50% discount but do not receive an initial exemption period.

6.3 Legislation presently provides for certain unoccupied properties to be totally exempt, eg. the property is prohibited by law from being occupied.

6.4 Legislation has now been introduced which allows a local authority the discretion to reduce the level of discount afforded to properties that fall within the following categories:-

- a) unoccupied and unfurnished
- b) unoccupied and furnished

where they have remained unoccupied for more than twelve months.

6.5 Legislation provides that properties such as purpose built holiday homes, and second properties owned by those living in tied accommodation will continue to receive the level of discount presently applicable.

- 6.6 Within Dundee there are presently some 550 properties (other than Council owned properties) which have been unoccupied for more than 12 months and which are not exempted by legislation.
- 6.7 Of the properties in Dundee which have currently been unoccupied and unfurnished for more than a year the majority fall into valuation bands A to C.
- 6.8 If an average band B is assumed (ie a full years occupied charge of £882.78 in 2004/05) in a full year the additional income that could be raised from non Council owned properties as a result of reducing the discount from 50% to 10% in respect of these properties would be in the order of £194 000. The additional income that could be received from the Housing Revenue Account would be in the order of £47,000.
- 6.9 The additional income from reducing the discount would be retained locally and routed through Registered Social Landlords for the provision of new-built affordable social housing to meet locally determined priorities.
- 6.10 Projects funded or supported by the extra money generated would be developed, owned and managed by Registered Social Landlords. All additional funding provided would be for new provision (ie. new-build or conversion from non-housing use) of social housing. Options available to local authorities may include:
- i) Fund discrete RSL projects; and/or
  - ii) Top up existing Communities Scotland funding for specific RSL projects; and/or
  - iii) Transfer resources to Communities Scotland to provide additional funding for eligible RSL projects within the local authority's area.
- 6.11 As a result of the link which currently exists between Council Tax discounts and discounts on charges for water and sewerage, an increase in Council Tax bills as a result of having their discount reduced, would be mirrored by a proportional increase in water and sewerage charges. Any additional income so received will be retained by Scottish Water.

## 7.0 CONCLUSION

- 7.1 It is recommended that no reduction be made to the discount levels currently granted, for the following reasons:-
- a) The City Council will receive no direct benefit from reducing the level of discount.
  - b) The Housing Rent Account will incur additional expenditure
  - c) An amendment to the discount levels will result in a more complex administrative system being required to that which is presently in use.

## 8.0 CONSULTATION

- 8.1 The Chief Executive, Depute Chief Executive (Support Services), Director of Housing, Director of Economic Development have been consulted on the contents of this report.

## 9.0 BACKGROUND PAPERS

- 9.1 None

D K Dorward  
Depute Chief Executive (Finance)