
Report To:	Policy & Resources Committee	Date: 18 September 2012
Report By:	Corporate Director Education, Communities & Organisational Development and Chief Financial Officer	Report No: PR068/12/AH/DH
Contact Officer:	Drew Hall	Contact No: 01475 714272
Subject:	Consultation on Regulations on Council Tax Charges on Long-Term Empty Properties	

1.0 PURPOSE

- 1.1 This report advises Committee of Scottish Government consultation on proposed regulations to allow changes to Council Tax charges on Long-Term Empty Properties and of the Inverclyde Council response to the consultation, which closes on 5 October 2012.

2.0 SUMMARY

- 2.1 The Scottish Government (SG) proposals to introduce new regulations follow on from earlier consultation on varying the levels of Council Tax (CT) discount and charges on long-term empty (LTE) properties in order to increase revenue, which could then be used to support the development of affordable housing. Varying the level of CT charges is intended to create an incentive for owners to bring LTE properties back into productive use and Inverclyde Council previously indicated that it would be in favour of applying lower discount levels and increased charges on LTE properties.
- 2.2 The current SG consultation is on regulations that would provide local authorities with the power to vary the level of CT on LTE properties, including the removal of discount for LTE properties and to charge an additional Council Tax levy of up to 100%. Variations and exemptions to reflect local circumstances and to target particular geographical areas would also be permitted if the regulations come into force.
- 2.3 Local authorities and other interested parties are invited to respond to the SG consultation by the due date of 5 October 2012 and the Inverclyde Council response is set out in the Appendix to this report. Committee is invited to approve this response for submission to SG.
- 2.4 The new regulations, if approved, will come into effect from 1 April 2013 and the deadline for consultation responses allows time for local authorities to advise CT payers of changes to the charging regime for the 2013/14 financial year, where appropriate.

**PRC
07.02.12
Para 99**

Appendix

3.0 RECOMMENDATIONS

- 3.1 That Committee:
- Note the Scottish Government consultation paper on Regulations on Council Tax Charges on Long-Term Empty Properties; and
 - Approve the consultation response on behalf of Inverclyde Council for submission to the Scottish Government.

**Albert Henderson,
Corporate Director Education, Communities &
Organisational Development**

**Alan Puckrin
Chief Financial Officer**

4.0 BACKGROUND

- 4.1 “The Scottish Government is keen to encourage owners of empty homes to bring their properties back into use to increase the supply of housing in Scotland (both to rent and buy) and to tackle the blight on communities where empty homes are not maintained by their owners” (*Consultation on council tax charges on long-term unoccupied homes*: Scottish Government, Edinburgh, July 2012). The SG proposes to allow local authorities the power to increase CT charges on certain LTE homes to encourage owners not to leave homes empty and these proposals are supported by responses to previous consultation on the subject from October 2011 to January 2012.
- 4.2 Committee approved alterations to the levels of CT discount on LTE properties at its meeting on 15 November 2011 and these changes came into effect from the current (2012/13) financial year. These changes were approved with a view to increasing funding for affordable housing and bringing empty homes back into use. The current SG consultation seeks to provide further scope for local authorities to alter CT discount levels and to increase CT charges on certain LTE properties in support of these aims.

PRC
15.11.11
Para 765

5.0 CONSULTATION RESPONSE

- 5.1 The proposed Inverclyde Council response to the current consultation is set out in the Appendix to this report. Inverclyde Council welcomes the proposed introduction of regulations that would give local authorities flexibility to increase the amount of CT charged on certain LTE properties. The proposed regulations would allow councils to make a full charge for LTE properties and to apply an excess charge of up to 100% of the CT payable on these properties. This flexibility should encourage home owners to bring empty properties back into use, for rent or for sale, and would have the additional benefit of generating revenue to allow Inverclyde Council to contribute to funding for affordable housing projects.
- 5.2 Inverclyde Council is promoting an empty homes initiative in partnership with a local RSL and is also pursuing SG Empty Homes funding for a project to refurbish an entire tenement block to provide affordable rented housing. Both of these schemes will contribute to addressing the overall shortfall of housing identified in the Inverclyde Local Housing Strategy 2011-2016 (approved by the Safe, Sustainable Communities Committee in October 2011) and in the Glasgow and the Clyde Valley Housing Need and Demand Assessment (June, 2011). The proposed CT regulations will allow flexibility to target specific areas in support of such innovative schemes.
- 5.3 Committee is invited to approve the response to the consultation on Regulations on Council Tax Charges on Long-Term Empty Properties, as set out in the Appendix to this report, for submission to SG by the due date of 5 October 2012.

SSC
25.10.11
Para 698

7.0 IMPLICATIONS

7.1 Strategic

The ability to generate increased revenues and to service prudential borrowing will allow Inverclyde Council to progress various housing projects through the approved Strategic Housing Investment Plan 2012 – 2015. These projects will make a valuable contribution to several strategic aims and objectives as detailed in the:

- Inverclyde Alliance Single Outcome Agreement;
- Community Plan; and
- Inverclyde Local Housing Strategy 2011-2016.

7.2 Financial

The proposed regulations will set out details of how the changes to CT charges will be brought into effect and of how variations to reflect local circumstances and priorities are to be applied. Committee will be invited to consider these detailed changes once the outcomes of the consultation are known and the necessary regulations have been considered by the Scottish Parliament.

7.3 Legal

Council Tax payers would have to be advised of any changes to the discount levels applied to LTE properties (i.e. those that have been empty and unfurnished for six months or more) and of any additional charges to be levied. A notice included in the mailing advising Council Tax payers of charges for the financial year 2013/14 would be required. The SG has built in sufficient time in the consultation programme to allow local authorities to bring increased charges into effect from the 2013/14 financial year, should they wish to do so.

7.4 Equalities

When delivering services to our customers, full cognisance is taken of equality and diversity processes and procedures.

9.0 LIST OF BACKGROUND PAPERS

- 9.1
- Letter from Scottish Government Housing, Regeneration and Commonwealth Games Directorate re: *Local Authority Discretion to Reduce Council Tax Discount on Second Homes and Long Term Empty Properties*: March 2011
 - Scottish Government discussion document – *Proposals for a Council Tax Levy on Long-Term Empty Properties*: July 2011
 - Scottish Government consultation paper – *Council Tax on Long-Term Empty Properties and the Housing Support Grant*: October 2011
 - Scottish Government consultation paper – *Consultation on council tax charges on long-term unoccupied homes*: July 2012.

Consultation Questions

Question 1 Do you agree with the proposed definitions of a long-term unoccupied home and an unoccupied home in the draft Variation for Unoccupied Dwellings regulations?

Yes. The definitions are clear and logical and should be easily understood by owners.

Question 2 Do you agree that:

a) Only homes which owners can demonstrate are used for a minimum of 20 days per tax year should be classed as second homes?

Yes. It is appropriate to have a minimum occupancy requirement.

b) An unoccupied home should need to be reoccupied for more than 20 continuous days before restarting the clock for the purpose of determining whether or not it is a long-term unoccupied dwelling?

Yes. The whole aim of the regulations is to bring empty homes back into use.

Question 3 Do you agree that Councils should have the discretion to be able to apply a discount of between 10% and 50% for homes which have been unoccupied for between six and twelve months?

Yes. It is appropriate to have variable levels of discount to allow for local flexibility and to support other means of encouraging occupancy, such as empty homes initiatives / projects in specific areas.

Question 4 Do you agree that owners actively seeking to sell or let their home should be protected from a council tax increase for up to two years after the home first becomes unoccupied?

Yes. There should be no differentiation between selling and letting empty homes, both are equally acceptable to meet the aim of returning empty homes to productive use.

Question 5 Do you think that Councils should be given discretion to apply the council tax increase to certain categories of long-term unoccupied homes, but not others, based on their own local priorities? If so, what should those categories be?

Yes. There are occasions when houses are deliberately kept empty to allow for temporary use by households having to vacate their permanent homes, for example, to allow for major repairs and improvements. Some houses may also be used as temporary accommodation for homeless people and may lie empty when not required. Local discretion would allow for these houses to be treated more favourably given that they support wider strategic objectives of the local authority and partner agencies.

Question 6 Do you think there should be any transitional provisions in the draft Variation for Unoccupied Dwellings regulations so the regulations would come into force on a phased basis? If so, please provide details.

No. The Scottish Government's aim of bringing empty homes back into use has been well publicised and consulted upon and changes to charges, discount levels, etc, should come as no surprise to owners.

Question 7 Do you agree with the other provisions set out in the draft Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013? (Please provide any comments on any issues in relation to these regulations which are not covered under questions 1 to 6.)

Yes. *No comments.*

Question 8 Do you agree with the proposed requirements in the draft Council Tax (Administration and Enforcement) (Scotland) Amendment Regulations that:

a) Owners, residents or managing agents should have to provide information to a Council if it is requested about whether or not a home is occupied?

Yes. Avoidance of increased charges or failure to report any change that would affect discount levels is likely to be an issue for councils and it is therefore important that comprehensive and current occupancy details are available.

b) Owners should have to inform their Council if they have reason to believe they have been undercharged because the Council has misunderstood the occupation status of the home?

Yes. *See 8 a) above.*

Question 9 Do you think there should be any transitional provisions in the draft Administration and Enforcement Amendment regulations so the regulations would come into force on a phased basis? If so, please provide details.

No. The Scottish Government's aim of bringing empty homes back into use has been well publicised and consulted upon and changes to reporting obligations for owners should come as no surprise.

Question 10 Do you agree with the other provisions laid out in The Council Tax (Administration and Enforcement) (Scotland) Amendment Regulations 2013? If not, please provide comments.

Yes.

Question 11 Do you agree with the provisions laid out in The Council Tax (Exempt Dwellings) (Scotland) Amendment Order 2013? If not, please provide comments.

Yes.