

COUNCIL TAX ON EMPTY PROPERTIES

1.0 EXECUTIVE SUMMARY

- 1.1 On 27 June 2013 Council approved a policy for charging double Council Tax on long-term empty dwellings under regulation 4 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013. This allows the Council to increase the council tax charge on unoccupied properties which are not being actively marketed for sale or for let under appropriate conditions and which have been unoccupied for over 12 months by 100% across the whole of the council area with effect from 1 April 2014, and to increase the council tax charge on unoccupied properties which are being actively marketed for sale or for let under appropriate conditions and which have been unoccupied for over 24 months by 100% across the whole of the council area with effect from 1 April 2014.
- 1.2 On 20 August 2015 the committee approved an amendment to the policy to give 10% discount for a further 6 months where major repairs are continuing, and only to apply the double charge after the new owner has owned the property for a 12 months' period.
- 1.3 Recently there have been some cases of new property owners of homes that have been left empty for a considerable period of time where the properties needed a significant investment of time and money to bring them back into use. In these circumstances 12 months (6 months at 50% discount followed by 6 months at 10% discount) has not been long enough to allow a new home owner to negotiate the Planning and Building Control process and complete the works to make the property habitable.
- 1.4 Committee is asked to approve a policy amendment which would allow officers to grant up to an additional 12 months' 10% Council Tax discount to accounts where the Planning and Building Control process has taken a significant period of time and there is clear evidence of building works having started.

COUNCIL TAX ON EMPTY PROPERTIES

2.0 INTRODUCTION

- 2.1 On 27 June 2013 the Council approved a policy for charging double Council Tax on long-term empty dwellings under regulation 4 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 which came into effect from 1 April 2014.
- 2.2 Over the last 5 years there has been three amendments made to the policy. The first amendment was for the introduction of transitional reliefs around the time of the implementation of the policy. These reliefs were temporary and subsequently expired. There has been two further amendments which have dealt with cases where buildings are under repair so that where major repairs are underway which require planning permission and/or building warrant, the double charge is only applied after the property has been empty for two years. For new owners where properties have already been empty for some time the double charge is applied 12 months after purchase. This paper now proposes to extend this period in a restricted set of circumstances to provide further some extra assistance to a small number of purchasers of long-term empty properties.

3.0 RECOMMENDATIONS

- 3.1 Policy & Resources Committee approves an amendment to the policy for charging double council tax on long term empty properties so that where major repairs are still underway which require planning permission and/or building warrant, and the property has recently been purchased by a new owner, the double charge is only applied after a 24 month period in particular circumstances where senior management approve such measures and conclusive evidence is provided showing no unreasonable delays to works by the parties liable for Council Tax.

4.0 DETAIL

- 4.1 On 27 June 2013 Council approved a policy for charging double Council Tax on long-term empty dwellings under regulation 4 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013. This allows the Council to increase the council tax charge on unoccupied properties which are not being actively marketed for sale or for let under appropriate conditions and which have been unoccupied for over 12 months by 100% across the whole of the council area with effect from 1 April 2014, and to increase the council tax charge on unoccupied properties which are being actively marketed for sale or for let under appropriate conditions and which have been unoccupied for over 24 months by 100% across the whole of the council area with effect from 1 April 2014.

- 4.2 Policy and Resources Committee on 19 March 2015 agreed to remove the 6 month transitional exemption from the double charge for buildings under repair and instead amended the policy so as to provide a 24 month period before the double charge would be applied in such cases.
- 4.3 In August 2015 it was agreed to make a further change to the policy to provide a modest relaxation of the policy. This applied only to dwellings which have received a 50% discount under regulation 5 (c) The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 (SSI 2013/45), and where evidence is provided that such major repair work or structural alteration has commenced within that 6 month period and is continuing or has been completed. In such cases 10% discount would be available for up to a 6 month period after the 6 months' 50% discount, provided the property remains unoccupied.
- 4.4 The 50% discount applies where major repairs are required to render a property habitable but they do not actually have to have commenced. The 10% discount for the following 6 months is only available if the repairs have actually commenced and evidence of this would need to be provided.
- 4.5 Whilst this change was welcomed and has worked well generally there has recently been a couple of cases where the purchaser of long-term empty properties has been unable to complete the renovation works within 12 months of purchase of the property.
- 4.6 In the first case the purchaser was converting a long-term empty property to bring it back into use. The property had not been lived in for 18 months and the renovation works required were considerable. The second case involved a property where Historic Environment Scotland were involved in the Planning and Building Control process. Planning permission was eventually granted after a period of around 18 months.
- 4.7 Under both sets of circumstances a total of 24 months from the date of purchase before the double charge is levied would have been more appropriate given the positive intent of the purchasers to bring these long-term empty properties back into use. This also allows time for any lengthy Planning and Building Control issues and for any extensive renovation works to be carried out.
- 4.8 If Committee agree to amend the policy to grant an additional 12 months discount at 10% in such unusual circumstances it would be a further positive move in applying the policy.
- 4.9 The proposal is that the Council grant an additional 10% Council Tax discount for properties under repair for an additional 12 months. This would take the total time period for discount up to a maximum of 24 months in circumstances where;
- 50% discount under regulation 5 (c) The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 (SSI 2013/45) has been applied and,
 - the major repairs works or structural alterations have commenced and are continuing or are completed within a 24 month period
- 4.10 This would give up to two years relief for the whole process to be completed before a double charge kicks in. That is the same amount of time offered to an existing owner who is granted an exemption for buildings under repair and then a further 12 months 10% property discount to complete works before the double charge is imposed.

4.12 There are currently a maximum of three council tax accounts where the double charge is being levied that could benefit from this policy change and it is estimated that this would be typical of any Council Tax year. The total amount of Council Tax that would not be billed because of the change is £3,000 per annum. In the interests of fairness, this change should be backdated to 1 April 2018 being the start of the financial year that the amendment was approved.

5.0 CONCLUSIONS

5.1 This paper asks the committee to amend the imposition of a double council tax charge on a long term empty property to provide Senior Officers delegated authority to provide a new owner up to a 24 month period from the date of purchase before the double charge is imposed where it is undergoing major repairs or structural alteration. This is likely to provide a modest reduction of the income from the double charge.

6.0 IMPLICATIONS

- | | | |
|-----|---------------------------------------|---|
| 6.1 | Policy: | This proposes a change to the policy for charging double council tax on long term empty properties where major repairs are underway, the double charge is only applied after a new owner has owned the property for up to 24 months in certain circumstances. |
| 6.2 | Financial: | A small loss of council tax income estimated at £3,000 per annum. |
| 6.3 | Legal: | Proposals are in accordance with legislation for council tax which came into effect from 1 April 2013. |
| 6.4 | HR: | None |
| 6.5 | Equalities and Socio-Economic impact: | Owners of these unoccupied properties are not expected to fall disproportionately into any particular equalities group. Positive socio-economic impact anticipated. |
| 6.6 | Risk: | Reduces risk of further similar appeals being lost at VAC hearings. |
| 6.7 | Customer Service: | None. |

Douglas Hendry
Executive Director Customer Services
7 September 2018

Policy Lead: Councillor Rory Colville

For further information please contact Judy Orr, Head of Customer and Support Services Tel 01586-555280 or Fergus Walker, Revenues and Benefits Manager Tel 01586-555237

Background papers

Background papers

Council tax on empty properties: Council 27 June 2013, reconvened on 8 August 2013

Council tax on empty properties: Council 23 January 2014

Council tax on empty properties: Policy & Resources Committee 19 March 2015

Council tax on empty properties: Policy & Resources Committee 20 August 2015

Appendix 1

Draft revised policy for council tax on long term empty properties

The council exercises its discretion under regulation 4 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulation 2013 to increase the council tax charge on the following categories of unoccupied property by 100% across the whole of the council area with effect from 1 April 2015, as follows:

1. any property which has been unoccupied for over 24 months.

2. any property which has been unoccupied for over 12 months and:
- (a) is not being actively marketed for sale or let under appropriate conditions and;
 - (b) is not the subject of major repair works or structural alteration which require planning permission and/or building warrant, and such works or structural alteration commence before the property has been unoccupied for 24 months.

3 provided that no property above falls under either:

- (a) regulations 5 and 6 "Limitations on local authorities' power to modify the application of these regulations" or;
- (b) the class of dwelling which falls under regulation 5 (c) for the period of 18 months following the period therein specified and provided that the major repairs works or structural alterations have commenced and are continuing or are completed within that 18 month period.