
**COUNCIL TAX ON EMPTY PROPERTIES – PROPOSED TEMPORARY
AMENDMENT DUE TO COVID 19**

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 allowed 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, or
 - 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 Policy and Resources Committee approved an amendment to the policy to award 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 On 18 October 2018 the Policy and Resources Committee approved an amendment to the policy 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 where senior management approve such measures and conclusive evidence is provided showing no unreasonable delays to works by the parties liable for Council Tax.
- 1.4 The Business Continuity Committee (BCC) is asked to approve a temporary amendment to the policy relating to the impact of Covid-19 has had on the local economy in respect of both the housing market and the availability of licensed tradespersons to undertake works that would bring properties back into circulation.
- 1.5 The temporary amendment will allow management to review the circumstances of the empty property and gather conclusive evidence that efforts have been made or are being made to bring the empty properties back into use. If circumstances dictate management can use discretion to remove the double charge of Council Tax for a maximum of 6 months between 1 April 2020 and 30 September 2020 and apply the equivalent of the normal Council Tax charge equal to the rate paid by second home owners during the period.
- 1.6 In addition the reduction in the charge can also be considered where there is clear evidence of financial hardship of the taxpayer brought about by Covid-19. This discretion will be applied on a case by case basis.
- 1.7 No new double charges should be applied in this six month period to give time for the economy to recover from the impact of Covid-19.

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2.0 RECOMMENDATIONS

- 2.1 It is recommended that BCC approve a temporary policy amendment to allow management the discretion to remove the double charge of Council Tax for a maximum of 6 months between 1 April 2020 and 30 September 2020 where there is conclusive evidence that efforts have been made, or are being made to, bring the empty properties back into use and that the homeowners' ability to bring the home back into use is affected by Covid-19.
- 2.2 It is recommended that BCC approve a temporary policy amendment to allow management the discretion to remove the double charge of Council Tax for a maximum of 6 months between 1 April 2020 and 30 September 2020 in exceptional circumstances where there is conclusive evidence of financial hardship of the taxpayer caused by Covid-19.
- 2.3 It is recommended that BCC approve a temporary policy amendment that the Council does not apply any new double charges of Council Tax on long-term empty dwellings where it becomes long-term empty between 1 April 2020 and 30 September 2020 and that a charge equal to the normal level of Council Tax charged is applied to the property until 30 September 2020.

3.0 DETAIL

POLICY AMENDMENTS TO DATE

- 3.1 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. 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.
- 3.2 On 19 March 2015 the Policy and Resources Committee 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.
- 3.3 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 a 10% discount would be available for up to a 6 month period after the 6 months' 50% discount period has expired, provided the property remains unoccupied.

- 3.4 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.
- 3.5 In October 2018 the Policy and Resources Committee approved a further policy amendment 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 where senior management approve such measures and conclusive evidence is provided showing no unreasonable delays to works by the parties liable for Council Tax.

HISTORIC SUCCESS OF THE EMPTY HOMES POLICY AND THE DOUBLE CHARGE OF COUNCIL TAX

- 3.6 This policy has worked very well over the years with an Empty Homes Officer working with home owners to encourage them to bring properties back into circulation. The officer provides dedicated support to homeowners giving them lots of useful advice including access to grants to help with the cost of renovations in some circumstances and help with VAT reductions. The officer also administers databases of buyers and sellers and can match people to available properties in an attempt to move things on.
- 3.7 When the two years of exemption and discount expires a double charge for Council Tax is added to the account in an attempt to provide further encouragement for the homeowner to do what is necessary to bring the property into use or pay the extra taxation. The policy works well with the Council attaining the highly commended silver award through the IRRV (Institute of Revenues Ratings and Valuation) in 2014 and also a number of awards from Shelter Scotland for work in this area.

PROPOSAL FOR FURTHER TEMPORARY AMENDMENT DUE TO COVID-19

- 3.8 The outbreak of Covid-19 has affected the local economy in Argyll and Bute with its unique portfolio of a large number of small businesses suffering considerably.
- 3.9 The supply of skilled tradesman is not available to plan new jobs or complete work already started. In addition for people with their property listed for sale or let there is evidence that the housing market is really slowing up. Sellers are being asked to prepare virtual walkthroughs of their properties by estate agents to help with the buying and selling process.
- 3.10 Approximately 20 property owners to date have contacted the Council stating that Covid-19 is preventing them letting or selling their properties and in some cases work that had started on properties has had to cease and planned works are taking longer to commence. They are claiming it is not reasonable under the

circumstances for the Council to apply the double charge of Council Tax as set out in our policy. 20 properties represents 3.27% of the 610 accounts in Argyll and Bute where the double charge is currently being applied.

- 3.11 To date we have listened sympathetically to those claiming hardship and moved payments back a few months as a short term support measure but there is growing pressure from the Scottish Government, the Scottish Federation for Housing Associations and Shelter Scotland for all local authorities to relax their policies on a temporary basis until the economy recovers..
- 3.12 We asked other Scottish Local Authorities if they were considering reviewing their policies in respect of charging the double Council Tax charge on long-term empty properties. We received 8 responses with 7 Councils indicating that they had amended or will be amending their policies to relax them due to the impact of Covid-19.
- 3.13 The table below shows the current position in Argyll and Bute with regard to the charges levied and amounts collected in respect of long-term empty properties.

YEAR OF ACCOUNT	AMOUNT BILLED (£'000)	AMOUNT COLLECTED	
		(£)	%
2013/2014	0	0	n/a
2014/2015	674	607	90.1
2015/2016	694	606	87.3
2016/2017	764	658	86.1
2017/2018	1,168	1,035	88.6
2018/2019	1,135	982	86.5

The figures for the 2019/2020 year are not available as they are calculated during the yearend process.

- 3.14 Whilst there has been 20 requests for a deferral of the double charge there are many taxpayers who have a long term empty property and appear content to pay the double charge. There are some that do not pay and the debt has transferred to our debt collection partners Walker Love for action. In the current circumstances there is no new action being undertaken on these accounts for now. This will be reviewed in May 2020.
- 3.15 The proposal is that the Council Tax assessment team is given the discretion to reduce the double charge of Council Tax to a single charge that can be applied between 1 April 2020 and 30 September 2020. The reduction cannot be granted beyond the 30 September 2020.
- 3.16 Decisions would be made by management on a case-by-case basis. Approval will require conclusive evidence there is a recent history of engagement with the taxpayer in relation to renovation works or a clear schedule of work that is planned. The reduction could also be applied where the double charge has been added and the property is clearly being marketed for sale or let. Additionally where there is clear evidence of financial hardship brought about by Covid-19 then there could be a reduction on the charge agreed for the period from 1 April 2020 to 30 September 2020.

- 3.17 If the property has already been on the list of long-term empty properties for more than two years at 1 April 2020 then no reduction will be available.
- 3.18 It is proposed that no new double charge is added to any Council Tax accounts where the property becomes eligible to attract the charge between 1 April 2020 and 30 September 2020.
- 3.19 It is difficult to predict the impact that this temporary change will have on the Council's revenue collection in 2020/2021 at this early stage of the financial year. However numbers of taxpayers seeking a deferral of the double charge are relatively low in percentage terms of the overall caseload.
- 3.20 It should be noted that a proportion of the reduction in empty dwelling discount and the increase in taxes in relation to empty properties is paid over to the Strategic Housing Fund. These monies are given to the Registered Social Landlords to support the development of new housing in our area. Funding for these purposes will reduce if there is a reduction in the number of taxpayers affected by the double charge that actually pay. By assisting those who need help in the current circumstances it is expected that payment can be more easily maintained thereby the funding to support Housing is more likely to be maintained at current levels.

4.0 CONCLUSION

- 4.1 Covid-19 has impacted the local economy in a way that makes the renovation of empty properties and their marketing for sale or let more difficult than normal. The Council is under some pressure externally to relax its policy to apply a double charge of Council Tax for 6 months in order to support taxpayers impacted by current market conditions. Management recommend that the policy is amended for a short period of time to allow some concessions where it is appropriate to do so.

5.0 IMPLICATIONS

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| 5.1 Policy: | Temporary relaxation of terms of policy to allow staff to reduce the Council Tax charged on long-term empty properties under some circumstances. |
| 5.2 Financial: | Anticipated reduction in amount billed in 2020/021 and subsequent reduction in amount collected. It is difficult to estimate this at present due to the unprecedented climate we live in. |
| 5.3 Legal: | None. |
| 5.4 HR: | None. |
| 5.5 Equalities: | None. |
| 5.6 Risk: | No change. |

5.7 Customer Service: No change.

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21 April 2020

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