

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

1.0 EXECUTIVE SUMMARY

- 1.1 On 14 May 2020 the Council's Business Continuity Committee (BCC) approved a temporary policy amendment to remove the double charge of Council Tax on long-term empty dwellings under the following circumstances:
- 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
 - where there is conclusive evidence of financial hardship of the taxpayer caused by Covid-19
 - where 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
- 1.2 This was a temporary policy change which allowed council officers to use their discretion to charge only the normal rate of Council Tax for long-term empty properties under the qualifying circumstances in 1.1. The temporary amendment covered the period 1 April 2020 to 30 September 2020.
- 1.3 The policy amendment expired at midnight on 30 September and the double charge has been reapplied to 97 properties that had benefitted from the temporary reduction in charges.
- 1.4 The Council has had a number of complaints about reapplying the charge and the Covid-19 situation has moved on from April and May 2020 when the original policy amendment was proposed. It is clear from the complaints that there are still issues now around availability of licensed tradesman and delays in delivery times for materials that are contributing to job completion delays for those renovating their properties.
- 1.5 This has been considered by Financial Services Management and it is proposed to extend the terms of the temporary policy amendment to 31 March 2021 and remove the third category in paragraph 1.1 that would allow a new double charge to be applied for a long-term empty property between 1 October 2020 and 31 March 2021.
- 1.6 The potential cost to the Council of this proposal is not expected to exceed £30,000 by way of a reduction in the level of Council Tax that can be recovered for long-term empty properties.

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2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Council 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 October 2020 and 31 March 2021 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 the Council 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 October 2020 and 31 March 2021 in exceptional circumstances where there is conclusive evidence of financial hardship of the taxpayer caused by Covid-19.

3.0 DETAIL

- 3.1 On 14 May 2020 the BCC approved a temporary policy amendment to remove the double charge Council Tax on long-term empty dwellings under regulation 4 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 under the following circumstances:
- 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
 - where there is conclusive evidence of financial hardship of the taxpayer caused by Covid-19
 - where 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
- 3.2 This policy change allowed council officers to apply discretion and only charge the normal rate of Council Tax for long-term empty properties under the qualifying circumstances in paragraph 3.1. The temporary amendment covered the period 1 April 2020 to 30 September 2020.

THE COVID-19 POSITION

- 3.3 The rationale for the temporary policy amendment for the period 1 April 2020 to 30 September 2020 was that, at the time, the country was in lockdown due to Covid-19 meaning skilled tradesman were unable to plan new jobs or complete work

already started. In addition, for people with their property listed for sale or let, there was evidence that the housing market had really slowed.

- 3.4 However in November 2020 whilst we are no longer in formal lockdown, the government has introduced a new Covid-19 tiered response mechanism to minimise the risk of outbreaks by local authority. Whilst Argyll and Bute is at tier 2 of the national system, cases of Covid-19 are increasing and there is ongoing concern regarding a potential second wave of the pandemic.
- 3.5 The Council has received complaints from owners of long-term empty properties stating that the availability of licensed tradesmen is still an issue due to the backlog developed during the 10 week lockdown period and also there is an impact of delays in the delivery of materials for carrying out renovation works.

IMPACT OF COVID-19 TEMPORARY POLICY CHANGE ON COLLECTION OF COUNCIL TAX FOR LONG-TERM EMPTY PROPERTIES IN 2020/2021

- 3.6 Since the policy change was approved on 14 May 2020 there have been 97 properties where the double charge was either cancelled or new charges not applied when it normally would have been.
- 3.7 The value of Council Tax not levied as a consequence is just under £38,500. In year collection rate of double charge levies in 2019/2020 is 77%. Based on that the income foregone by the temporary policy amendment for the period 1 April 2020 to 30 September 2020 is estimated as £29,645.
- 3.8 The proposal is that officers are given the discretion to reduce the double charge of Council Tax to a single charge for the period 1 October 2020 to 31 March 2021 but, unlike the first temporary policy amendment, we do not propose to stop automatically applying the double charge to properties that become long-term empty in the period. We would only remove the double charge if there were Covid-19 related reasons for the property being long-term empty or if the homeowner can demonstrate that they are in financial hardship. The reduction to the double charge cannot be granted beyond the 31 March 2021.
- 3.9 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. 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 October 2020 to 31 March 2021.
- 3.10 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.
- 3.11 It is proposed that a new double charge is added to any Council Tax accounts where the property becomes eligible to attract the charge between 1 October 2020 and 31 March 2021.
- 3.12 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 more difficult than normal. The Council relaxed its policy to apply a double charge of Council Tax for 6 months from 1 April 2020 to 30 September 2020 in order to support taxpayers impacted by current market conditions. Management recommend that the policy is amended to allow further relaxation of the policy until 31 March 2021.

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 estimated at £38,500 in 2020/021 and subsequent reduction in amount collected estimated at £29,645. |
| 5.3 Legal: | None. |
| 5.4 HR: | None. |
| 5.5 Equalities: | None. |
| 5.6 Risk: | No change. |
| 5.7 Customer Service: | No change. |

Kirsty Flanagan
S95 Officer
9 November 2020

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Background papers

Council tax on empty properties: Business Continuity Committee 14 May 2020