

# WEST DUNBARTONSHIRE COUNCIL

## Report by the Interim Executive Director of Corporate Services

Council: 21 December 2011

---

### Subject: Council Tax on Long Term Empty Properties – Response to Scottish Government Consultation Paper

#### 1. Purpose

- 1.1 The purpose of this report is to recommend a response to the consultation paper issued by the Scottish Government regarding council tax on long term empty properties and the Housing Support Grant

#### 2. Background

- 2.1 Local authorities in Scotland were given discretionary powers in 2005 to reduce the council tax discount on long-term empty (LTE) and second homes from 50% to a minimum of 10%. The aim of the reduced discount is to provide an incentive for owners to bring their homes back in to use.
- 2.2 West Dunbartonshire Council has exercised this discretion since 1 April 2010 whereby properties classed as LTE or second homes are entitled to 100% exemption for the first 6 months followed by a 50% for the next 6 months. At the expiry of this 12 month period, the exemption rate drops to 10%.
- 2.3 The Scottish Government is proposing to bring forward legislation which would give Councils the extra flexibility to increase the amount of council tax charged on LTE properties. The proposed legislation would allow Councils both to no longer provide any discount for LTE properties and, in addition, to apply an excess levy of up to 100% of the standard council tax rate for LTE properties. Any additional revenues generated from reduced discounts and/or levies on the council tax for LTE properties would be 'ring fenced' for Councils to spend on providing affordable housing. The proposed new discretion would not apply to second homes. The consultation paper is attached as Appendix 1 to this report. The deadline for the submission of responses to the consultation paper is 10 January 2012.

#### 3. Main Issues

- 3.1 The aim of the reduced discount is to provide an incentive for owners to bring their homes back in to use. There are approximately 44,000 properties in West Dunbartonshire, of which 17,000 are in the social rented housing sector. As at 1 April 2010 when the Council reduced the exemption rate on LTE properties and second homes, there were 574 properties falling in to these categories. At present there are 657 properties falling in to these categories. This trend has been reflected across Scotland whereby the number of LTE properties has increased slightly in recent years. It should be noted that the majority of LTE properties in West Dunbartonshire are in the social rented sector.

- 3.2** In addition to giving Councils discretion in respect of the amount of discount/levy charged on LTE properties, the proposal would give Councils the discretion to vary the level of charge in different parts of their local authority area. This discretion is available under the current regulations but this Council, as with every other Scottish local authority, has chosen not to exercise any local area discretions as this could be open to challenge. However, in addition to the area based discretion, the proposals would allow Councils the flexibility to exempt certain specified groups of owners or properties from the additional levy for a period of up to 12 months. An example of this additional flexibility would be to allow the Council to exclude owners who were actively marketing their property or where the additional charge would cause serious hardship.
- 3.3** When exercising discretionary powers, the Council requires to be able to demonstrate that it has acted in a fair manner and that it has not discriminated unfairly against any sector or area of the community.
- 3.4** The paper also seeks to impose a duty on owners to inform Council when their home has been unoccupied for 6 months and for Councils to be able to impose penalties on owners who fail to disclose this information.
- 3.5** Any additional revenues from a reduced discount and/or levies on council tax for LTE properties would be 'ring fenced' for Councils to spend on affordable housing. An example of this could be to use the additional revenues to service prudential borrowing for housing projects. Based upon the current level of LTE properties and assuming a 100% collection rate, utilising the maximum discretion and applying a 100% levy could generate £363,000 per annum. However, if the policy was successful, the number of LTE properties should diminish each year and, as such, the yield would reduce over time. If second homes were included within the proposed discretionary powers, a further £313,000 could be generated.
- 3.6** The consultation paper also seeks views on the proposal to remove the requirement for the Scottish Government to provide funds through Housing Support Grant (HSG) to local authorities. This Council does not receive any HSG.
- 3.7** Appendix 2 contains the consultation paper questions and the proposed response.

#### **4. People Implications**

- 4.1** There are no people implications.

#### **5. Financial implications**

- 5.1** The proposals are currently only at the consultation stage and indeed, if passed by the Scottish Government, will grant discretionary powers to the Council. As such, any proposal to invoke any of the discretionary powers would require to come back to Members for approval

## **6. Risk Analysis**

### **6.1** The main risks are as follows:

Although the Council reduced the level of exemption for LTE properties in April 2010, this has not reduced upon the number of properties lying empty. As such, there is a risk that the Council's tax base may diminish further without the introduction of an incentivisation scheme. The introduction of the proposed scheme would seek to bring back empty homes into affordable housing and help meet the local demand for housing.

## **7. Equalities Impact Assessment**

### **7.1** No equalities impact assessment was required in relation to this report.

## **8. Strategic Assessment**

**8.1** The Council has identified four main strategic priorities for 2011/2012, namely Social & Economic Regeneration, Financial Strategy, Asset Management Strategy; and Fit for Purpose Services.

**8.2** The power to levy additional charges on LTE properties complements the Social & Economic Regeneration strategy whereby additional monies raised would contribute to the provision of affordable social housing.

## **9. Conclusions and Recommendations**

**9.1** The Scottish Government is proposing to bring forward legislation which would give Councils the extra flexibility to increase the amount of council tax charged on LTE properties. Proposed responses to the consultation questions are detailed in Appendix 2.

**9.2** Members are asked to agree to the responses contained within Appendix 2.

---

David Amos  
Interim Executive Director of Corporate Services  
Date: 1 December 2011

---

**Person to Contact:** Vincent Gardiner, Client & Support Manager  
Garshake Road, Dumbarton, Telephone (01389) 737192  
Email [Vincent.Gardiner@west-dunbarton.gov.uk](mailto:Vincent.Gardiner@west-dunbarton.gov.uk)

**Appendices:**

- 1 Council Tax on Long-Term Empty Properties and the Housing Support Grant – Consultation Paper
- 2 Consultation Paper Response

**Background Papers:** None

**Wards Affected:** All wards affected.