

The background of the slide features a large, light blue watermark of the Coat of Arms of the City of Auckland. The crest includes a crown with four maple leaves, a shield divided into four quadrants (top-left: a cross, top-right: a stag's head, bottom-left: a sailing ship, bottom-right: an eagle), and a ribbon at the bottom with the motto 'ANE FOR A'.

AGENDA ITEM

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Council Tax Levy on Long Term Unoccupied Dwellings

Falkirk Council

Title: Council Tax Levy on Long Term Unoccupied Dwellings
Meeting: Executive
Date: 27 September 2016
Submitted By: Director of Corporate and Housing Services

1. Purpose of Report

- 1.1 This report seeks agreement to levy an increased council tax charge on long-term unoccupied dwellings, outline the increased Council Tax yield that could be achieved as a result and the associated benefits/consequences viewed in the context of the financial pressures facing the Council.

2. Recommendation(s)

2.1 It is recommended that the Executive agrees to:-

- (1) apply a 100% Council Tax levy (and therefore charge twice the standard council tax) on all properties that have been no-one's main residence for more than 12 months, except where legislation does not permit this (see section 3.6), from 1st April 2017;**
- (2) grant the Chief Finance Officer discretion to delay the application of this levy for up to 6 months in exceptional circumstances where, due to these circumstances, the Council Tax payer could not have avoided this levy.**
- (3) fund a single post, from the additional revenue generated, to ensure the scheme is administered and policed effectively.**

3. Background

- 3.1 The proposal to introduce a levy on long-term unoccupied dwellings was one of the 2017/18 budget options considered by Council in Autumn 2015.
- 3.2 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 came into force on 1st April 2013. These regulations allow local authorities to levy a charge of up to 200% of the standard Council Tax charge in respect of certain long term unoccupied dwellings. Falkirk Council currently charges 90% and has done since 1st April 2005.
- 3.3 While a 200% charge is the maximum local authorities can apply it can be set at any figure between the minimum charge of 50% and 200%. To increase revenue Falkirk Council need to charge above the 90% that is currently charged.

- 3.4 The regulations permit the additional charge to be limited to certain property bands and/or certain geographic areas. This report recommends that the increased charge is applied consistently across all areas and all property bands. A breakdown of those dwellings which could incur the levy is attached in appendix 1.
- 3.5 A number of local authorities applied the levy immediately in 2013, particularly those with the most acute housing need. Over the last three years the majority of local authorities have introduced a levy.
- 3.6 In addition to raising income the levy encourages owners to take action on long-term empty properties. Where properties are brought back in to use, or refurbished to facilitate sale/let, this benefits the surrounding area and helps meet local housing needs.
- 3.7 While the increased charge would apply to most properties which have been unoccupied for over 12 months, including Council owned properties, the regulations offer protection for certain circumstances, as listed below, where the current charges will continue to apply:
- (1) Purpose built holiday homes which cannot be used all year round;
 - (2) Job-related dwellings where the taxpayer, or partner, needs to live in a specific dwelling to undertake their job and they are liable for Council Tax on a dwelling that is not their main residence as a result;
 - (3) Second homes which are occupied by the taxpayer for at least 25 days in every 12 month period;
 - (4) Properties being actively marketed for sale, as long as they have not been unoccupied for more than 24 months;
 - (5) Properties being actively marketed to let, as long as they have not been unoccupied for more than 24 months;
 - (6) Properties entitled to an exemption (e.g. a property owned by the estate of a deceased taxpayer where no grant of confirmation has yet been made, or grant of confirmation was made within last 6 months).
- 3.8 If approved, taxpayers will pay 200%, instead of the current 90%, of the standard Council Tax charge for the band of the property. To offer some context in 2016/17 this would have equated to an increase of between £784.66, for a band A property, and £2,354.00, for a band H property.
- 3.10 Council Tax charges for 2017/18 have still to be set but at time of writing it is almost certain (subject to legislation being passed) that higher bands (E-H) will see a further increase in their charges (which would also impact the amount of any levy) under Scottish Government proposals. The increases are likely to be between 7.3% (band E) and 22.5% (band H).

4. Considerations

- 4.1 The application of a Council Tax levy is entirely within the control of local authorities and there are no restrictions on how the funds raised are spent. Therefore as well as helping to address local housing needs the additional income helps minimise the value of Service savings that need to be found to balance the budget.
- 4.2 The estimated gross yield from such a scheme within Falkirk would be around £270,000 per annum. This takes into account both the current position in terms of the number of affected properties (as in Appendix 1) and the legitimate avoidance (by taxpayers taking steps towards properties being occupied)
- 4.3 The potential additional cost of administering and policing the scheme is covered in section 6.

5. Consultation

- 5.1 Given the potential for an increased charge there has been no formal consultation on this scheme, as it could lead to an element of evasion. If approved, it is proposed that a canvas of all potentially affected properties is carried out immediately. The same information would then be routinely gathered whenever a property became unoccupied for more than 6 months (i.e. full 6 months before the levy could apply) to ensure accurate billing.
- 5.2 An Equality and Poverty Impact Assessment has been carried out and this will be updated once we gather the results of the canvas, if the levy is approved.
- 5.3 For over three years we have had an Empty Homes Officer working with taxpayers with long term empty properties to offer them assistance to bring homes back into use and avoid Council Tax charges. The Empty Homes Officer has been involved in all meetings to date on the proposed levy and will play an integral part in assisting those taxpayers keen to avoid the increased charge. All canvas forms will have the contact details for the Empty Homes Officer to allow them to access appropriate support and advice.

6. Implications

Financial

- 6.1 Approval of the recommendations is likely to result in additional Council Tax income of around £200,000 (net) per annum. This is the gross yield of c.£270,000 (referred to in section 4.1) less a maximum additional staffing cost of c.£70,000 (as outlined in section 6.2 and 6.3).

Resources

- 6.2 One member of staff will be required to administer and police the scheme. The estimated cost of this post is no more than £30,000 per annum. Staff

numbers within the business area would therefore be reduced by one less than would otherwise have been planned.

- 6.3 There is, depending on initial demand when the scheme is introduced, the potential to recruit additional temporary resources (2 years maximum) to supplement and work within the Council's Empty Homes Team. This resource, if required, would be to actively assist and support taxpayers in bringing their properties back into use. The maximum cost of this post, if required, would be £40,000 per annum for the duration of the temporary contract.

Legal

- 6.4 There are no legal implications as a result of the proposal.

Risk

- 6.5 There is a risk that taxpayers do not supply information, or supply incorrect information, to try and avoid the additional charge. This risk is addressed through the use of additional resources outlined in section 6.2.

Equalities

- 6.6 An initial equality and poverty impact assessment was carried out and there were no issues identified. However the recommendation in section 2.1 (2) has been put forward to cater for any unintended consequences.

Sustainability/Environmental Impact

- 6.7 There is no sustainability/environmental impact.

7. Conclusions

- 7.1 The ability to levy a charge of up to an additional 100% was made available to local authorities in 2013.
- 7.2 Between 2013 and now an Empty Homes Officer has provided assistance to taxpayers responsible for long term empty properties to bring their properties back into use.
- 7.3 The additional income that could be generated from this charge is significant, at around £200,000, and in the current financial position it is essential that income is maximised to protect services.

Director of Corporate and Housing

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Date: 14 September 2016

APPENDICES

Appendix 1 – Breakdown by band/postcode of the potentially affected properties

List of Background Papers:

The following papers were referred to in the preparation of this report in terms of the Local Government (Scotland) Act 1973:

- None

Appendix 1 – Breakdown of Dwellings in scope as at 18th July 2016

Dwellings unoccupied for over 1 year

Post Code	Band								Grand Total
	A	B	C	D	E	F	G	H	
EH49	1	2	1	5	1				10
EH51	32	15	6	5	4	4	1		67
FK1	54	32	18	17	16	9	4	2	152
FK2	46	49	26	17	21	3	1	2	165
FK3	54	24	8	6	1	1	1		95
FK4	10	14	5	6	3				38
FK5	6	10	11	11	11		2		51
FK6	12	19	4	15	2	2	2		56
FK7	1						1		2
G68						1			1
Grand Total	216	165	79	82	59	20	12	4	637

Dwellings unoccupied for over 2 years

Post Code	Band								Grand Total
	A	B	C	D	E	F	G	H	
EH49		1		5	1				7
EH51	24	7	6	2	2	2			43
FK1	44	15	12	16	14	7	3	2	113
FK2	24	34	21	11	14	2	1	2	109
FK3	36	20	3	4	1	1	1		66
FK4	6	11	4	5	2				28
FK5	3	6	6	5	8		2		30
FK6	6	11	3	10	1	1	2		34
FK7	1						1		2
G68						1			1
Grand Total	144	105	55	58	43	14	10	4	433