

PERTH AND KINROSS COUNCIL

Strategic Policy and Resources Committee

19 April 2017

**DISCRETION ON APPLYING COUNCIL TAX SURCHARGES
ON LONG TERM EMPTY DWELLINGS****Report by Executive Director (Housing and Community Safety)****PURPOSE OF REPORT**

In June 2013, the Council agreed the Council Tax charges that would apply in respect of long term empty dwellings.

This set out a phased approach with the final stage being that such dwellings would be subject to a 100% surcharge with effect from 1 April 2017.

It is widely accepted that this phased approach has been successful; however, it is considered that it would be beneficial to introduce an element of discretion to assist those that are taking clear steps to bring dwellings back into use and/or where the nature of the property reduces the marketplace for selling or leasing the dwelling.

This report recommends the introduction of such discretion.

1. BACKGROUND/MAIN ISSUES

- 1.1 Perth & Kinross Council agreed a policy on the charging of Council Tax on long term empty dwellings at its meeting on 26 June 2013 (Report No. 13/338 refers). The policy was agreed in line with powers available under the terms of the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013.
- 1.2 The agreed policy was to phase in increased charges and to apply these charges to all appropriate dwellings throughout the Perth & Kinross Council area.
- 1.3 The final phasing of these increases takes effect from 1 April 2017, with a 100% surcharge being applicable.
- 1.4 The Revenue Budget 2017/18 & 2018/19 – Report No. 2 (para. 4.13) by the Head of Finance states that it would be beneficial to introduce an element of discretion in certain circumstances (Report No. 17/47 of 22 February 2017 refers) in order to assist those that are taking clear steps to bring unoccupied dwellings back into use.
- 1.5 The call for this stems from a number of sources such as enquiries received via elected members, Members of the Scottish Parliament and the Council's Empty Property Development team.

- 1.6 This would also bring Perth & Kinross Council in line with the majority of Scottish Local Authorities.
- 1.7 It should also be noted that an appeal was upheld by the Argyll & Bute Valuation Appeal Committee in December 2014 where a 100% surcharge was revoked and a recommendation made that the Council should provide exceptions to its policy.

2. SUPPLEMENTARY GUIDANCE

- 2.1 Supplementary guidance on Local Authority discretion to vary the charges levied on long term empty dwellings was issued by the Scottish Government on 31 March 2015. A copy is attached as **Appendix 1**.
- 2.2 This guidance was issued based on feedback received by the Scottish Government and sought to highlight areas where it felt that Scottish Local Authorities may wish to review the flexibility of their policies. The following scenarios were specifically highlighted as meriting flexibility:
- (i) The owner is finishing renovations prior to moving in/selling/letting and can demonstrate that these works are progressing.
 - (ii) A long-term second home where the owner was unable to meet the 25 day occupancy criteria in the previous 12 months due to personal circumstances but where a history of 25 day occupancy can be shown in previous years.
 - (iii) A property that is taking a long time to sell/let in a stagnant market despite being priced accordingly.
 - (iv) Any other circumstances where the owner has agreed with an Empty Homes Officer to take positive steps to re-occupy their property and it is in the view of the Empty Homes Officer that a time-limited council tax increase “holiday” would encourage the property to be brought back into use sooner.
- 2.3 The guidance was considered at the time but it was felt that the phased approach taken by Perth & Kinross Council already provided a degree of support that moving straight to a 100% surcharge, as done by several other Local Authorities did not.
- 2.4 It is felt that a reconsideration of any such discretion is now made, given that we are now at the final stage of the phased approach and also in light of the recent change to the charges for dwellings in Bands E to H.

3. PROPOSALS

- 3.1 It is proposed that: An amendment is made to the Council policy on the charging of Council Tax on long term empty dwellings, effective from Financial Year 2017/18 onwards, to provide flexibility in the following circumstances:
- (i) Where an existing owner commences or resumes activity to bring a long term empty dwelling back into use.
 - (ii) Where the nature of the dwelling is such that it could not reasonably be brought up to a habitable standard within the timescales allowed under existing legislation governing the award of discounts or exemptions.
 - (iii) Where conditions, outwith the control of the owner, create a limited market and thereby a negative impact on the time that a dwelling may take to sell.
 - (iv) Any other exceptional circumstances outwith the direct control of the owner
- 3.2 In all cases, engagement with the Vacant Property Development Team is a condition of any flexibility or discretion being considered.
- 3.3 A balance of flexibility to the Council Tax payer of a long term empty dwelling and fairness to all other Council Tax payers must be achieved and that any discretion must be relatively simple to administer for both the Local Taxes and the Vacant Property Development Team.
- 3.4 A protocol is agreed between Local Taxes and the Vacant Property Development team to consider any dwellings where circumstances detailed in part 3.1 of this report may apply.
- 3.5 Upon receipt of a joint and agreed recommendation from the Local Taxes and Vacant Property Development teams, the decision to apply discretion should be delegated to the Depute Chief Executive (Chief Operating Officer).
- 3.6 Where discretion is to be applied, this will take the form of a 10% discount for a maximum of 18 months from the date a surcharge would ordinarily be applicable.
- 3.7 This will mean that the payer is protected from any surcharge and will pay 90% of the Council Tax applicable.
- 3.8 The term of 18 months has been discussed and agreed with the Council's Vacant Property Development Team as an appropriate timescale to return dwellings back into use.
- 3.9 At present there are 690 dwellings subject to a surcharge but it is not possible to ascertain how many may qualify for any discretion under the terms of this proposal.

3.10 It should be noted that applying such discretion will result in less income being received but it will assist with the stated policy intention of encouraging empty dwellings to be returned to use.

4. CONCLUSION AND RECOMMENDATION

4.1 The Revenue Budget 2017/18 & 2018/19 – Report No. 2 (para. 4.13) by the Head of Finance, states that it would be beneficial to introduce an element of discretion, in the application of surcharges for long term empty dwellings, in certain circumstances.

4.2 It is recommended that, for Financial Year 2017/18 onwards, the Council Policy on the charging of Council Tax on long term empty dwellings to provide flexibility be amended as outlined in section 3 above.

Author

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Approved

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	None
Workforce	None
Asset Management (land, property, IST)	None
Assessments	
Equality Impact Assessment	None
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	None
Risk	None
Consultation	
Internal	None
External	None
Communication	
Communications Plan	None

1. Strategic Implications

Community Plan/Single Outcome Agreement

- 1.1 Encouraging long term empty dwellings back into use will assist the strategic objective of promoting a prosperous, inclusive and sustainable economy.

Corporate Plan

- 1.2 As with the Community Plan/Single Outcome Agreement, promoting a prosperous, inclusive and sustainable economy is a strategic objective of the Corporate Plan. Encouraging long term empty properties back into active use will assist in achieving this objective.

2. Resource Implications

Financial

- 2.1 There are no significant financial implications contained within this report. Any cost through the use of discretionary powers will be off-set by the gains created in returning any long term empty dwelling back into active use. The Head of Finance has been consulted, and has indicated agreement with the proposals.

Workforce

- 2.2 There are no workforce implications. Matters will be administered by existing staff resources within the Local Taxes and Vacant Property Development teams.

Asset Management (land, property, IT)

- 2.3 This proposal has no direct impact on Asset Management

3. Assessments

- 3.1 The content of this report has been assessed as not relevant for the purposes of an Equality Impact Assessment under the Equality Act 2010.

Strategic Environmental Assessment

- 3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. However, no action is required as the Act does not apply to the matters presented in this report.

Sustainability

- 3.3 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. However, no action is required as the Act does not apply to the matters presented in this report.

Legal and Governance

- 3.4 The legal framework for this report is fully contained within the Local Government Finance (Unoccupied Properties etc.) (Scotland) Act 2012 and the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013.

Risk

- 3.6 There are no key risks associated with the proposals contained within this report.

4. Consultation

Internal

- 4.1 Informal consultation has been carried out between members of Local Taxes and Vacant Property Development teams.

External

4.2 No external consultation has been deemed necessary.

5. Communication

5.1 No formal communications has been deemed necessary at this stage.

5.2 Communication and awareness will be carried out using existing channels such as Council website and social media.

2. BACKGROUND PAPERS

No background papers other than those already referred to have been used in the preparation of this report.

3. APPENDICES

Appendix 1 – Scottish Government's Supplementary Guidance on Local Authority Discretion