
Report to

Date of Meeting: 15 December 2011

Subject: Council Tax Discount Reduction

Report by: Revenues and Payments Manager

1.0 Purpose

- 1.1. The purpose of this report is to seek approval from members to reduce the current discount which is given to Council Tax payers, from 50% to 10%, for dwellings classed as a second home or long term empty property.

2.0 Recommendations

- 2.1. Members are asked to :-
- approve the reduction of the discount awarded to second homes and long term empty dwellings from 50% to 10% effective from 1st April 2012.

3.0 Considerations

Background

- 3.1. The Council Tax (Discount for Unoccupied Dwellings) (Scotland) Regulations 2005, as amended, give Local Authorities the discretion to reduce the prescribed discount of 50% for certain long term empty properties and second homes (as defined in the regulations) to a minimum of 10%.
- 3.2. Clackmannanshire Council is one of only two Council's in Scotland that have not used their discretionary powers to reduce the discount to the minimum level. This has been highlighted in recent local/national media coverage.
- 3.3. The Council Tax (Discount for Unoccupied Dwellings) (Scotland) Regulations 2005, provides defined categories of holiday homes and long term vacant properties which can and cannot be affected by the discount reduction.
- 3.4. Those properties which can be affected by the reduction in the discount level include:-
- **an additional dwelling that is not the Council Tax payees main home ie holiday home,**

- **a dwelling that has been vacant greater than 12 months,**
- 3.5. Those properties which cannot be affected by the reduction in the discount level include:-
- **Purpose built holiday homes :-** Will be granted an indefinite 50% discount with no reduction.
 - **Second homes owned or rented by those living in tied accommodation:** - Will be granted an indefinite 50% discount with no reduction.
 - **Vacant Dwellings which subsequently undergo extensive repair:** - Currently such dwellings receive a 12 month exemption from the last occupation date then pay 50% of the charge. The discount in these cases would not be reduced to 10% until 6 months after the ending of the exemption to afford owners this period to get the property occupied, sold etc.
 - **Dwellings vacant for less than 12 months:-** Currently vacant dwellings are exempt from Council Tax for 6 months and then a 50% charge is levied. The discount in these cases will not be reduced to 10% until a further period of 6 months which would still attract the 50% charge.
- 3.6. From a review of the existing discounts, there are 426 claimants who may be affected by the proposed reduction in the discount rate.
- 3.7. The level of detail retained within the Council Tax system is not however adequate to determine which of the 426 properties are specifically affected. Accordingly owners of all the properties will be contacted and this will enable the Council to make a more accurate determination as well as informing the property owners of the proposed change. This information will be retained for future reference.

Spend to Save Bid

- 3.8. Should Council approve this change, this initiative has been approved to receive funding from the Council's Invest to Save Fund. The initial cost of the change is estimated at £7,330 and relates to software changes.
- 3.9. It is estimated that the additional income receivable by the Council, through the reduction of the discount levels will be £82,600 per annum. This figure makes prudent assumptions on eligibility and Council Tax bandings. Any variations from these assumptions has the potential to increase or decrease the actual savings delivered.

Non Financial Impact of the Change

- 3.10. Guidance issued by the Scottish Government states that the any additional revenue raised as a result of the introduction of this change must be separately identified and used to enhance the provision for affordable housing and must be accounted for in a separate manner from other Council Tax receipts. Discussions are already underway with colleagues in Housing on how to make best use of the potential additional income receivable.

Scottish Government Consultation

- 3.11. The Scottish Government is currently consulting on further changes to the discount applied to long term empty properties. The consultation is seeking comments on the removal of the 10% discount entirely and applying a new additional charge of up to 100% the annual Council Tax charge. Council will be updated on this position as appropriate following the consultation.

4.0 Conclusions

- 4.1 The proposed change to the current Council Tax discount rates will bring the Council into line with thirty other Scottish Local Authorities and bring in an additional estimated £82,600 Council Tax income, per annum.
- 4.2 Members are asked to approve the reduction of the discount awarded to second home and long term empty properties from 50% to 10%.

5.0 Sustainability Implications

- 5.1 None

6.0 Resource Implications

6.1 *Financial Details*

- 6.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes ☒

- 6.3 Finance have been consulted and have agreed the financial implications as set out in the report. Yes ☒

6.4 *Staffing*

7.0 Exempt Reports

- 7.1 Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

8.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities 2008 - 2011** (Please double click on the check box ☒)

- The area has a positive image and attracts people and businesses ☐
- Our communities are more cohesive and inclusive ☐
- People are better skilled, trained and ready for learning and employment ☐
- Our communities are safer ☐

Vulnerable people and families are supported	<input checked="" type="checkbox"/>
Substance misuse and its effects are reduced	<input type="checkbox"/>
Health is improving and health inequalities are reducing	<input type="checkbox"/>
The environment is protected and enhanced for all	<input type="checkbox"/>
The Council is effective, efficient and recognised for excellence	<input checked="" type="checkbox"/>

(2) Council Policies (Please detail)

None

9.0 Equalities Impact

9.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes ☐ No ☒

10.0 Legality

10.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☒

11.0 Appendices

11.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

None

12.0 Background Papers


12.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☐ (please list the documents below) No ☒

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Approved by

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