
Report To:	Policy & Resources Committee	Date:	1 February 2022
Report By:	Interim Director of Finance & Corporate Governance	Report No:	FIN/01/22/AP/LA
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	Council Tax - Long Term Empty Levy Policy		

1.0 PURPOSE

- 1.1 The purpose of this report is to seek approval for the updated Long Term Empty Council Tax Levy Policy and to ask Committee to consider approving funding for an Empty Homes Officer post to support owners/Landlords with bringing long term empty properties back into productive use.

2.0 SUMMARY

- 2.1 Inverclyde Council introduced a Long Term Empty Property and Second Homes Council Tax Policy in September 2015. The levy was applied at 30% from 1st April 2016; increasing to 50% from 1st April 2018 and 100% since 1st April 2019. All but one Council applies a Council Tax Long Term Empty Property (LTE) levy; 30 apply the levy at 100% and another applies it at 90%.
- 2.2 The proposed Policy has been updated to reflect to matters highlighted in section 5 of this report and Appendix 1 is the amended and updated Long Term Empty Property and Second Homes Council Tax Policy for consideration by Committee.
- 2.3 The Council does not currently have an Empty Homes Officer (EHO) post following the termination of external funding. There was a clear view from the Member Workshop that an EHO post would provide much needed support and advice.
- 2.4 The LTE Policy including Empty Homes support has and will continue to produce a decrease in numbers of empty properties through a multi-strand approach of providing information and advice, offering targeted support to owners of LTE properties and undertaking direct contact across all tenures.
- 2.5 There is no recurring budget to meet the cost of the EHO post and if Committee agree to establish the post it is proposed to fund from the LTE levy budget from 2022/23.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee approve the updated Long Term Empty Property and Second Homes Council Tax Policy attached at Appendix 1.
- 3.2 It is recommended that the Committee approve the funding of an Empty Homes Officer from the LTE levy budget with effect from 2022/23.

4.0 BACKGROUND

- 4.1 At its meeting of 23 February 2021 the Committee tasked officers to review the effectiveness of the Long Term Empty Property and Second Homes Council Tax Policy, the review to incorporate public consultation.
- 4.2 The review and consultation indicated that whilst the Policy has been effective in reducing the number of Long Term Empty (LTE) properties in Inverclyde in the non-RSL sector further changes may yield further reductions.
- 4.3 It was agreed by Committee to hold an all member workshop to further consider this matter and this took place on the 15 December 2021. The report reflects officer's interpretation of the outcome of that workshop.

5.0 LONG TERM EMPTY POLICY & COLLECTION PERFORMANCE UPDATE

- 5.1 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 provides local authorities with a discretionary power to remove the empty property discount or set a council tax increase, or levy of up to 100% on certain properties which have been empty for 1 year or more
- 5.2 Inverclyde Council introduced a Long Term Empty Property and Second Homes Council Tax Policy in September 2015. The levy was applied at 30% from 1st April 2016; increasing to 50% from 1st April 2018 and 100% since 1st April 2019. All but one Council applies a Council Tax Long Term Empty Property (LTE) levy; 30 apply the levy at 100% and another applies it at 90%.
- 5.3 At its meeting of 24 June 2021 the Policy and Resources Committee decided to remove the Long Term Empty Property Council Tax levy from the accounts of property not owned by Inverclyde Council located in the Clune Park Estate. The Long Term Empty Property and Second Homes Council Tax Policy has been updated at point (7.3) to reflect this decision.
- 5.4 The additional Council Tax billed as a result of the levy which now excludes the Clune Park estate amounts to £340k in 2020/21 and £345k in 2019/20. Collection performance during 2020/21 and 2019/20 at 1st December 2021 is 84.45% and 89.60% respectively.
- 5.5 The revised Policy also includes a point of clarification regarding exemption from Council Tax and the LTE levy applied to property awaiting demolition is added at (7.12). Exemption on this basis will terminate for every dwelling within a block if one or more dwellings within the same block are let to tenants for occupation subsequent to exemptions being granted whilst the preceding exemption period will also be reviewed.
- 5.6 Appendix 1 is the amended and updated Long Term Empty Property and Second Homes Council Tax Policy for consideration by the Committee.

6.0 LINKS TO LOCAL HOUSING STRATEGY

- 6.1 As outlined in the recent Housing update brought to the Environment and Regeneration Committee the Council is required, according to statute, to produce a new Local Housing Strategy (LHS) for 2023-2028.
- 6.2 Work is underway on the preparation of the new LHS. The relevant statutory guidance on how the LHS must be undertaken places quite some emphasis on the requirement for Local Authorities to consider how best to tackle empty homes. The review of the Long Term Empty policy therefore, fortunately, comes at a time when the future of our housing, across tenure, in Inverclyde will be closely reviewed and examined with our partners and plans agreed for what we need it to look like in future; this will include how to deal with empty homes.

- 6.3 The LHS Development Group including Registered Social Landlords (RSL's) has been established, Terms of Reference have been agreed, and discussions have begun on how this group we will operate over the coming months.
- 6.4 Key to an LHS, the outcomes of which reflect the needs and aspirations of the people of Inverclyde, is close joint working with our RSL and other housing partners this in conjunction with information provided within the Housing Needs and Demands Assessment (HNDA) due within the coming weeks and produced with the Glasgow Clyde Valley Housing Market Partnership of which Inverclyde is part.
- 6.5 The LHS Development Group will allow the Housing Strategy Team and RSL's to begin to review the current LHS outcomes and to look to what changes might need to be made in light of current circumstances. Given the declining and aging population profile in Inverclyde consideration will need to be given to a review of current stock including re-provisioning, a reshape of stock and, in some cases, resizing stock by reducing numbers of empty homes in some areas. The Outcomes of the new LHS will reflect this work and provide a cohesive plan for the future of Housing in Inverclyde.

7.0 SUPPORTING PROPERTY OWNERS/LANDLORDS

- 7.1 The Council does not currently have an Empty Homes Officer (EHO) post following the termination of external funding. There was a clear view from the Member Workshop that an EHO post would provide much needed support and advice.
- 7.2 The re-establishment of the Empty Homes Officer post within the Housing Strategy Team will mean that not only will Social landlords be supported in dealing with empty stock but so too will those who own private property which is empty. The LTE Policy including Empty Homes support has and will continue to produce a decrease in numbers of empty properties through a multi-strand approach of providing information and advice, offering targeted support to owners of LTE properties and undertaking direct contact across all tenures. In addition to large-scale, organisational engagement, the Empty Homes Officer will engage with individual owners.
- 7.3 The officer, working collaboratively with Council Tax colleagues will contact those in the private sector who are in receipt of the Council Tax levy to provide a one to one support service to provide information, support, guidance and even access to trade discounts for work required to help make empty properties more attractive to buyers with a view to achieving the aim of the re-occupation of empty homes by selling them or having them occupied via the private rented sector.
- 7.4 There is also evidenced need for direct engagement with RSLs on the issue of their Empty Homes but this is in the context of wider area regeneration alongside their housing investment and asset management plans. As part of this the RSL will be expected to evidence that they have financially viable and deliverable investment plans which seek to address the issue of empty homes and which meet the relevant standards for LTE exemption. There may be opportunity, in addition, to consider the funding of the acquisition of empty properties via the SHIP programme where the acquisition would assist the RSL in carrying out common improvement works in a property where they have been unable to achieve this due to reluctance or lack of availability of funds on the part of a private owner.

8.0 IMPLICATIONS

8.1 Finance

There is no recurring budget to meet the cost of the EHO post and if Committee agree to establish the post it is proposed to fund from the LTE levy budget from 2022/23.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
Housing Strategy	Employee Costs	2022/23	£42,000		Funded via a reduction in the LTE levy Budget.

8.2 Legal

The Interim Head of Legal & Democratic Services has been consulted in the development of this report.

8.3 Human Resources

There are no HR implications outwith those directly identified in the report.

8.4 Equalities

Equalities

(a) Has an Equality Impact Assessment been carried out?

<input type="checkbox"/>	YES (see attached appendix)
<input checked="" type="checkbox"/>	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

<input type="checkbox"/>	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
<input checked="" type="checkbox"/>	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

<input type="checkbox"/>	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
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X	NO
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8.5 **Repopulation**

Reducing the number of long term empty properties within Inverclyde will make the area more attractive to existing and potential residents.

9.0 **CONSULTATIONS**

9.1 A community consultation plus direct consultation with RSLs took place in the summer of 2021 prior to the September Committee report, an all member briefing took place on 15 December regarding the proposals in this report and the CMT are supportive of the proposals in this report.

10.0 **BACKGROUND PAPERS**

10.1 Review of the Effectiveness of the LTE Homes Council Tax Policy- September 2021 Policy & Resources Committee

Council Tax

Long Term Empty Property & Second Homes Policy

Inverclyde Council - Finance Revenues and Benefits

Document Control

Prepared by:
Approved by:

Liz Brown
Policy & Resources Committee

August 2015
September 2015

Change Control Table

Version	Version Date	Revised By	Reason for Change
2.0	March 2018	L Brown	Levy increased to 50% from 1 st April 2018
3.0	December 2018	L Brown	Levy increased to 100% from 1 st April 2019
			Additional discretionary exemption categories introduced
			Second Homes Policy added to document
4.0	February 2019	L Brown	Policy updated to include exemption agreed by Policy & Resources Committee on 5 th February 2019
5.0	February 2022	T Bunton	(7.3) Removal of the Levy from property located in the Clune Park Estate not owned by the Council.
			(7.12) Property awaiting demolition – clarification

Inverclyde Council - Finance Revenues and Benefits

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Inverclyde Council - Finance

Revenues and Benefits

1.0 Introduction

This document details Inverclyde Council's Policy on a Council Tax Increase (Levy) on Long Term Empty (LTE) properties.

2.0 Background

2.1 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 provides local authorities with a discretionary power to remove the empty property discount or set a council tax increase of up to 100% on certain properties which have been empty for 1 year or more. Previously, local authorities were only able to vary the level of discounts, with a minimum discount of 10% for empty and second homes.

2.2 The provision only applies to long-term unoccupied properties, not second homes.

2.3 This greater flexibility is intended as an additional tool to help local authorities encourage owners to bring empty properties back into use, both to increase the supply of housing for those who need homes and to reduce the blight on communities caused by houses being left empty and allowed to fall into disrepair. The council tax increase could be used as part of a wider approach to tackle long-term empty homes including support and guidance to owners and provision of loans or grants if available.

2.4 For eligible unoccupied properties, local authorities can set a discount of between 0% and 50% or an increase of up to 100%. The provision also gives local authorities discretion to vary the council tax charged for different circumstances, and to apply discounts or increases in all or part of their areas. This can be done by using postcode boundaries, council wards or data zones. This could include charging different rates for a variety of different reasons as a local authority considers appropriate, and is intended to recognise that different pressures and factors will affect different areas.

2.5 Guidance has been issued by the Scottish Government in relation to the allowable flexibility available to ensure that authorities do not unfairly penalise owners who are justified in leaving their dwelling unoccupied or where there are reasons why the dwelling could not be lived in, sold or let.

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3.0 Unoccupied Dwellings

3.1 The council tax increase can be applied to homes which have been unoccupied for 1 year or more. An unoccupied dwelling is any dwelling which is not someone's sole or main residence, but does not fall within the definition of a second home. An unoccupied dwelling may be either furnished or unfurnished but is either not lived in at all or is lived in for less than 25 days in any twelve month period.

3.2 The council tax increase does not apply to water and sewerage charges.

4.0 Second Homes

4.1 The council tax increase will not apply to second-homes. In general, second-homes are maintained well and are occupied for periods of the year when their owners contribute to the local economy.

4.2 Under the new legislation, a second home is defined as being furnished and lived in for at least 25 days in any twelve month period, but not as someone's sole or main residence. This aims to ensure that only homes which are likely to be reasonably well maintained and which the owner is likely to visit regularly (and therefore make some contribution to the local economy) can qualify as a second home.

4.3 The Council will not be able to charge a council tax increase for second homes but will, as was previously the case, have flexibility to set a discount level of between 0% and 50%. The second home discount level set by Inverclyde Council from 1st April 2017 is 0%, prior to 1st April 2017 the level was set at 10%.

4.4 It will be for owners to prove that their property is a genuine second home and need to provide evidence to substantiate their claim. Evidence provided may be in the form of utility bills, TV license and anything else deemed appropriate. Visiting officers may be utilised to follow up on individual properties.

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Revenues and Benefits

5.0 Exclusions from the Increase

5.1 Existing Mandatory Discounts and Exemptions

The new flexibility will not affect an owner's eligibility to claim council tax exemptions under the Council Tax (Exempt Dwellings) (Scotland) Order 1997.

As long as an owner is eligible for an exemption, they would not be charged any council tax, regardless of how long the dwelling has been unoccupied. However, where a dwelling becomes no longer eligible for the exemption, but remains unoccupied, it will become eligible for the council tax increase after the property has been empty for 1 year.

Properties classed as purpose built holiday homes or occupied as job related dwellings will continue to receive 50% discount.

The legislation defines a purpose built holiday home as a dwelling which is used for holiday purposes and is either, in accordance with any license or planning permission regulating the use of the site, or for any other reason, not allowed to be used for human habitation throughout the whole year or, by reason of its construction or facilities which it does, or does not, provide, is unfit so to be used.

5.2 Homes actively being marketed for sale or let

Homes being marketed for sale or let will be exempt from the council tax increase until they have been unoccupied for 2 years, these homes will continue to attract a discount of 10%. New build properties can also qualify for this exemption from the increase. This exemption is conditional on the home being genuinely marketed for sale or let at a realistic market price. In considering whether a home is genuinely being marketed for sale or let, the council can have regard to any unduly restrictive conditions being attached to the sale or let as well as the sales price/ rent level. In coming to their decision on whether or not the property is being genuinely marketed for sale or let, the council can request and take into account evidence including:

- Home Report - If the property is being marketed for sale, does it have a valid home report? Most houses for sale in Scotland require a home report which also includes a valuation of the property. If the home report valuation is significantly below the advertised price, it may be that the owner is not making a genuine attempt to sell their property.
- Marketing - Is the owner's marketing efforts providing adequate exposure to the market? Is the property being actively marketed by an agent and/or property sale/letting website?

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5.3. Additional flexibility to vary discount/increase

Regulation 4 of the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 includes provision for local authorities to apply additional exemption from the increase, or to charge a reduced level of increase. This could include charging different rates according to, for example, the area the dwelling is in; the length of time that the dwelling has been unoccupied and other circumstances as a local authority considers appropriate.

This additional flexibility is included so that local authorities can modify provision by

- not charging a council tax increase,
- charging a reduced level of increase,
- offering a higher level of discount.

The legislation provides adequate flexibility to ensure that individual owners are not unfairly penalised. The circumstances of individual owners should be taken into account when applying the increase. This allows a local authority to avoid charging a council tax increase, or to charge a lower level of council tax than for other unoccupied dwellings, where it considers there are reasons why the owner is justified in leaving the dwelling unoccupied and/or reasons why the dwelling could not be lived in, sold or let.

Scottish Government guidance states that the following circumstances would merit flexibility in terms of not charging the council tax increase where the property has been empty for over a year and:

- The owner is finishing renovations prior to moving in/selling/letting and can demonstrate that these works are progressing.
- 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.
- A property that is taking a long time to sell/let in a stagnant market despite being priced appropriately.
- 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.

For all cases, the maximum discount of 50% and a maximum increase of 100% as set in the legislation must not be exceeded. Under the legislation, local authorities are prevented from using their discretion to vary council tax charges in a way that gives more favourable treatment to unoccupied social rented dwellings just because they are owned by a social landlord.

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It is important that all owners take steps to bring unoccupied homes back into use as soon as possible, rather than leaving them empty.

6.0 Information Requests

6.1 The Council Tax (Administration and Enforcement) (Scotland) Amendment Regulations 2012 require the council to take reasonable steps to ascertain whether a taxpayer is entitled to a discount or liable to an increased amount before calculating the council tax liability, with the default position being that there is no variation unless a reason for variation is identified. The council is also required to ensure that the taxpayer is notified of assumptions made and of their responsibilities to advise of changes in their circumstances or of an erroneous assumption.

6.2 The regulations also place an obligation on specific persons to provide information which is sought by the council for the purposes of ascertaining whether a discount or increase in council tax liability applies as a result of non-occupation of the dwelling.

7.0 Council Tax Levy Policy

7.1 Under this policy the council tax increase to be applied by Inverclyde Council is:

- From 1st April 2016 the increase is set at 30% of the annual council tax charge for the property.
- From 1st April 2018 the increase is set at 50% of the annual council tax charge for the property.
- From 1st April 2019 the increase is set at 100% of the annual council tax charge for the property.

7.2 There is no council tax increase on the water and sewerage charge.

7.3 The Council Tax levy does not apply to property located in the Clune Park Estate that is not owned by Inverclyde Council. The increase applies to all other parts of the Council area.

7.4 In order to ascertain whether a vacant property is eligible for the council tax increase, a review form will be issued once a property has been unoccupied for 12 months.

7.5 Once the review form is returned a decision will be made on whether the property is entitled to a discount or should be subject to an increased amount.

7.6 Any additional information or evidence required will be requested from the owner.

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7.7 Visiting officers may also be utilised to follow up on individual properties.

7.8 Officers will carry out checks to verify claims and any decision made is final subject to appeal.

7.9 Once the review form has been processed the owner will be notified in writing of the decision.

7.10 Owners will be advised of the mandatory and discretionary exemptions that can be applied for, their right to appeal any decision and also of their responsibility to advise of any change in circumstances or of any erroneous assumptions by the council.

7.11 An application for a mandatory or discretionary exemption from the council tax increase must be made in writing by completion of an application form.

7.12 Exemption from the full implementation of LTE Council Tax levy would be considered for a defined housing area provided an intervention plan led by an RSL has been agreed with the Council. The Plan's delivery must be resourced and be time limited to a reasonable period which reflects the level of intervention required. The exemption will be for 12 months initially. Intervention plans lasting longer than 12 months will require further application(s) for additional exemption. These further applications will be considered favourably if the interventions are making adequate progress against the agreed plan. Other owners within the defined area will also be eligible for exemption subject to an agreed intervention plan. For clarification, dwellings owned by the Council or an RSL and kept unoccupied following a formal documented decision by the Council or RSL to demolish the property are likely to qualify for exemption. Exemption from Council Tax and the LTE Council Tax levy on this basis will be terminated for every dwelling within a block if one or more dwellings subject to the exemption within the same block are let to tenants for occupation subsequent to the exemptions being granted and the preceding exemption period will also be reviewed.

7.13 The following discretionary exemptions that can be applied for under this policy are introduced from 1st April 2019. These are in addition to the existing discretionary exemption category noted below which will continue under this policy.

Additional Discretionary Exemptions from 1st April 2019

Discretionary Category	Purpose	Maximum Exemption Period
New Owner or Tenant	The new owner or tenant of a long term empty property requires a short period of time to make the	3 Months

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	property fit for occupation or to move in.	
Owner is working with Empty Homes Officer	Owner has agreed with the Empty Homes Officer to take positive steps to re-occupy their property and it is 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.	6 Months
Property undergoing repair/renovation	Property is undergoing major repair to make it habitable, the liable person can demonstrate work is progressing	12 Months

Existing Discretionary Exemption

Exceptional Circumstances	The owner considers that their property is empty due to exceptional circumstances not covered by the discretionary exemption categories	6 Months
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8.0 Second Homes Policy

8.1 Under this policy the council tax discount on second homes to be applied by Inverclyde Council is:

- From 1st April 2017 the discount is set at 0% of the annual council tax charge for the property.
- Prior to 1st April 2017 the discount was set at 10% of the annual council tax charge for the property.

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8.2 Although the discount on second homes is set at 0% from 1st April 2017, it is in the interest of owners of second homes to apply to the council for their property to be classed as a second home in order to avoid the council tax increase on unoccupied properties.

8.3 A second home is defined as being furnished and lived in for at least 25 days in any twelve month period, but not as someone's sole or main residence. This aims to ensure that only homes which are likely to be reasonably well maintained and which the owner is likely to visit regularly (and therefore make some contribution to the local economy) can qualify as a second home.

8.4 Under this policy properties that are undergoing renovation or repair will not be considered as second homes.

8.5 It will be for owners to prove that their property is a genuine second home and they need to provide evidence to substantiate their claim. Evidence provided may be in the form of photographs of the interior of the property, utility bills, TV license, second home insurance schedule and anything else deemed appropriate. In addition proof of travel to the property such as train or airline tickets may be requested.

8.6 Visiting officers may be utilised to follow up on individual properties.

8.7 Officers will carry out checks to verify claims and any decision made is final subject to appeal.

8.8 If the owner of a long-term second home was unable to meet the 25 day occupancy criteria in the previous 12 months due to personal circumstances but a history of 25 day occupancy can be shown in previous years, the property can continue to be classed as a second home for a further 12 months.

8.9 A newly purchased property that is intended to be occupied as a second home will not be classed as a second home until it has been occupied for 25 days in a rolling 12 month period.

8.10 Second Homes will be reviewed annually to ensure they continue to meet the 25 days occupancy per rolling 12 month period.

9.0 Appeals

9.1 Appeals can be made in writing to the Revenues and Benefits Manager; the appellant will be notified of the outcome of their appeal within 2 months.

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9.2 If, following the appeal to the Revenues and Benefits Manager, the customer remains dissatisfied with the decision they have a further right of appeal to the Valuation Appeal Committee. Any appeals to the Valuation Appeal Committee must be within four months of the date of their original appeal.