

To: Finance and Resources Policy Board

On: 8 February 2023

Report by: Director of Finance and Resources

Heading: Council Tax – Second Home Levy Charge Policy

1. **Summary**

- 1.1. Dwellings classed as “Second Homes” are currently eligible for a Council Tax discount of between 10% and 50%, or to have no modification of their charge, in accordance with The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2016.
- 1.2. A second home for Council Tax purposes is classed as a dwelling that is not used as someone’s primary address, but which is occupied for at least 25 days in a year.
- 1.3. Since 1 April 2014, Renfrewshire Council has set its second home discount at 10%.
- 1.4. From 1 April 2024, the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023 will come into force which allow Local Authorities the discretion to charge up to a 100% increase for dwellings classed as second homes, i.e., impose a charge double that of the standard Council Tax.
- 1.5. The change brings second homes into line with Council Tax policy on long-term empty homes and aims to increase housing availability by encouraging more homes to be permanently occupied.

- 1.6. The new regulations also ensure new owners who have purchased properties which have previously been empty for more than twelve months are protected from the increased charge for a minimum period of six months if undertaking repairs or renovations.
- 1.7. The purpose of this report is to present for approval a proposed policy setting out the Council's position in relation to imposing a 100% levy on second homes, which amends the 10% discount currently available.
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2. Recommendations

- 2.1 It is recommended that members of the Board
- Note the contents of the report; and
 - Approve the Council Tax Second Home Levy Charge Policy attached at Appendix 1
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3. Background

- 3.1 From 1 April 2024, The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023 come into force which give Local Authorities the discretion to charge up to a 100% increase for dwellings classed as second homes.
- 3.2 The greater flexibility provided by the legislation is intended to bring second homes into line with Council Tax policy on long-term empty homes and aims to increase housing availability by encouraging more homes to be permanently occupied.
- 3.3 There are 157 properties classed as Second Homes in Renfrewshire as outlined in table 1 below.

Table 1

Band	Number of Second Homes
A	15
B	49
C	23
D	29
E	19
F	10
G	9
H	3
Total	157

- 3.4 The new regulations also ensure new owners who have purchased properties which have previously been empty for more than twelve months are protected from the levy charge for a minimum period of six months, provided repairs or renovations are being undertaken. However, the Council's existing Empty Property Policy set in 2016 is more flexible and allows for a six-month period of 10% discount, regardless of work being undertaken, before the levy charge is applied.
- 3.5 The Council will continue to grant 10% discount for a maximum period of six months to new owners who purchase properties that have previously been empty for more than twelve months, and remain unoccupied, before the levy charge is applied.
- 3.6 On 15 December 2022, the Council approved the addition to the terms of reference of the Finance, Resources and Customer Service Policy Board as follows:
- To determine the operation and policies of any locally determined non-domestic rates schemes or reliefs in line with relevant legislation; and
 - To determine the operation and policies of any locally determined council tax schemes, discounts, or reductions in line with relevant legislation.

4 Council Tax – Second Homes Levy Charge Policy

- 4.1 The purpose of the Second Homes Levy Charge Policy is to specify that Officers will operate within the legislation detailed in section 3.1 above, aligned with the Council approvals detailed in section 3.6.
- 4.2 With effect from 1 April 2024 the Policy imposes a 100% levy on properties deemed to be second homes.
- 4.3 One of the main objectives of the Policy is to encourage owners to return long term empty properties back into use and maintain the supply of housing in Renfrewshire.
- 4.4 Any current liable parties who are in receipt of a 10% Second Home discount and will be affected by the changes will be sent a letter prior to the annual bills being issued to make them aware of the levy charge being applied.
- 4.5 An Equality Impact Assessment has been carried out (attached as Appendix 2) in line with the Council's approach and no issues have been identified that require mitigating actions. The Equality Impact Assessment will be reviewed as data becomes available following introduction of the changes.

Implications of the Report

1. **Financial** – it is estimated that the change in policy will generate an additional £0.2m council tax income, taking into account an allowance for behavioural change. This additional income will be incorporated into the Council’s budget assumptions from 2024/25.
2. **HR & Organisational Development** - None
3. **Community Planning** – None
Community Care, Health & Well-being –
4. **Legal** – the proposed policy is permissible from 1 April 2024 under the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023.
5. **Property/Assets** – None
6. **Information Technology** - None
7. **Equality & Human Rights**- The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals’ human rights have been identified arising from the recommendations contained in the report. If required, following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council’s website.
8. **Health & Safety** - None
9. **Procurement** - None
10. **Risk** - There is a risk that any assumed increases in Council Tax income as a result of the levy will not be met if more properties than estimated are transformed from second homes into permanent places of residence.
11. **Privacy Impact** - None.

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RENFREWSHIRE COUNCIL

FINANCE & RESOURCES

COUNCIL TAX – SECOND HOME LEVY CHARGE POLICY STATEMENT

1. Background

1.1. Second Home Discount

- 1.1.1. A “second home” for Council Tax purposes is classed as a dwelling which is not used as someone’s primary address but that is occupied for at least 25 days in a year.
- 1.1.2. From 1 April 2013, at Local Authorities’ discretion, dwellings classed as second homes were eligible for a Council Tax discount of between 10% and 50% in accordance with the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013.
- 1.1.3. With effect from 1 April 2017, further discretion was made available to Local Authorities under The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2016, which allowed for the complete removal of discounts for second homes.
- 1.1.4. Renfrewshire Council set the discount level for second homes at 50% until 31 March 2014, reduced this to 10% from 1 April 2014, and has not varied this since.
- 1.1.5. From 1 April 2024, the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023 will come into force allowing Local Authorities the discretion to charge a maximum increase of 100% for dwellings classed as second homes, i.e. double the standard charge.
- 1.1.6. The change brings second homes into line with Council Tax policy on long-term empty homes and aims to increase housing availability by encouraging more homes to be permanently occupied.
- 1.1.7. A mandatory 50% discount is to remain in place for second homes which meet the definitions of purpose-built holiday homes or job-related dwellings, as provided in the 2013 regulations.

APPENDIX 1

1.1.8. On 15 December 2022 the Council approved the addition to the terms of reference of the Finance, Resources and Customer Service Policy Board as follows:

- To determine the operation and policies of any locally determined non-domestic rates schemes or reliefs in line with relevant legislation.
- To determine the operation and policies of any locally determined Council Tax schemes, discounts, or reductions in line with relevant legislation.

2. Policy Purpose & Objectives

2.1. Purpose:

2.1.1. The purpose of this policy is to:

- Specify the Council's position on ending the 10% discount currently applied to second homes on 31 March 2024.
- Specify the Council's position on applying a 100% increased charge on second homes from 1 April 2024
- Specify how the Council's operational teams within Finance and Resources will operate the legislation.
- Clarify that the Council will continue to award 10% discount to all unoccupied properties, purchased by new owners, that have previously been empty for more than twelve months, in accordance with Empty Property Policy agreed in 2016.

2.2. Policy Objectives

2.2.1. The objectives of this policy are to:

- Encourage owners to return second home properties back into use as permanent residences and in doing so contribute to the supply of affordable housing in Renfrewshire.
- Enhance communities by reducing the number of unoccupied and potentially run down properties within Renfrewshire.

APPENDIX 1

2.3. Policy Risks

- There is a risk that any assumed increases in Council Tax income as a result of the levy will not be met if more properties than estimated are transformed from second homes into permanent places of residence.

3. Council Tax – Second Home Properties

3.1. Second Home Levy Award Process

- 3.1.1. All current dwellings classed as second homes will automatically be applied with the 100% Second Home Levy Charge from 1 April 2024 with existing 10% discounts being ended on 31 March 2024.
- 3.1.2. From 1 April 2024, upon receipt of a notification from a liable party that a property is being used as a second home, the 100% Second Home Levy Charge will be applied to the account from the date stated by the liable party.
- 3.1.3. From 1 April 2024, where a liable party advises a property is no longer being used as a second home, relevant information will be requested to establish the current position of the property to confirm occupation, or if the property should now be classed as a long-term empty property which may also attract a 100% Empty Property Levy.

3.2. Properties Undergoing Repairs or Renovations

- 3.2.1. The new regulations allow for unoccupied properties purchased by new owners, which have previously been empty for more than twelve months and which are undergoing repairs or renovations, to be protected from the levy charge for a minimum period of six months.
- 3.2.2. The Council's policy on long term empty properties adopted in 2016 allows for a six-month 10% empty property discount to be awarded in the circumstances stated in section 3.2.1 and will continue to be in place.
- 3.2.3. Staff will be proactive to ensure the six-month 10% empty property discount is granted when appropriate.

APPENDIX 1

4. Dispute Process

4.1. Appeals

- 4.1.1. An appeal can be made on the grounds that no discount or exemption has been awarded or that a levy has been imposed for an unoccupied or second home property.
- 4.1.2. Where an appeal is received and is wholly in relation to the imposition of a Second Home Levy Charge, a Senior Officer will review the case and respond to the appellant to explain the decision and that a local policy is in place.
- 4.1.3. If the appellant wishes to progress the appeal thereafter, they then have the right to progress their appeal to the Local Taxation Chamber for review.
- 4.1.4. The Local Taxation Chamber will request a submission from the Council, which will be issued by a Senior Officer, and a hearing may be arranged before a judge appointed by the Local Taxation Chamber will make a ruling.

4.2. Complaints

- 4.2.1. Any complaints received concerning this policy will be logged, investigated and responded to in accordance with the Council's Complaints Handling Procedure.

5. Debt Recovery Action

- 5.1.1. The Council's normal recovery action will be taken, where appropriate.

Equality & Human Rights Impact Assessment Record

Basic Information

Currently all dwellings classed as second homes are in receipt of a 10% discount. From 1 April 2024 new regulations, The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023, come into force which allows Local Authorities the discretion to apply a 100% Levy Charge to all Second Homes.

Renfrewshire Council will use this discretion from 1 April 2024 and apply a 100% Second Home levy Charge to all properties classed as second homes. Letters will be issued to those currently in receipt of a second home discount and will be affected by the changes.

Contact Details

Name of person leading this work	Emma Shields
Job title of person leading this work	Strategic Service Delivery Manager
Email of person leading this work	emma.shields@renfrewshire.gov.uk
Name of Head of Service who will sign off the process	Alastair MacArthur

Background Information

The general rule for all properties classified as second homes means they will attract a 100% Second Home Levy charge from 1 April 2024; i.e they will be charged double the standard Council Tax. Second Homes are classed as properties that are not used as someone's primary residence but are occupied for at least 25 days in a year.

Any property that currently receives a 10% Second Home Discount will have their discount removed from 31 March 2024 and the Second Home Levy Charge will be applied from 1 April 2024. A letter will be issued to those affected to make them aware of the change. The change will bring the Second Home policy in line with the Empty Property policy and is intended to encourage owners to bring second homes back into use and maintain the supply of affordable housing within Renfrewshire.

Some assessment has been carried out of the current owners of second homes and no equality specific implications have been identified, although detailed equality information is not available so there are limitations to this exercise.

It is not anticipated that the proposed policy will have any adverse impacts on protected characteristics, or that any adjustments will be required to the proposal as a result of equality impacts. It is further noted that the policy intention is to reduce the number of second homes in the local area, and so it is anticipated that this approach may have a positive impact for local communities by improving the appearance and the number of occupied properties.

Appendix 2

Based on this, it is not anticipated that full Equality Impact Assessment is required at this time.

Monitoring

The policy will be monitored to assess whether unintended consequences occur for any protected characteristics.

Sign Off