

EAST RENFREWSHIRE COUNCIL

CABINET

16 January 2014

Report by Director of Finance

COUNCIL TAX ON LONG TERM UNOCCUPIED PROPERTIES

PURPOSE OF REPORT

1. This report gives Cabinet an opportunity to consider rates of Council Tax discounts to be applied to properties which are unoccupied for over six months.

RECOMMENDATION

2. It is recommended that Cabinet considers the rates of council tax discounts to be applied to long term unoccupied properties and because of the low incidence of such properties in East Renfrewshire decides not to alter existing discount rates.

REPORT

3. The Local Government Finance (Unoccupied Properties Etc.) (Scotland) Act 2012 gave councils power to vary council tax discount rates applied to properties which have been unoccupied for more than six months. These powers allow councils to impose an increase of up to 100% of the relevant council tax rate for homes that have been empty for one year or longer and allow councils to offer a discount of between 10 and 50% for homes that are empty for less than a year. Councils are also able to apply different rates of discount or increase in different parts of their area or to increase council tax charges the longer a home has been empty. There are a number of types of unoccupied property for which exemptions from these changes will apply

4. Currently East Renfrewshire Council awards a discount of 10% for properties which have been empty for one year or longer. Unfurnished homes are exempt from council tax for 6 months and then a 50% discount is provided during the next six months. Within East Renfrewshire there are thirty one properties which have been empty for over twelve months and forty four properties which have been empty for between six months and one year. The proposed changes, if implemented would produce additional income of around £100,000 p.a..

5. The stated purpose of the legislation is to reduce the incidence of long term empty properties and to provide councils with a framework to assist in bringing empty properties back into occupation. Given that only around 0.2% of East Renfrewshire properties are considered to be unoccupied on a long term basis this would not appear to be a priority area for the Council. Although additional income from these changes will not be ring fenced, existing arrangements for revenue raised from reduced discounts for long term empty properties and second homes will ensure that such income is used to fund affordable homes projects.

6. When the Council last altered discount rates for empty properties in 2009, residents who were offered reduced discounts were very unhappy and did not readily accept that Council tax is a tax to raise revenue to provide Council services. In their view Council tax is a charge for services and in the case of empty properties, the requirement to provide services is reduced and therefore the council tax levied on such properties should also reduce. It is likely that if the Council chose to increase Council tax on long term empty properties to twice the level of occupied properties, it would be very unpopular with owners of such property.

CONCLUSION

7. Legislation gives the Council discretion to vary rates of council tax discount or impose increases for long term unoccupied properties. Within East Renfrewshire the incidence of such properties is very small and it is likely that altering discount rates to the level allowed will be seen to be punitive and unfair by the owners of properties likely to be affected. If the incidence of long term unoccupied properties became more widespread in the Council area it is able to review its policy on Council tax discounts at that time.

RECOMMENDATION

8. It is recommended that Cabinet considers the rates of council tax discounts to be applied to long term unoccupied properties and because of the low incidence of such properties in East Renfrewshire decides not to alter existing discount rates.

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KEY WORDS

Lon term unoccupied properties, empty properties, council tax discounts.

BACKGROUND INFORMATION

Local Government Finance (Unoccupied Properties etc.)(Scotland) Act 2012.