

## **EAST AYRSHIRE COUNCIL**

### **POLICY AND RESOURCES COMMITTEE – 20 FEBRUARY 2003**

#### **COUNCIL TAX ON SECOND AND LONG-TERM EMPTY HOMES RESPONSE TO THE SCOTTISH EXECUTIVE'S CONSULTATION PAPER**

##### **Report by the Director of Finance**

### **1. PURPOSE OF REPORT**

- 1.1** To consider and agree the Council's response to the Scottish Executive's Consultation Paper on Council Tax on second and long-term empty homes.

### **2. BACKGROUND**

- 2.1** The Scottish Executive issued a Consultation Paper seeking views by 20 February 2003.

- 2.2** The Scottish Executive has agreed to consult on the recommendation that "in the interests of equity, the full Council Tax should be levied on second homes". Views are requested on proposals for: -

- (a)** The current 50% Council Tax Discount for second homes to be removed or reduced.
- (b)** The current 50% Council Tax Discount for unfurnished long-term empty houses to be removed or reduced.
- (c)** Councils to be given discretion to alter the level of Discount.
- (d)** How Council Tax raised from removing or reducing Discounts is distributed.

- 2.3** East Ayrshire Council had 824 such properties at 20 December 2002. The amount of Council Tax Discount granted for the full 2002/03 year would be £0.392m. However, the majority of these dwellings are unlet Council houses.

### 3. SUMMARY OF QUESTIONS AND PROPOSED ANSWERS

1. *Should the current 50% Council Tax Discount be reduced or removed for **all** second homes?*

**No.**

2. *Should local authorities be given **discretion** to reduce or remove the Council Tax Discount for second homes within their local areas?*

**Yes.**

3. *If yes to either question 1 or 2, what should the level of Discount be (if anything)?*

**Maintained at 50%.**

4. *Should the current 50% Council Tax Discount be reduced or removed for **all** long-term empty homes?*

**No.**

5. *Should local authorities be given **discretion** to reduce or remove the Council Tax Discount for long-term empty homes within their local areas?*

**Yes.**

6. *If yes to either question 4 or 5, what should the level of Discount be (if anything)?*

**Maintained at 50%.**

7. *Should there be any **mandatory** exceptions to the reduction or removal of Discounts on second or long-term empty homes? If so, what?*

**Yes.**

- Dwellings owned by local authorities of housing bodies that remain unlet after the initial six-month exempt period;

8. *Council Tax Benefit is not available for second homes. Should local authorities have powers to grant relief on a **case by case** basis (for example in cases of hardship)?*

**No.**

Granting Council Tax Benefit could run counter to any decision to reduce or remove the discount. In addition the criteria for entitlement to relief would be very difficult to codify and may therefore be administratively cumbersome.

9. *Should income raised from reducing or removing Council Tax Discounts be spread across all local authorities in Scotland?*

**Yes.**

10. *Should income raised from reducing or removing Council Tax Discounts be retained locally? Why do you think this? If the proceeds are to be retained locally the dwellings need to be excluded from the Council Tax base for grant distribution purposes. How can these dwellings be correctly identified? This is particularly important if you believe that there should be no Discount.*

**No.**

The incentive to reduce or remove the discount should not be financial. The decision should be made on the basis of the reasons why second homes or long term empty properties exist and the effect this has on the local economy and infrastructure.

#### **4. FINANCIAL/LEGAL IMPLICATIONS**

There are no financial/legal implications arising out of consideration of this report.

#### **5. RECOMMENDATIONS**

- 5.1 Members are asked to consider the consultation questions and agree to the proposed responses outlined being returned to the Scottish Executive on 20 February 2003.

Alex McPhee  
**Director of Finance**

IM/DMW  
 6 February 2003

#### **LIST OF BACKGROUND PAPERS**

1. Scottish Executive, Finance and Central Services Department, Consultation Paper dated 28 November 2002.

Members wishing further information should contact Iain MacMillan, Head of Exchequer Services, Tel: (01563) 576443.