



REPORT TO: CORPORATE COMMITTEE ON 30 JANUARY 2024

SUBJECT: PROPOSED 100% ADDITIONAL COUNCIL TAX PREMIUM ON SECOND HOMES

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To seek Committee approval for the implementation of a policy to levy an Additional Council Tax Premium (known as the 'Premium') on properties classed as Second Homes for the purposes of Council Tax administration.
- 1.2 This report is submitted to the Committee in terms of Section III (B) (11) of the local authority's Scheme of Administration relating to the administration of the levy, collection, payment and recovery of Council Tax.

2. RECOMMENDATION

- 2.1 **It is recommended that Committee agree the proposal outlined in this report to levy a 100% Additional Council Tax Premium on Second Homes.**

3. POLICY DECISION

Background

- 3.1 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023 have given local authorities the power to add an Additional Council Tax Premium of up to 100% to properties which are considered for Council Tax purposes to be Second Homes.
- 3.2 Council Tax legislation states that a property is considered a Second Home if it is furnished for occupation and it is occupied for at least 25 days *per annum*.
- 3.3 The Council has not awarded Council Tax discount on Second Homes since 1 April 2018.
- 3.4 As at 1 January 2024 there were 740 properties classed as Second Homes on the Council Tax database in Moray. This is equivalent of 1.57% of the properties held on the local authority's Council Tax database.

- 3..5 In the financial year 2023-24, Council Tax levied on properties classed as Second Homes amounted to £0.976M. This is equivalent of 1.53% of the gross Council Tax levied by the local authority in that year.
- 3..6 There is specific provision within Council Tax legislation for the treatment of Second Homes occupied by persons required to also occupy tied accommodation. At 1 January 2024 there were 14 properties of this type in Moray.
- 3..7 There is specific provision within Council Tax legislation for the treatment of Second Homes classed as purpose-built holiday homes. At 1 January 2024 there were 14 properties of this type in Moray.

Proposal

- 3.8 It is proposed that following the introduction of the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023, the local authority levy a 100% Additional Council Tax Premium on Second Homes.
- 3.9 It is proposed that this policy becomes effective from 1 April 2024.
- 3.10 On the basis that 2024-25 Council Tax charges will be unchanged from the charges levied in the previous financial year, 2023-24, it is envisaged that the proposed policy would levy additional gross Council Tax revenues totalling £0.976M.
- 3.11 Those properties classed as Second Homes occupied by persons occupying tied accommodation and those properties classed as purpose built Second Homes are each excluded by the provisions of the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023 from the levy of a 100% Additional Council Tax Premium.
- 3.12 The Water and Waste Water charges listed separately on Council Tax bills will not be increased by the levy of an 100% Additional Council Tax Premium.
- 3.13 As part of its remit in providing accommodation to homeless persons, the local authority is responsible for the payment of Council Tax on some properties which require to be classed as Second Homes on the Council Tax database. It is proposed that the new policy will make no provision for the levy of a 100% Additional Council Tax Premium on these properties.

4 SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

It is envisaged that the imposition of a 100% Additional Council Tax Premium may result in some Second Homes being relinquished, which would increase the availability of Housing within Moray.

(b) Policy and Legal

The agreement of the proposal contained in this report will result in the creation from 1 April 2024 of a policy on the levying of the 100% Additional Council Tax Premium on Second Homes.

(c) Financial implications

It is envisaged that the creation of a policy to levy a 100% Additional Council Tax Premium on Second Homes would raise additional Council Tax revenues of approximately **£0.976M**.

The levying of a premium on Second Homes will require the enhancement of the existing Council Tax software suite. It is not envisaged that this will be a complex change so the additional software charges incurred by the local authority to make use of the revised software are unlikely to be significant.

(d) Risk Implications

No risk implications for the local authority arise from the content of this report.

(e) Staffing Implications

This report will result in some additional work being undertaken by the staff of the Taxation Team but it is envisaged that this will be absorbed as part of their current duties.

(f) Property

The policy outlined in this report excludes the levy of the 100% Additional Council Tax Premium on local authority operated domestic properties classed on the Council Tax database as Second Homes and used to provide accommodation to homeless persons.

(g) Equalities/Socio Economic Impact

The proposal will affect the right to property under article 2 of protocol 1 of the Human Rights Act 1998. It is felt that this is justified as a proportionate means to a legitimate aim. Under the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023 local authorities have a right to levy an additional 100% Council Tax premium on Second Homes. The proposal aims to improve the council's financial position and to increase the level of available housing stock. The proposal also allows for mitigating actions in specific circumstances.

(h) Climate Change and Biodiversity Impacts

No Climate Change or Biodiversity implications for the local authority arise from the content of this report.

(i) Consultations

The Depute Chief Executive (Economy, Environment and Finance), the Chief Financial Officer, the Head of Housing and Property, the Legal Services Manager, Democratic Services Manager and the Equal Opportunities Officer have been consulted in the preparation of this report and their comments incorporated in its content.

5. CONCLUSION

5.1 This Report submits to Elected Members a proposal for the establishment of a policy from 1 April 2024 to levy a 100% Additional Council Tax Premium on Second Homes.

Author of Report: James Taylor, Taxation Manager.
Background Papers:
Consultees:
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