

Report

Report to:	Executive Committee
Date of Meeting:	21 February 2024
Report by:	Chief Executive

Subject:	Council Tax - Second Home Dwellings
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ outline the powers available to vary council tax on second home dwellings and to consider the implementation of a change to the current approach from 1 April 2024

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) consider the implementation of a 100% council tax surcharge on all second homes from 1 April 2024.

3. Background

3.1. A second home is defined as a dwelling which is furnished and lived in for at least 25 days during any 12-month period but is not one's sole or main residence. Second homeowners currently receive a 10% discount on their council tax for that property.

3.2. However, there has now been a change in the law through the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023. This change enhances the Council's discretionary powers under the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013. This means the Council can now add up to a maximum 100% surcharge on second homes – councils are able to double the council tax on second homes. Currently, this discretionary power only exists for long term empty properties.

3.3. The enhanced powers to implement a maximum 100% council tax surcharge on second homes becomes effective from 1 April 2024. The surcharge does not apply to water and wastewater charges.

3.4. Second homes can restrict or reduce the availability of housing in local authorities, particularly when it is recognised that there is a national housing crisis and homelessness levels are at their highest level since records began. The application of a surcharge may, therefore, help to bring more properties into the housing market, an approach consistent with the Local Housing Strategy 2022-2027.

4. Current Position

4.1. There are currently 174 domestic properties, out of a total property base of 158,939 in South Lanarkshire, categorised as second homes in the council tax system.

These properties are privately owned and currently receive a 10% second homes discount to an annual value of £0.023 million in total.

- 4.2. Annual council tax property charges levied on second homes currently amount to £0.208 million and in-year collection levels are extremely high, expected to be more than 97% for 2023/24.
- 4.3. Second homes are spread throughout South Lanarkshire as summarised at Appendix 1. The numbers in each council tax band are outlined in the table below.

Table 1: Council tax band of current second homes

BAND	NUMBER
A	43
B	31
C	28
D	20
E	29
F	15
G	5
H	3
TOTAL	174

5. Proposal

- 5.1. With the objective of increasing the supply of properties into the housing market, it is requested the committee consider utilisation of the discretionary powers contained within the 'The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023' to implement a 100% surcharge on second home properties effective from 1 April 2024. If agreed, this means that a 200% council tax charge would apply to second homes.
- 5.2. If agreed, operational procedures will be developed to ensure that the additional levy is accurately administered. No discretion will be available in individual circumstances to waive or amend the 100% surcharge. The annual property charge payable before and after the surcharge is applied is highlighted at Appendix 2. This does not reflect any increase in council tax into 2024/2025. This also does not include water and sewerage charges that may be payable on the properties, as they are unaffected by the surcharge.

6. Customer Information

- 6.1. Publicity including press releases will be agreed with the council's Corporate Communications team to ensure awareness of the changes prior to implementation for 2024/2025 if the proposal is agreed.

7. Employee Implications

- 7.1. Existing staff from Benefits and Revenues Services would administer the changes to the policy.

8. Financial Implications

- 8.1. If agreed, it is estimated that an additional £0.126 million will be raised annually through implementing the surcharge.

8.2. One off set up costs relating to upgrading the council tax system are estimated at £0.010 million and would be met from existing budgets.

9. Climate Change, Sustainability and Environmental Implications

9.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

10. Other Implications

10.1. There is a risk the introduction of a surcharge does not increase the supply of housing given the relatively low number of second homes in South Lanarkshire.

10.2. There is also a risk of owners of second homes adopting alternative structures in the management of their second homes. This has the potential to impact on the financial implications as detailed in section 8.

11 Equality Impact Assessment and Consultation Arrangements

11.1. An Equality Impact Assessment has been carried out and no negative impact on any specific equality group has been identified. No consultation has been carried out in relation to this policy.

Paul Manning
Chief Executive

12 January 2024

Link(s) to Council Values/Priorities/Outcomes

♦ Accountable, effective, efficient and transparent

Previous References

♦ None

List of Background Papers

♦ None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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Second Homes by Council Ward

Ward	Number
Avondale and Stonehouse	16
Blantyre	2
Bothwell and Uddingston	15
Cambuslang East	3
Cambuslang West	6
Clydesdale East	38
Clydesdale North	16
Clydesdale South	7
Clydesdale West	6
East Kilbride Central North	8
East Kilbride Central South	7
East Kilbride East	7
East Kilbride South	2
East Kilbride West	7
Hamilton North and East	15
Hamilton South	3
Hamilton West and Earnock	4
Larkhall	2
Rutherglen Central and North	7
Rutherglen South	3
Total	174

Second Homes
Property charge payable per Band based on 2023/24 charges

Band	Annual property charge £	Annual property charge currently payable (incl.10% discount) £	Annual property charge payable after 100% surcharge £
A	867.21	780.49	1,734.42
B	1,011.74	910.57	2,023.48
C	1,156.28	1,040.65	2,312.56
D	1,300.81	1,170.73	2,601.62
E	1,709.12	1,538.21	3,418.24
F	2,113.82	1,902.44	4,227.64
G	2,547.42	2,292.68	5,094.84
H	3,186.98	2,868.28	6,373.96