

ANGUS COUNCIL

NEIGHBOURHOOD SERVICES COMMITTEE – 16 APRIL 2009

REPORT BY THE DIRECTOR OF NEIGHBOURHOOD SERVICES

AMENDED GUIDANCE ON LOCAL AUTHORITY DISCRETION TO REDUCE COUNCIL TAX
DISCOUNT ON SECOND HOMES AND LONG-TERM EMPTY PROPERTIES

Abstract: This Report highlights the key points contained within amended guidance on local authority discretion to reduce Council Tax discount on second homes and long-term empty properties published by Scottish Government. The route by which the amended guidance will be implemented in Angus is also outlined.

1. RECOMMENDATION

1.1 It is recommended that Members:

- (i) note the amended Guidance on local authority discretion to reduce Council Tax discount on second homes and long-term empty properties, published by Scottish Government.
- (ii) note that appropriate procedures are to be put in place by the Head of Housing in conjunction with the Head of Finance to take into account the amended Guidance.

2. BACKGROUND

- 2.1 Report 152/05 informed Members of the new legislation introduced from 01 April 2005 which gave local authorities in Scotland discretion to set the level of Council Tax discount on most second homes and long-term empty properties to between 10% and 50%. The Guidance issued by the then Scottish Executive stipulated that any additional income resulting from reducing discount must be retained locally and routed through Registered Social Landlords for the provision of new-build affordable housing to meet locally-determined priorities.
- 2.2 At their meeting on 03 February 2005, the Council's Resources and Central Services Committee agreed to reduce the Council Tax discount on second homes across Angus from 50% to 10%. Report 152/05 refers. The additional income resulting from reducing discount is to be transferred to a Affordable Housing Revenue Account. At their meeting on 19 January 2006, the Council's former Housing Committee agreed a number of potential uses for the additional income resulting from reducing Council Tax discount applied to second homes in Angus.
- 2.3 Over the period since January 2006, Members have approved expenditure from the Affordable Housing Revenue Account on two occasions to support delivery of affordable housing by RSL's. A total of £60,000 was provided to Trust Housing Association Limited for delivery of the development at 12-30 Garden Street, Arbroath (Report 257/06 refers). A further £75,000 was provided to Hillcrest Housing Association Limited for delivery of the development at Alma Works, Arbroath (Report 62/08 refers).
- 2.4 At their meeting on 21 August 2008, the Council's Neighbourhood Services Committee agreed that first priority should be given to the use of resources from the Affordable Housing Revenue Account to assist RSL's in meeting the cost of installing domestic sprinkler systems within new developments of affordable housing.

3. THE AMENDED GUIDANCE – KEY POINTS

- 3.1 Under the terms of the amended Guidance issued by Scottish Government on 05 February 2009, additional income resulting from reducing the level of Council Tax discount on most second homes and long-term empty properties can now be directed to certain additional end uses. Local authorities may now use the income generated themselves, and have further flexibility to disburse funds to other organisations and individuals. No changes have been made to local authorities discretion to reduce or retain Council Tax discount on second homes or long-term empty properties.
- 3.2 The amended guidance identifies a number of areas where income resulting from reducing the level of Council Tax discount can now be used to support revenue and capital expenditure relating to housing activities. These include:-
- new council house building;
 - bringing empty properties back into affordable housing use;
 - land acquisition for affordable housing development;
 - purchasing off-the-shelf ? houses from private developers for affordable housing use.
- 3.3 The amended Guidance indicates that to ensure consistency, local authorities and any other organisations/individuals to which income resulting from reducing the level of Council Tax discount will be disbursed will be required to use Scottish Government's standard Housing Association Grant (HAG) procedures. These include standard HAG financial appraisal assumptions, and also physical quality minimum standards for new development.
- 3.4 The amended guidance stresses that local authorities should set out their future plans for expenditure of income resulting from reducing the level of Council Tax discount within their Strategic Housing Investment Plans, which should in turn reflect the key objectives, set-out within Local Housing Strategies.

4. THE NEXT STEPS

- 4.1 Work is now progressing on the development of the Angus Local Housing Strategy 2011 and an interim guidance document. These documents will provide high-level guidance for the expenditure and disbursement of income resulting from reducing the level of Council Tax discount applicable to second homes in Angus. These documents will be submitted for Members' approval in due course.
- 4.2 Detailed guidance for the expenditure and disbursement of income resulting from reducing the level of Council Tax discount will be provided within the Angus Strategic Housing Investment plan(SHIP) 2010. At present, this Plan is due to be submitted to Scottish Government on or before 30 November 2009. The assistance of the Council's Head of Finance will be sought to ensure that procedures developed for inclusion within the Angus SHIP 2010 comply with all relevant legislation. The Angus SHIP 2010 will be submitted for Members' approval in due course.

5. FINANCIAL IMPLICATIONS

- 5.1 There are no specific additional financial implications arising as a result of the recommendations in this report, as the resources involved in the development of the SHIP and associated guidance relate primarily to officer time, the cost of which is contained within the staffing budgets of the Housing Revenue Account.
- 5.2 Members are asked to note however that an analysis will require to be undertaken to estimate the amount of additional Council Tax income likely to be generated over the period to be covered by the Angus Local Housing strategy 2011 and the Angus SHIP 2010. An update in this regard will be incorporated within a future report in respect of the SHIP and guidance documents.

6. HUMAN RIGHTS IMPLICATIONS

6.1 There are no direct human rights implications arising from this Report.

7. EQUALITIES IMPLICATIONS

7.1 The issues dealt with in this Report have been the subject of consideration from an equalities perspective (as required by legislation). An equalities impact assessment is not required.

8. SINGLE OUTCOME AGREEMENT

8.1 This report contributes to the following local outcomes contained within the single Outcome Agreement for Angus:-

- Good quality housing is available to all in communities throughout Angus.
- Resources are used effectively.

9. CONSULTATION

9.1 The Chief Executive, the Directors of Corporate Services, Infrastructure Services and Social Work & Health and the Heads of Finance and Law & Administration have all been consulted in the preparation of this report.

10. CONCLUSION

10.1 The facility to use the additional funds generated by the reduction of the level of Council Tax discount applicable to second homes in Angus more creatively is to be welcomed. The options which are now open to the Council and its partners must be carefully assessed. Robust procedures must also be put in place to cover the expenditure and disbursement of funds in line with the Council's strategic priorities.

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NOTE: - The following background papers, as defined by Section 50D of the Local Government (Scotland) Act (1973) (other than any containing confidential or exempt information), were relied on to a material extent in the preparation of this report:

- Report 748/08 – Utilisation of “Council Tax Second Homes” Funding.
- Report 62/08 – Hillcrest Housing Association – Development at Alma Works, Arbroath.
- Report 257/06 – Trust Housing Association Limited – Amenity Housing Development at 12 – 30 Garden Street, Gowan Park, Arbroath.
- Report 12/06 – Use of additional Council Tax to provide Affordable Housing.
- Report 152/05 – Changes to Council Tax Discounts.
- Amended guidance on local authority discretion to reduce Council Tax discount on second homes and long-term empty properties – Scottish Government, February 2009.

Hsg/NS/AMcK/KS