

Finance and Resources Committee

10am, Thursday 25 January 2024

Council Tax - Second Homes

Executive/routine
Wards

1. Recommendations

- 1.1 To approve the changes to the Council Tax Second Homes charge and implement a double charge (200%) for second homes in Edinburgh from 1 April 2024.

Richard Lloyd-Bithell

Service Director Finance and Procurement

Contact: Nicola Harvey, Service Director, Customer and Digital Services

E-mail: Nicola.harvey@edinburgh.gov.uk

Contact: Neil Jamieson – Head of Service, Customer Services

E-mail: Neil.Jamieson@edinburgh.gov.uk

Council Tax Second and Empty Homes Procedure

2. Executive Summary

- 2.1 The Scottish Parliament has approved new powers enabling councils to increase the amount of Council Tax payable on second homes by up to 100%. It is therefore proposed that a double charge (200%) for second homes in Edinburgh is implemented from 1 April 2024.
- 2.2 There are approximately 1700 properties in Edinburgh currently categorised as second homes. The future occupation and active use of these properties will deliver economic, social and wellbeing benefits. The potential net increase in billable liability for these properties is estimated at £3.2m, with billing and recovery activities to be progressed in the normal way.

3. Background

- 3.1 The legislation was developed by the Scottish Government in partnership with COSLA and public consultation was undertaken by the Scottish Government. The consultation included a question on whether there should be a power to impose a premium on second homes, and this received majority support.
- 3.2 This change will bring the Council Tax treatment of second homes in line with the Council Tax treatment of long-term empty homes.

4. Main report

Second Homes

- 4.1 A second home is a property which is furnished and lived in for at least 25 days in a 12-month period but is not someone's sole or main residence. From 1 April 2024 local authorities will be able to increase the amount of Council Tax payable on second homes by up to 100%.
- 4.2 Currently second homes in Edinburgh attract no Council Tax discount and the full 100% charge is applied. It is proposed from 1 April 2024 that these properties will attract a 200% charge.
- 4.3 There are approximately 1700 second homes in Edinburgh (Appendix 1) and the future occupation and active use of these properties will deliver economic, social

and wellbeing benefits. This change will help address the challenging housing market within Edinburgh, by encouraging owners to bring properties back into active use as permanent homes. The potential net increase in billable liability for these properties is estimated at £3.2m, with billing and recovery activities progressed in the normal way.

5. Next Steps

- 5.1 The changes will apply from 1 April 2024 and Council officers will engage with citizens to validate second home data and raise awareness of the change. Furthermore, appropriate website and procedural documentation will be updated.

6. Financial impact

- 6.1 The potential net increase in billable liability for the current level of second homes is estimated at £3.2m, with billing and recovery activities to be progressed in the normal way. Moving forward this sum will be influenced by the number of second homes and if homes are successfully occupied on a more permanent basis, as the premium will revert to typical Council Tax charge. As such, over time the amount of additional income raised through application of the premium may reduce significantly, consistent with the policy intent.
- 6.2 The cost of implementing and supporting the proposal, including system alterations, is estimated at £100k per annum. Ongoing resource costs would be met from potential increased collection levels.

7. Equality and Poverty Impact

- 7.1 This policy change aims to increase the available housing stock in Edinburgh, with associated economic, social and wellbeing benefits.

8. Climate and Nature Emergency Implications

- 8.1 There are no direct environmental impacts associated with this policy.

9. Risk, policy, compliance, governance, and community impact

- 9.1 The risks associated with this change relate to non-compliance, data considerations and the potential for unintended consequences. This will be mitigated by a validation exercise of current classification data, prior to administering the change. In future, second home data validation will be included within the review schedule for Council Tax reliefs and exemptions.

10. Background reading/external references

- 10.1 [Increase Housing Availability using the Tax System](#)
- 10.2 [The Council Tax \(Variation for Unoccupied Dwellings\) \(Scotland\) Amendment Regulations 2023](#)
- 10.3 [Council tax for second and empty homes, and thresholds for Non-Domestic Rates: consultation analysis](#)

11. Appendices

Appendix 1 - **Summary of Second Homes by Council Tax Bands**

Summary of Second Homes by Council Tax Bands

Council Tax Banding	Count of Discount Type	Value
A	32	£30,884.16
B	144	£162,141.12
C	255	£328,144.20
D	292	£422,725.48
E	422	£802,686.20
F	284	£668,110.00
G	198	£561,341.88
H	60	£212,810.40
Total	1687	£3,188,843.44