

**REPORT TO:** Cabinet

**MEETING DATE:** 21 January 2025

**BY:** Executive Director for Council Resources

**SUBJECT:** Changes to Council Tax Empty Property Relief Policy

---

## **1 PURPOSE**

- 1.1 To seek Cabinet's agreement to change the Council's Council Tax Empty Property Policy.

## **2 RECOMMENDATIONS**

- 2.1 Cabinet is recommended to:
- Approve the Council Tax Empty Property Policy changes outlined within the report. If approved, the revised policy will be effective from 1 April 2025;
  - Agree that any increase in council tax income generated from this policy change will be earmarked for the purposes set out in paragraph 3.7.

## **3 BACKGROUND**

- 3.1 Empty properties are dwellings that are not anyone's sole or main place of residence. There are currently approximately 515 properties in East Lothian which have been empty for a period of six months or more<sup>1</sup>. This classification of property for council tax purposes is distinct from second homes, which are defined as furnished properties which are no-one's sole or main residence, but occupied for at least 25 days per year.

---

<sup>1</sup> As at 9 January 2025 (according to council tax system records)

- 3.2 The Council's Local Housing Strategy recognises the benefits of taking steps to bring long term empty properties back into use to increase housing supply in the county.
- 3.3 The Council's Empty Property Policy was last reviewed in 2013, and details of the council tax charges applicable to these can be found [here](#). At this point discounts were removed for properties which had been empty for longer than 12 months. Premiums were also introduced, starting with an additional 50% charge after properties had been empty for 24 months (applicable from 1 April 2015), rising to 100% after 36 months (applicable from 1 April 2016).
- 3.4 Legislation requires a mandatory period of exemption and discounted council charges in the first 12 months of a domestic property becoming empty. Within existing powers, it is possible for the Council to introduce reduce or remove the discount, and apply 100% premium on applicable empty properties after 12 months. The rationale for adopting the phased approach that is currently in place was as follows:
- By adopting this staged and incremental approach, owners of long-term empty properties will be provided with a clear signal of the Council's intent but afforded reasonable time to consider the implications of the Council's decision.*
- 3.5 Given the length of time that this policy has been in place, it is considered appropriate that a review is now undertaken. In the context of the affordable housing emergency which the Council declared in November 2024, and the ambitions set out in the Local Housing Strategy, Cabinet is now asked to consider an update to the policy provisions, which would see a reduction in the level of discount awarded to properties which have been empty for over 6 months from 50% to 10%, and application of the 100% premium after 12 months.
- 3.6 A more detailed visual summary of the proposed changes to the policy is set out within Appendix 1. This also details the exceptional circumstances in which the premiums would not be applied.
- 3.7 The primary reason for introducing these changes to the policy is to encourage property owners to bring their properties back into use and discourage properties being left empty for long periods. It is recommended that any increased council tax yield is earmarked for the following purposes:
- Providing new-build affordable housing through Registered Social Landlords (RSLs) or new council house building;
  - Bringing empty properties back into affordable housing use – including topping up or establishing an Empty Homes Loan Fund;
  - Land acquisition for affordable housing development;

- Purchasing off-the-shelf houses from private developers for affordable housing use – including the purchase of developers' part-exchange properties
- 3.8 It should be noted that ring fencing of income generated from reducing the discount anywhere between 50% and 10% for both long-term empty homes and second homes is mandated by law as set out above. Further income generated under discretionary powers to reduce the discount below 10% and apply premiums can be used in any way which the Council sees appropriate on housing or other priorities. The recommendation for the income to be earmarked will support the Council's response to the affordable housing emergency declared in November 2024 and presents an opportunity to invest in measures which may assist with bringing these properties back into use.
- 3.9 It is recognised that there will be a range of different reasons for properties to remain empty for a prolonged period, some of which may be very complex and, in some cases, may require external support or intervention to help owners to sell, let or occupy these properties.
- 3.10 In 2023, Scottish Government consulted on further discretionary powers to enable councils to apply additional premiums of up to 300% on long term empty properties and second homes. For the avoidance of doubt, the legislation to enable such a policy change has not yet been enacted and as such, these considerations are not the focus of this report. If and when these powers are conferred to councils, a further report will be brought back to Cabinet to consider this.

## **4 POLICY IMPLICATIONS**

- 4.1 The changes to the Council's Council Tax Empty Property Policy seek to maximise the council tax charges applicable to empty properties within existing powers, as a means of encouraging property owners to bring these properties back into use and generate an income stream which can be used to support this. The proposed changes will mean the application of a 100% council tax premium (double the standard bill) for properties which have been empty for over 12 months. Under the current policy, stepped increases apply with full application of the 100% premium applying after 36 months.
- 4.2 A summary of the proposed policy changes has been provided within Appendix 1.
- 4.3 If approved, the policy changes will apply from 1 April 2025, and property owners will be notified of these changes in advance of this.

## 5 INTEGRATED IMPACT ASSESSMENT

- 5.1 An integrated impact assessment for these changes has been completed and published on the Council's website.

## 6 RESOURCE IMPLICATIONS

- 6.1 Financial – As the number of empty properties at any given time is variable, and subject to regular movement, it is not possible to provide an exact value of the additional income expected. Based on a 13 January 2025 analysis of 637 empty properties, additional income gained from the policy changes described below could be up to £81,266 (based on 2024/25 council tax band charges).

East Lothian Council is currently liable for 9 empty properties affected by these changes. East Lothian Council's liability for council tax on these properties will also increase. The additional cost to the housing revenue account is estimated to be in the region of £1964.

- 6.2 Personnel – None  
6.3 Other – None

## 7 BACKGROUND PAPERS

- 7.1 None

<b>AUTHOR'S NAME</b>	Ellie Dunnet
<b>DESIGNATION</b>	Head of Finance
<b>CONTACT INFO</b>	<a href="mailto:edunnet@eastlothian.gov.uk">edunnet@eastlothian.gov.uk</a>
<b>DATE</b>	10 January 2025

## APPENDIX 1

### CURRENT council tax empty property guide:

	From empty date up to 6 months	From 7 to 12 months	From 13 months to 24 months		From 25 months to 36 months	37 months onwards
Unoccupied and unfurnished	Exemption	50 % discount	Standard charge		50% premium	100% premium
Unoccupied and unfurnished plus eligible for exclusion from increase (for sale or let at start of month 13 until end of month 24)	Exemption	50 % discount	10 % discount		50% premium	100% premium
Unoccupied and unfurnished plus eligible for exclusion from increase (for sale or let at start of month 17 until end of month 24)	Exemption	50 % discount	Standard charge	10 % discount	50% premium	100% premium
Unoccupied and unfurnished plus eligible for exclusion from increase (for sale or let at start of month 21 until end of month 24)	Exemption	50 % discount	Standard charge	10 % discount	50% premium	100% premium
Unoccupied and furnished	10 % discount		Standard charge		50% premium	100% premium
Unoccupied and furnished plus eligible for exclusion from increase (for sale or let at start of month 13 until end of month 24)	10 % discount		10 % discount		50% premium	100% premium
Unoccupied and furnished plus eligible for exclusion from increase (for sale or let at start of month 17 until end of month 24)	10 % discount		Standard charge	10 % discount	50% premium	100% premium
Unoccupied and furnished plus eligible for exclusion from increase (for sale or let at start of month 21 until end of month 24)	10 % discount		Standard charge	10 % discount	50% premium	100% premium
Uninhabitable due to major work	Exemption		10% discount			
Unoccupied and unfurnished - major work starts after 50% premium from month 37 onwards	Exemption	50 % discount	Standard charge		50% premium	10% discount
Unoccupied and permanent/temporary exemption (e.g. prohibited by law, repossessed, difficult to let separately etc.)	Exemption for as long as circumstances stay the same. After that, unoccupied and unfurnished, or unoccupied and furnished, rules apply					

**PROPOSED council tax empty property guide, applicable from 1 April 2025:**

	From empty date up to 6 months	From 7 to 12 months	From 13 months to 24 months	From 25 months to 36 months	37 months onwards
Unoccupied and unfurnished	Exemption	10 % discount	100% premium		
Unoccupied and unfurnished plus eligible for exclusion from increase (for sale or let at start of month 13 until end of month 24)	Exemption	10 % discount	Standard charge	100% premium	
Unoccupied and unfurnished plus eligible for exclusion from increase (for sale or let at start of month 17 until end of month 24)	Exemption	10 % discount	100% premium	Standard charge	100% premium
Unoccupied and unfurnished plus eligible for exclusion from increase (for sale or let at start of month 21 until end of month 24)	Exemption	10 % discount	100% premium	Standard charge	100% premium
Unoccupied and furnished	10 % discount		100% premium		
Unoccupied and furnished plus eligible for exclusion from increase (for sale or let at start of month 13 until end of month 24)	10 % discount		Standard charge	100% premium	
Unoccupied and furnished plus eligible for exclusion from increase (for sale or let at start of month 17 until end of month 24)	10 % discount		100% premium	Standard charge	100% premium
Unoccupied and furnished plus eligible for exclusion from increase (for sale or let at start of month 21 until end of month 24)	10 % discount		100% premium	Standard charge	100% premium
Uninhabitable due to major work	Exemption		10% discount		
Unoccupied and unfurnished - major work starts after 100% premium from month 25 onwards	Exemption	10 % discount	100% premium	10% discount	
Unoccupied and permanent/temporary exemption (e.g. prohibited by law, repossessed, difficult to let separately etc.)	Exemption for as long as circumstances stay the same. After that, unoccupied and unfurnished, or unoccupied and furnished, rules apply				