



ENVIRONMENT AND PROTECTIVE SERVICES COMMITTEE: 12 JUNE 2007  
POLICY AND RESOURCES COMMITTEE 21 JUNE 2007

**ADDITIONAL COUNCIL TAX INCOME FROM SECOND  
HOMES (ACTISH): SCHEME OF ADMINISTRATION**

**PURPOSE OF REPORT** To advise Members of a Scheme of Administration for the use of ACTISH funding

**COMPETENCE**

- 1.1 There are no legal, financial or other constraints to the recommendations being implemented.
- 1.2 It was reported to Policy and Resources Committee in March 2007 that a Scheme of Administration for ACTISH funding would be brought to a future meeting of the relevant Committee.

**SUMMARY**

- 2.1 Since April 2005, the Comhairle has had the discretion to reduce the Council Tax discount on second homes and long term empty properties, thus generating additional income.
- 2.2 Funds raised by the Comhairle in this way have to be used for housing projects involving a Registered Social Landlord and must be consistent with the aims and objectives of the Local Housing Strategy.
- 2.3 The Comhairle is currently in the second year of using ACTISH funding, with £291k allocated in 2006/07 and £318k allocated for the current financial year.
- 2.4 This Report sets out a Scheme of Administration for the use of ACTISH funding.

**RECOMMENDATIONS**

- 3.1 **It is recommended that the Comhairle:**
  - a) **approves the proposed Scheme of Administration for the use of Additional Council Tax Income on Second Homes (ACTISH); and**
  - b) **authorise the Chief Executive to amend the Scheme of Delegation, on the basis that the Director for Sustainable Communities be given delegated authority to operate the Scheme of Administration for ACTISH.**

Contact Officer: Iain Watson

Tel: 01851 709315

E-mail: [iwatson@cne-siar.gov.uk](mailto:iwatson@cne-siar.gov.uk)

Background Papers: None

IW/MML

## **REPORT DETAILS**

### **BACKGROUND**

- 4.1 Since April 2005 Scottish local authorities have had the discretion to reduce the amount of discount on second homes and long term empty properties. Additional monies raised in this way can be used for housing related projects in the local authority's area.
- 4.2 In 2005 the Comhairle agreed that the payment due on second and empty homes in the Western Isles be increased from 50% to 90% of the standard rate of Council Tax.
- 4.3 This reduction in the discount generates additional income in the region of £300k per annum.
- 4.4 The additional money collected can be used to assist the delivery of locally determined housing priorities as set out in the Comhairle's Local Housing Strategy. It is normally expected that ACTISH funds are allocated to housing projects involving a Registered Social Landlord and that all projects are discussed and agreed with Communities Scotland.
- 4.5 In March 2007 the Comhairle approved a list of sites to benefit from ACTISH funding of £318k for 2007/08.

### **LOCAL HOUSING STRATEGY OBJECTIVES**

- 5.1 ACTISH funding should be used by the Comhairle to support the aims and objectives of the Local Housing Strategy.
- 5.2 The broad objectives of the Comhairle's Local Housing Strategy are to;
  - Increase the housing supply in the Western Isles
  - Support the economic and community regeneration of the islands
  - Improve the condition of the existing housing stock
  - Tackle the issue of Social Exclusion
- 5.3 ACTISH funding can be used to complement other funding streams, such as Community Ownership Programme funding, in meeting the Comhairle's housing objectives, but can also be used as a useful tool in itself to address issues such as infrastructure problems and to provide leverage to enable the implementation of specific schemes.

### **CRITERIA FOR USING ACTISH FUNDING**

- 6.1 ACTISH monies can be used for a range of housing projects as set out in Guidance from Communities Scotland, including;
  - Purchase of land for future RSL development.
  - Top up existing Affordable Housing Investment Programme funding, already agreed by the Comhairle and Communities Scotland.
  - Fund specific housing developments.

- Fund specific infrastructure costs, such as water and sewerage provision.
- Fund feasibility studies/masterplans for potential sites or projects.
- Fund or support rural housing projects.

## **SCHEME OF ADMINISTRATION**

- 7.1 The Comhairle has taken on a more strategic housing role following the transfer of its housing stock to Hebridean Housing Partnership. It was felt appropriate to develop a Scheme of Administration for the use of ACTISH funding which gave the Comhairle a more controllable resource and one which could directed, if required, at specific projects outwith the normal development programme.
- 7.2 The proposed Scheme of Administration sets out the objectives sought from the use of ACTISH funding, the process involved plus the delegated authority required to administer the scheme. The Scheme of Administration is attached at Appendix 1 of this Report.

## **CONCLUSION**

- 8.1 The use of ACTISH funding gives the Comhairle a useful tool to direct funding towards achieving housing objectives. It complements existing funding streams for housing projects, but gives the Comhairle the flexibility to direct funding to specific projects, for example to tackle problematic issues such as infrastructure or to fund the production of a Planning Masterplan.
- 8.2 The proposed Scheme of Administration sets out operating guidelines to deliver the ACTISH process in the Comhairle's new post transfer environment.

## Appendix 1

### **SCHEME OF ADMINISTRATION FOR THE USE OF ADDITIONAL COUNCIL TAX INCOME ON SECOND HOMES**

- 1) The funding raised from ACTISH must be used for Housing related projects involving a Registered Social Landlord (RSL). The funding should be ring-fenced within the Comhairle's General Fund.
- 2) The amount of funding allocated to Housing projects in any particular financial year will be based on the amount of ACTISH collected by the Comhairle in the previous financial year.
- 3) Proposals for the use of ACTISH funding should be consistent with the aims and objectives of the Comhairle's Local Housing Strategy.
- 4) Proposals for the use of ACTISH should be drawn up in consultation with Communities Scotland and relevant Registered Social Landlords.
- 5) ACTISH monies can be used to;
  - i. purchase land for future RSL development,
  - ii. top up existing Affordable Housing Programme funding,
  - iii. fund specific housing developments,
  - iv. fund specific infrastructure costs as part of an agreed RSL affordable housing development,
  - v. fund feasibility/masterplan studies for potential sites or projects,
  - vi. fund or support rural housing projects.
- 6) The ACTISH funding available in any given year can be used to fund several projects but if required, can also be used in its entirety to support a single project if this is considered the most appropriate use of resources.
- 7) ACTISH funding should be considered part of the Comhairle's overall Affordable Housing Investment Programme for the purposes of reporting to Communities Scotland.
- 8) To ensure consistency, ACTISH monies used to fund specific housing developments should use Communities Scotland's Housing Association Grant procedures (eg space standards, financial appraisal).
- 9) The Director of the Department for Sustainable Communities will have delegated authority to administer the ACTISH scheme, including proposing suitable projects, allocating levels of funding, authorising payment of grant, monitoring progress and outputs and reporting to the relevant Committee.
- 10) The process for determining the amounts and use of ACTISH funding should follow these key dates in any given year;
  - i. January – discussions at officer level with partner organisations on possible ACTISH projects,
  - ii. February – confirmation of amounts of ACTISH funding available from Finance and Corporate Resources Department,
  - iii. March – Committee report to Environmental and Protective Services Committee outlining proposed allocation of resources, review of outcomes of previous year's allocation and information on any carry-forward or reallocation required.
- 11) A formal offer of ACTISH grant funding will be made to each recipient, setting out the terms and conditions of the award, which should specify the expected outcomes, targets to be met, the timescale in which work has to be started and completed and details of expected payment stages.

- 12) Work on developments should commence within 12 months of the date of allocation of ACTISH funds and where possible be completed within the relevant financial year.
- 13) Progress of all ACTISH projects will be monitored regularly as part of the Comhairle's on-going Affordable Housing Investment Programme monitoring and review process.
- 14) If work on an approved project is unable to proceed within the relevant financial year due to unforeseen circumstances, the funding can be carried forward into the next financial year, or, reallocated to another new suitable project, with the approval of the Director for the Department of Sustainable Communities, in consultation with the Chair of Environment and Protective Services.
- 15) If there is slippage in the annual programme due to unforeseen circumstances, it should be delegated to the Director of the Department for Sustainable Communities, in consultation with the Chair of Environment and Protective Services, to transfer funding to previously approved projects or new projects which meet the ACTISH funding criteria and are in line with the objectives of the Local Housing Strategy.
- 16) Payment of ACTISH grant shall be made on completion of the work (or at suitable agreed stages if appropriate), as specified in the annual allocation of ACTISH funds, subject to the submission of invoices and appropriate supporting documentation, to the satisfaction of the Director for Sustainable Communities. The Director for Sustainable Communities will have the authority to approve payment.