**Assumptions Used In Setting Council Tax: CTAS 2024**

**Guidance Notes**

**Introduction**

# This form records the following:

# Band D Council Tax,

# Council Tax Base,

# assumed collection rate

# corresponding amount to be raised from the Council Tax in 2024-25,

# is used to calculate the average Council Tax per Dwelling,

# Information on the charging policy for second homes and long-term empty properties for 2024-25 is also requested.

For Council Tax Assumptions (CTAS) purposes, the amount to be raised from Council Tax is calculated using the multipliers from 2017-18.

**Note** that the Council Tax forgone due to Council Tax Reduction (CTR) also changed under the reformed system. This will have an impact on the amount to be raised from the Council Tax, but not General Revenue Grant (GRG).

Since 2019-20, we have published the information provided by all local authorities on their policies and the discounts/increases they apply in relation to second homes and long term empty properties. This is in response to an increase in the number of requests received for this information. This information is collected by Scottish Government each year and is published by individual local authorities.

# **General Points and Effect of Council Tax Reduction**

# Unshaded (white) cells are to be completed by the Local Authority. Green shaded cells are calculated automatically from the data provided.

# The form was previously revised as a result of the CTR scheme, which provides recipients with a reduction in their Council Tax liability. These amounts are forgone by Local Authorities, so that CTR acts to decrease the Council Tax income of Local Authorities. The awards are not refunded directly, as was the case in the former Council Tax Benefit system, but instead, a general block grant from the Scottish Government is given to Local Authorities to compensate them for Council Tax income forgone.

# The Band D Council Tax charge can still be thought of as Council Tax income divided by the number of Band D equivalents (with an adjustment for the expected collection rate). However, with the Council Tax income decreasing due to CTR, the Band D equivalents figure will reduce in turn, as per [CIPFA’s LAAP Closure of Accounts Bulletin 2013/14](https://www.cipfa.org/policy-and-guidance/cipfa-bulletins/laap-bulletins/laap-98-closure-of-accounts-201314-and-related-matters)

# Only the following are requested in the main financial section (Lines 1 to 3):

* Band D Council Tax for 2024-25
* Assumed payment factor
* Council Tax due to CTR
* Tax Base (before CTR)

# For reference, the multipliers are:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | A | B | C | D | E | F | G | H |
| Multipliers from 2017-18 | 240/360 | 280/360 | 320/360 | 360/360 | 473/360 | 585/360 | 705/360 | 882/360 |

# The amount to be raised in 2024-25 from the Council Tax is calculated from the above figures, as per the reformed Council Tax system from 2017-18.

# For completeness and consistency with earlier years, the figures for Band D equivalents (the Tax Base) and Council Tax income (amount to be raised from the Council Tax) are calculated on the form before and after CTR is taken account off.

**Long-Term Empty Homes and Second Homes** (Lines 4 and 5):

# [The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 No. 45](https://www.legislation.gov.uk/ssi/2013/45/contents/made) gives Local Authorities the discretion to reduce or retain the Council Tax discount on second homes and long-term empty properties to between 10% and 50%, with certain exemptions. This additional income is ring-fenced and retained locally to support affordable housing. It can be used by Local Authorities, or routed through Registered Social Landlords or disbursed by Local Authorities to organisations or individuals.

# For second homes, [The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2016 No. 369](http://www.legislation.gov.uk/ssi/2016/369/contents/made) gives Local Authorities discretion to abolish the discount on second homes from 2017-18. Local Authorities can therefore offer a discount of between 10% and 50% for second homes, or give no discount at all. Further to this, [The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023](https://www.legislation.gov.uk/sdsi/2023/9780111058497/contents) will come into force in on 1 April 2024. This will allow local authorities to charge up to double (i.e. an increase up to 100%) the full rate of Council Tax on second homes. It will bring second homes into line with long-term empty homes from 1 April 2024.

# For long-term empty properties, [Local Government Finance (Unoccupied Properties etc.) (Scotland) Act 2012](http://www.legislation.gov.uk/asp/2012/11/enacted) and subsequent SSIs[[1]](#footnote-1) gave Local Authorities discretion to increase the Council Tax. They may charge a Council Tax increase of up to 100% (i.e. double the rate of Council Tax payable) for certain dwellings which have been unoccupied for one year or more (or two years or more for unoccupied dwellings marketed for sale or let). Therefore, for eligible unoccupied properties, Local Authorities can set a discount of between 50% and 0% or an increase of up to 100%. The provision also gives discretion to vary the Council Tax charged for different circumstances. This could include charging different rates according to the area the dwelling is in; the length of time that the dwelling has been unoccupied and such other types or characteristics of dwellings, or circumstances relating to why they are unoccupied.

# The level of central government grant will not be reduced as a result of Local Authorities abolishing the discount for second homes or varying the level of Council Tax for long-term empty properties. For the purposes of the calculation of the Council Tax Base for General Revenue Grant (GRG) purposes, second homes and long-term empty properties continue to be assumed to be in receipt of 50% discount, regardless of the actual discount received or increase charged. **Therefore, all additional revenue expected to be raised through the above-mentioned discretionary powers is excluded from the figures supplied in the CTAS 2024 return.**

**Detailed Notes on Completion**

Line 1a: Band D Council Tax

Once the Council name has been selected at the top of the form (cell C6), the standard Band D Council Tax charge for 2023-24 is populated automatically via a look-up.

Enter the Band D Council Tax for 2024-25 in Cell D14. **Please provide the figure to two decimal places.** This will automatically calculate the percentage increase from 2023-24 in Cell D16.

# Line 1b: Assumed payment factor (%)

# Enter the assumed collection rate used in the calculation of the amount of Council Tax expected to be raised.

**Note** that this assumed payment factor is now applied in CTAS after CTR. Historically, it would have been applied to a ‘bigger’ amount – that is, the whole Council Tax expected, including Council Tax Benefit (CTB). That ‘historic’ payment factor would have incorporated both non-payment of Council Tax, and CTB not compensated by DWP (due to overpayment and fraud). It is now more of a ‘true’ payment factor, in that it represents the proportion of Council Tax expected to be collected from those households who are billed and have something to pay themselves.

It may well be that the assumed payment factor will need some adjustment to allow the ‘Amount to be raised from the Council Tax’ (Line 3) to be consistent with figures used by the Council in its budget-setting process. As noted above, that factor is not consistent with the ‘historic’ ones used previously in CTAS and, all other things being equal, will be a little lower.

# Line 1c: Council Tax forgone due to Council Tax Reduction (£000s)

Enter your best estimate in (£000s), for Council Tax that would be forgone due to CTR under the reformed system, from 2017-18. That is, [The Council Tax Reduction (Scotland) Regulations 2021](https://www.legislation.gov.uk/ssi/2021/249/contents) and [The Council Tax Reduction (State Pension Credit) (Scotland) Regulations 2012](http://www.legislation.gov.uk/ssi/2012/319/contents/made) (SSI/2021/249 and SSI/2012/319) with the addition of [The Council Tax (Substitution of Proportion) (Scotland) Order 2016 (SSI 2016/368)](http://www.legislation.gov.uk/ssi/2016/368/contents/made) and [The Council Tax Reduction (Scotland) Amendment (No. 2) Regulations 2016 (SSI 2016/253)](http://www.legislation.gov.uk/ssi/2016/253/contents/made) .

# Line 2a: Tax base (Number of Band D equivalents)

# Enter the total number of Band D equivalent dwellings used in Council Tax calculations. Do not include the additional tax-raising capacity resulting from variation in the Council Tax for second homes or long-term empty properties.

The figure to be entered is the Tax Base under the reformed post-2017 system. That is, using the same Tax Base methodology for calculating Band D equivalents, but with the reformed 1/360th multipliers.

Each Tax Base is then automatically calculated after CTR, using the figures for Council Tax forgone due to CTR, provided in Line 1c.

# Line 2b: Net Tax Base (after non-collection)

# This is automatically calculated from the previously provided information. Again, it is given both before and after CTR.

The formula in Cells D30 (Net Tax Base Before CTR) has the effect of applying the Assumed payment factor (Cell D18) to the Tax Base after CTR, and assumes that CTR is ‘paid’ at 100%. More simply, the payment factor is applied to the Council Tax that needs to be collected, and not applied to the CTR element.

**Note** that this has no impact on Council funding. The Tax Base for GRG purposes is that before CTR and, in any event, is not taken from the CTAS return.

# Line 3: Amount to be raised from the Council Tax (£000s)

# This is automatically calculated from the above figures. It is also calculated both before and after CTR, and excludes any additional revenue raised by varying the discount applied to second homes and long-term empty properties.

Line 4a: Policy on Second Homes

# Select the relevant policy option that will apply to second homes, **effective 1 April 2024**, from the drop-down menu. If your Council has set varying policies on second homes in different areas (i.e. a reduced discount in some areas and increased Council Tax in others), please select ‘Other’ and provide more details in the comments box in section 6.

Line 4b: Discount/Increase on Second Homes (%)

# Enter the percentage level of Council Tax discount, or percentage level of Council Tax increase on second homes, **effective 1 April 2024**. **Discounts should be entered as a positive value, and increased Council Tax levels as a negative value.** Where the discount has been removed, but no increase implemented, 0% should be entered.

# If your Council has set varying levels of Council Tax discount/increase for second homes in different areas, or for different property circumstances, please leave this box blank and provide details in the comments box in section 6.

Line 5a: Policy on Long Term Empty properties

# Select the relevant policy option that will apply to long-term empty properties, **effective from 1 April 2024**, from the drop-down menu. If your Council has set varying policies on long-term empty properties in different areas (i.e. a reduced discount in some areas and increased Council Tax in others), please select ‘Other’ and provide more details in the comments box in section 6.

Line 5b: Discount/Increase on Long-Term Empty properties (%)

# Enter the percentage level of Council Tax discount, or percentage level of Council Tax increase on long-term empty properties, **effective 1 April 2024**. **Discounts should be entered as a positive value, and increased Council Tax levels as a negative value.** Where the discount has been removed, but no increase implemented, 0% should be entered.

# If your Council has set varying levels of Council Tax discount/increase for long-term empty properties in different areas, or for different property circumstances, please leave this box blank and provide details in the comments box in section 6.

**Certification**

# The Director of Finance is required to approve the information in this return.

# Please complete the electronic return and email it to lgfstats@gov.scot.

# Signed copies of each return are no longer required.

# If you have any queries on the completion of this return, please email lgfstats@gov.scot.

# Please ensure that completed returns are sent no later than close of play, **Wednesday 6 March 2024**.

Scottish Government

February 2024

1. [The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 (SSI 2013/45)](http://www.legislation.gov.uk/sdsi/2013/9780111018750/contents)

 [The Council Tax (Administration and Enforcement) (Scotland) Amendment Regulations 2012 (SSI 2012/338)](http://www.legislation.gov.uk/ssi/2012/338/contents/made)

 [The Council Tax (Exempt Dwellings) (Scotland) Amendment Order 2012 (SSI 2012/339)](http://www.legislation.gov.uk/ssi/2012/339/contents/made) [↑](#footnote-ref-1)