

## THE COUNCIL TAX BASE AS A SOURCE OF INFORMATION ON DWELLINGS AND HOUSEHOLDS

### Introduction

1. This paper examines how data at council level in annual Council Tax Base returns to the Scottish Executive might be used to support estimates of the numbers of dwellings and households at local authority area in Scotland.

### Background

2. The operation of the council tax requires local authority revenues departments to maintain up-to-date information on:

- dwellings on the local authority valuation list, and
- some characteristics of the occupancy of these dwellings.

3. As part of the operation of the local government finance system councils are required to provide the Scottish Executive with annual information on the composition of the **council tax base** for the local authority area as a whole. This gives numbers of dwellings by council tax band by discount exemption status of the property. The information provided currently relates to September of each year. Because of its use in grant distribution there has been an incentive for councils to thoroughly clean their council tax billing databases before drawing off the information to complete this return.

### Information on the return

4. Annex 1 provides a copy of the all-Scotland summary from the September 2000 return and Annex 2 provides a copy of the guidance notes for those completing the return. For the purposes of this analysis it is the totals in the final column which are of greatest interest. However, further analysis of trends by the council tax band of properties might also provide some insight.

### Numbers of dwellings

5. The first row of the return shows the total number of dwellings on the council tax valuation list. The notes to the return state clearly that private lock-ups and garages are to be excluded from the return. Schedules 1 and 2 of Statutory Instrument 1992 No 2995 (S.242) – The Council Tax (Dwellings and Part Residential Subjects) (Scotland) Regulations 1992, (See Annex 3) define dwellings for the purposes of inclusion/ exclusion on council tax valuation lists. Primarily a dwelling is any lands and heritages which are or are capable of being the sole or main residence of a person.

6. Specific **inclusions** given in Schedule 1 are:

The sole or main residence of a person which is also used as **bed and breakfast** accommodation for **no more than 6 persons per night**. The aim here is to ensure that someone running a small bed & breakfast in their own house doesn't end up liable for business rates.

Any lands and heritages which are predominantly used as **residential accommodation by students** and in which there are facilities which are available for sharing by some or all of the students. [I think each such residence will count as one entry].

Any lands and heritages owned by Ministry of Defence held for the purposes of **armed forces accommodation**.

**Hostels, nursing homes, private hospitals and residential care homes** :- used as the sole or main residence of persons who reside there and in which there are facilities available for sharing by some or all of those persons. [I think each such residence will count as one entry].

7. Specific **exclusions** listed in schedule 2 are:

Huts, sheds and bothies.

Self-catering holiday accommodation. This is defined as lands and heritages which are not the sole or main residence of any person and are made available for letting on a commercial basis as self-catering accommodation for short periods amounting in the aggregate to 140 days or more in the financial year.

Women's refuges.

8. Thus the issues for attempting to reconcile a dwelling count for the council tax base and a dwelling count from a source such as the population census are:

The extent to which the census will include the sorts of self-catering holiday accommodation excluded from the council tax base.

The extent to which the census might exclude, or classify as communal establishments some of the types of shared accommodation listed in schedule 1.

### Exemptions

9. Dwellings on the council tax valuation list can be exempt from council tax for a large number of reasons set out in Statutory Instrument 1997 No. 728 (S.68) The Council Tax (Exempt Dwellings) (Scotland) Order 1997. (A copy of the SI can be found at [www.legislation.hmso.gov.uk/si/si1997/97072801.htm](http://www.legislation.hmso.gov.uk/si/si1997/97072801.htm) ). In addition to the total number of exempt dwellings the annual council tax base return also asks for the total number of exempt dwellings which are vacant. Paragraph 26 of the guidance notes explains this clearly in terms of the exemption categories in the SI.

10. Exemptions include:

Unoccupied new dwellings on the valuation list for less than 6 months.

Unoccupied dwellings under repair.

Unoccupied dwellings last occupied by charitable bodies.

Empty unfurnished dwellings unoccupied for less than 6 months.

Unoccupied dwelling with a deceased owner.  
Dwellings empty under statute.  
Dwellings owned by a local authority or Scottish Homes kept unoccupied with a view to having it demolished.  
Dwellings which are not the sole or main residence of any person and is held for occupation by a minister of religion.  
Dwellings occupied only by students.  
Repossessed dwellings.  
Unoccupied, unfurnished agricultural dwellings.  
Dwellings for old or disabled persons which are not the sole or main residence of any person.  
Halls of residence.  
Barracks.  
Dwellings occupied solely by young people (under age 18).  
Visiting forces.  
A dwelling which is occupied only by severely mentally impaired persons.  
Prisons.

11. From the above list, those exempt dwellings which are not vacant (i.e. have some persons occupying them) will include - dwellings occupied solely by students, halls of residence, barracks, and dwellings occupied by visiting forces. Unoccupied exempt dwellings will include any new or existing unfurnished dwelling unoccupied for less than 6 months and local authority/ Scottish Homes owned dwellings awaiting demolition.

#### Dwellings receiving two discounts

12. Dwellings receiving two discounts are also unoccupied – i.e. no persons sole or main residence. In contrast to unoccupied exempt dwellings those with two discounts will either be furnished, be capable of being occupied or will be a new or existing unfurnished dwelling which has been unoccupied for more than 6 months. It is likely that most dwellings receiving two discounts will be second homes or self-catering accommodation let for less than 140 days in the year.

#### Dwellings with 1 or no discounts

13. A dwelling with 1 or no discounts is occupied by at least 1 adult and thus, at least 1 household. The data which councils need to administer council tax billing and collection does not provide information on households sharing accommodation.

14. Dwellings with 1 discount will generally contain only one adult, i.e. will generally either be a single person household or a one parent household.

### **Household and dwelling estimates V council tax base**

#### Dwellings

15. The comparison of dwelling counts in Annex 4, table 1 that in each year the council tax dwelling count is significantly **lower** than either the SE December estimates for the year or the June estimates used in the SE household estimates calculation. Apart from 1993, the

differences from the December estimates are fairly constant over the period. It is likely that the council tax base figures for 1993 are on the low side because this was the first year of the council tax and billing systems were just becoming established. A **possible** explanation of the difference between the two counts is different treatment of holiday lets between the council tax base and the census.

16. Annex 4, table 2 compares, for each year from local government reorganisation in 1996, the total number of dwellings in the council tax base with the June estimate of the number of dwellings used in the household estimates. Councils with significantly fewer dwellings in the council tax base were Dumfries & Galloway, East Lothian, Edinburgh City, North Lanarkshire, Shetland, South Lanarkshire and West Lothian. Notably Orkney had significantly more dwellings on its council tax base compared with the June estimate. This pattern of difference across councils suggests that holiday lets may not be the reason for differences.

### Households

17. In contrast to the picture for dwellings, the total number of occupied dwellings on the council tax base (all dwellings with one or no discounts plus occupied exemptions) is generally **higher** than in the household estimates. If we were to add to the occupied dwellings count an additional 20,000 allowance for households who share the difference between the two would be even sharper. Also the difference between the household estimates and the number of occupied dwellings on the council tax base appears to be increasing over time.

18. Annex 4 table 4 compares, from 1996 to 1999, the number of occupied dwellings on the council tax base for each council with an equivalent estimate taken from the household estimates information base. Those councils where the number of occupied dwellings on the council tax base is more than 2% higher than the estimated number from the household estimates data in 1999 are .... Aberdeen City, Argyll & Bute, East Renfrewshire, Highland, Orkney Islands, Scottish Borders, Stirling. There looks to be a significant rural effect here.

19. Annex 4, chart 1 compares the **% change** in SE household estimates of the number of households in each local authority between 1996 and 1999 with the % change in the number of occupied dwellings on the council tax base in the same period. While there is a fairly good correlation between the two, there are some significant differences. Also the SE estimates of change tend to come in below the council tax base occupied dwellings change for those council areas with the largest change.

### **Modifying estimates using C Tax base data**

20. Annex 4 tables 3 and 5 show, for each council for 1996- 1999, the effect of incorporating council tax base information into the household estimates methodology. For table 3, the council tax dwellings count has been substituted for the June estimate. The effect is to reduce the estimates across the board. For table 5, the estimated numbers of households sharing have been added to the number of occupied dwellings on the council tax base.

## **Conclusion**

21. Because of differences in definitions and coverage, information from the council tax base, and council tax billing systems cannot simply be used to replace the existing household estimates. Further, detailed work is required to identify, and if possible quantify the sorts of properties and households included/ excluded from the council tax base/ census. Comparisons between 2001 census and council tax base data at local authority level and below might be a useful way to explore this.

The Scottish Executive Development Department  
June 2001

## **ANNEX 2 GUIDANCE NOTES FOR COUNCIL TAX PRO-FORMA**

### **INFORMATION REQUIRED TO CALCULATE THE COUNCIL TAX BASE: CTAXBASE (00)**

#### **NOTES FOR COMPLETION**

Please note these guidance notes refer to the completion of the return CTAXBASE (00). The definition of “dwellings” for the purposes of Council Tax is:

CTAXBASE (00): Dwellings on the Valuation list for the authority on 4 September 2000.

#### **INTRODUCTION**

1. This form is to be completed by reference to dwellings shown in the copy of the valuation list available to the authority on 4 September 2000, and by reference to the information about discounts and exemptions in respect of those dwellings, available to the authority on 4 September 2000.

2. For the purposes of this form, chargeable dwellings are defined as dwellings which are chargeable dwellings under section 72 of the Local Government Finance Act 1992 (“the 1992 Act”), less diplomats’ dwellings (as defined in paragraph 9 below).

#### **NOTES TO COLUMNS**

3. Columns 1-9 refer to the valuation band shown for each dwelling on the valuation list, except that for lines 5-10, dwellings subject to a reduction for disability should be treated as falling in the “alternative valuation band”. (See notes 11 and 12 below.)

4. Enter in column 10 the totals of columns 1-9.

#### **NOTES TO LINES**

Line 1: Number of dwellings on the valuation list.

5. Enter the total number of dwellings shown in the valuation list for the authority on 4 September 2000. Exclude free-standing private lock-ups and garages.

1. Line 2: Number of exempt dwellings

6. Enter the total number of dwellings shown in the valuation list which are exempt as prescribed by Classes 1-24 of Schedule 1 to the Council Tax (Exempt Dwellings) (Scotland) Order 1997 (SI 1997 No.728 (S.68)as amended by SI 1998 No. 561 (S.19), SI 1999 No. 757 (S.61) and SI 1999 No. 140).

7. Dwellings exempt under Class 17 (armed forces accommodation owned by the Secretary of State for Defence) and Class 24 (Prisons), should be included in line 2 (and hence deducted in line 3), even though contributions in lieu will be paid in respect of them.

8. Dwellings where Crown immunity applies should be counted as chargeable dwellings (because contributions in lieu will be paid), and should not be included in line 2.

9. Line 2 should include “diplomats’ dwellings” shown in the valuation list. These are dwellings, which under the Vienna Convention on Diplomatic Relations are required to be exempt from all local taxes and charges.

2. Line 3: Chargeable dwellings

10. This is the amount obtained by subtracting line 2 from line 1. The result is the number of chargeable dwellings, as defined in paragraph 2 above.

3. Line 4: Disabled reductions

11. Enter the number of dwellings in each band shown in the valuation list, in respect of which the amount of council tax payable is reduced by virtue of the Council Tax (Reductions for Disabilities) Regulations 1992 (SI 1992 No 1335 (S.132) as amended by SI 1999 No. 756 (S.60)).

Line 5: Number of effective dwellings by virtue of disabled relief.

12. Enter the number of such dwellings in each band after the reduction for disabled relief has been taken into account. For example, the figure in line 5, column 1 should equal the figure in line 4, column 2: the figure in line 5, column 2 should equal the figure in line 4, column 3, etc.

Line 6: Number of adjusted chargeable dwellings.

13. For columns 2 to 9 the figure in line 6 should equal line 3 minus line 4 plus line 5. For Column 1, the figure in row 6 will equal row 5.

4. Line 7: Single discounts

14. Enter the number of dwellings shown in the valuation list, in respect of which the amount of council tax payable is subject to a “single discount” of council tax under section 79(1) of the 1992 Act.

15. This may include, for example, dwellings with a single adult, or dwellings containing 2 adults, one of whom is disregarded.

5. Line 8: Two discounts

16. Enter the number of dwellings shown in the valuation list, in respect of which the amount of council tax payable is subject on that date to “2 discounts” of council tax under section 79(2) of the 1992 Act.

17. Most dwellings in this category will be empty properties or second homes; otherwise in rare cases they may be occupied entirely by people who are disregarded for the purposes of determining the amount of council tax payable.

Line 9: Other dwellings in line 6.

18. Enter the amount in line 6 less the amounts in line 7 and line 8. This gives the number of dwellings shown in the valuation list, in respect of which the amount of council tax payable is not subject to any discounts of council tax under section 79 of the 1992 Act.

19. Where an authority does not have information about the discounts or exempt status of a dwelling on the valuation list, it should assume, for the purposes of this return, that such a dwelling is a chargeable dwelling not subject to any discounts.

Line 10: Total equivalent number of dwellings.

20. Line 10 represents the equivalent number of dwellings to nearest rounded number in each valuation band after allowing for discounts, exemptions and disabled relief. It is calculated as: -

$$(\text{line 7} \times 0.75) + (\text{line 8} \times 0.5) + \text{line 9}$$

**Please show the resulting figure rounded to the nearest whole number.**

Line 11: Ratio to band D.

21. This line shows the proportions for each valuation band in relation to Band D. The proportions are set out in section 74(1) of the 1992 Act, as amended by SI 1999 No. 756 (S.60) paragraph 3(b).

Line 12: Band D equivalents.

22. This expresses the figures in line 10 in terms of Band D dwellings. It is calculated, for each of columns 1-9, by multiplying the figure in line 10 by the ratio in line 11. The sum of the figures in columns 1-9 of line 12 should be entered in column 10 of line 12. **Numbers should be entered to 2 decimal places only.**

Line 13: Contributions in lieu in respect of Classes 17 and 24 dwellings.

23. Enter in column 10 of line 13, the number of Band D equivalent Class 17 and Class 24 dwellings in respect of which contributions in lieu are payable in the financial year 2000/01. Schedule 1 to the Council Tax (Exempt Dwellings) (Scotland) Order 1997 (SI 1997 No 728 (S.68)) defines dwellings in Class 17 as a dwelling: -

- a. of which the Secretary of State for Defence is the owner; and
- b. which is held for the purposes of armed forces accommodation.

Schedule 1 to the Council Tax (Exempt Dwellings) (Scotland) Order 1997 (SI 1997 No 728 (S.68)) defines dwellings in Class 24 as: -

- a dwelling falling within the scope of regulation 2(1) of the Council Tax (Dwellings) (Scotland) Regulation 1997 (SI 1997 No 673 (S.43))



24. The figure should be calculated as the amount of contributions in lieu receivable in 2000/01 in respect of such dwellings divided by the council tax for Band D 2 adults for 2000/01.

Line 14: Tax base for Revenue Support Grant purposes.

25. Column 10 of line 14 is the sum of column 10 line 12 and column 10 line 13.

**SUPPLEMENTARY INFORMATION:** Numbers of exempt dwellings by reason

26. Enter on the second page of the form the number of exempt dwellings on the valuation list distinguishing those, which were exempt, because they were unoccupied from those that were exempt for other reasons. Dwellings exempt because they were unoccupied include dwellings in each of classes 1-9, 13, 14, 15, 19 and 21 of Schedule 1 to The Council Tax Exempt Dwellings (Scotland) Order 1997 (SI 1997 No 728 (S.68)). Occupied exempt dwellings include those which are the sole residence only of people aged under 18, severely mentally impaired persons, dwellings only occupied by students, trial flats used by registered housing associations and armed forces' accommodation. The total number of exempt dwellings should agree with the figure given in column 10 of line 2 of the main part of the return.

**CERTIFICATION**

27. The Director of Finance is required to certify that the information provided in the return has been derived from the copy of the valuation list available to the authority on 4 September 2000. He is also required to certify that the information provided about exemptions, discounts and disabled relief, accurately reflects the information available to him. The certification of the Director of Finance can be found on the reverse of each return.

Completed forms should be returned to The Scottish Executive no later than Friday 22 September 2000. Returns should be addressed to:

EAS3: LGF Statistics  
3- J18  
Victoria Quay  
EDINBURGH  
EH6 6QQ

### **ANNEX 3: STATUTORY INSTRUMENT WHICH DEFINES A DWELLING FOIR COUNCIL TAX PURPOSES**

Statutory Instrument 1992 No. 2955 (S.242)

The Council Tax (Dwellings and Part Residential Subjects) (Scotland) Regulations 1992 -  
continued

#### **EXPLANATORY NOTE**

(This note is not part of the Regulations)

With effect from 1st April 1993, the council tax will be levied on all "dwellings" in Scotland, other than exempt dwellings. Section 72(2) of the Local Government Finance Act 1992 ("the Act") provides a definition of "dwelling" for these purposes, which may be varied by way of Regulations.

These Regulations vary the definition by including as dwellings certain bed and breakfast accommodation, student halls, barracks, communal residential establishments and school boarding accommodation (regulation 4 and Schedule 1) and by excluding certain huts, sheds and bothies, self-catering holiday accommodation and woman's refuges (regulation 5 and Schedule 2). Premises excluded from the definition will be subject to non-domestic rates, rather than the council tax.

In addition, the Regulations prescribe certain categories of premises which will not constitute "part residential subjects" for the purposes of the Act (regulation 6) and make minor amendments to previous Regulations which prescribed certain private garages and storage premises as dwellings (regulation 7).

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Statutory Instrument 1992 No. 2955 (S.242)

The Council Tax (Dwellings and Part Residential Subjects) (Scotland) Regulations 1992 -  
continued

SCHEDULE 2  
Regulation 5

DEFINITION OF DWELLING—EXCLUSIONS

**Huts, sheds and bothies**

1. Any lands and heritages—
  - (a) which constitute a hut, shed, bothy or a similar structure or building;
  - (b) which are not the sole or main residence of any person; and
  - (c) which either—
    - (i) in accordance with any licence or planning permission regulating the use of their sites, or for any other reason, are not allowed to be used for human habitation throughout the whole year; or
    - (ii) by reason of their construction or the facilities which they do, or do not, provide, are unfit so to be used.

**Self-catering holiday accommodation**

2. Any lands and heritages—
  - (a) which are not the sole or main residence of any person; and
  - (b) which either—
    - (i) are made available by a relevant person for letting, on a commercial basis and with a view to the realisation of profits, as self-catering accommodation for short periods amounting in the aggregate to 140 days or more in the financial year; or
    - (ii) if they have not been made so available for letting in that year, are intended by a relevant person to be made so available for letting in that year and the interest of the relevant person in the lands and heritages is such as to enable him to let them for such periods.

**Women's refuges**

3. Any lands and heritages managed by a voluntary organisation for the temporary accommodation of persons who have left their homes as a result of—
  - (a) physical violence or mental cruelty; or
  - (b) threats of such violence or cruelty,
    - from persons to whom they are married or with whom they are or were cohabiting, other than any part of such lands and heritages which constitutes the sole or main residence of any person employed by the voluntary organisation.

Statutory Instrument 1992 No. 2955 (S.242)  
The Council Tax (Dwellings and Part Residential Subjects) (Scotland) Regulations 1992 -  
SCHEDULE 1  
Regulation 4

DEFINITION OF DWELLING—INCLUSIONS

**Bed and breakfast accommodation**

1. Any lands and heritages—
  - (a) which are the sole or main residence of a person;
  - (b) which are intended by such a person to be made available for letting, on a commercial basis and with a view to the realisation of profits, as bed and breakfast accommodation to no more than 6 persons per night;
  - (c) which are not made available for letting over the limit specified in sub-paragraph (b) above; and
  - (d) which would, but for being available for letting as referred to in sub-paragraph (b) above, be such lands and heritages as are described in sub-paragraph (i) of section 72(2)(a) of the Act.

**Student halls**

2. Any lands and heritages—
  - (a) which are used (or, if not in use, were last used) predominantly as residential accommodation by students; and
  - (b) in which there are facilities which are available for sharing by some or all of the students.

**Barracks**

3. Any lands and heritages—
  - (a) of which the Secretary of State for Defence is the owner;
  - (b) which are held for the purposes of armed forces accommodation; and
  - (c) which are the sole or main residence of at least one member of the armed forces or, if unoccupied, are likely to be the sole or main residence of such a person when next occupied.

**Communal residential establishments**

4. Any lands and heritages which are used (or, if not in use, were last used) wholly as the sole or main residence of persons who reside there and in which there are facilities available for sharing by some or all of those persons, other than any part of—

- (a) a hostel;
- (b) a nursing home;
- (c) a private hospital; or
- (d) a residential care home,

which is not used wholly or mainly as the sole or main residence of a person employed there.

**School boarding accommodation**

5. Any lands and heritages which are used wholly or mainly as—
  - (a) a school boarding house; or
  - (b) school dormitory accommodation,

including any kitchen, dining room or other premises which are integrated with and which are used wholly in connection with the school boarding house or, as the case may be, the school dormitory accommodation.