

POLICY FOR EMPTY PROPERTY RELIEF IN NON-DOMESTIC RATES FROM 1 APRIL 2023

1. EXECUTIVE SUMMARY

- 1.1 On 31 January 2019 the Scottish Government committed to devolving empty property relief to councils in time for the next revaluation. However the devolution of Empty Property Relief (EPR) to local government was delayed because of the pandemic and the go-live date for the devolved EPR is now 1 April 2023. New regulations prescribe that the Council has to have an agreed policy before 1 April 2023 otherwise it cannot grant EPR relief from 1 April 2023 onwards to any business or business owner.
- 1.2 This paper proposes that the Council's policy for the application of EPR for properties on the Non-Domestic Rates (NDR) valuation roll from 1 April 2023 will mirror the current arrangements as set by the Scottish Government for the relief. This will allow time for an Empty Property Review to be conducted and consultation both within the Council and with external stakeholders such as local businesses. A report will then be presented to Policy and Resources Committee in October 2023 which will have recommendations for the relief scheme from 1 April 2024 onwards.

2. RECOMMENDATION

- 2.1 It is recommended that the Policy and Resources Committee approve the Empty Property Relief scheme for Argyll and Bute whereby;
1. From 1 April 2023 to 31 March 2024 the scheme will be identical to the current arrangements for Empty Property Relief.
 2. A paper will be presented to Policy and Resources Committee in October 2023 on changes to the policy following consultation with stakeholders internal and external to the Council.

3. DETAIL

- 3.1 The Council's NDR team currently apply Empty Property Relief on NDR accounts in our area where the lands and heritages are empty or not in use. There are currently 375 properties attracting relief as an empty property in NDR. The total cost of the relief scheme is £761,269 per annum. The Scottish Government pay these funds to the Council through the NDR allocation that comes as part of the Revenue Support Grant.
- 3.2 The current scheme is supported by legislation in sections 24 to 25 of the Local Government (Scotland) Act 1966, the Non-Domestic Rating (Unoccupied Property) (Scotland) Regulations 1994, and the Non-Domestic Rating

(Unoccupied Property) (Scotland) Regulations 2018.

The law prescribes that;

1. All empty properties can get 50% relief from non-domestic rates for the first 3 months they're empty. They can then get a 10% discount after that.
2. Empty industrial properties can get 100% relief from non-domestic rates for the first 6 months that they're empty. They can then get a 10% discount after that.
3. Businesses can get 100% relief for the whole time a property is unoccupied, if:
 - it's a listed building
 - it has a rateable value under £1,700
 - it's owned by a trustee for sequestration, liquidation or executors
 - the company who owns it has been wound up
 - by law, the property cannot be occupied
 - it's under a compulsory purchase order
 - it has no buildings (empty ground)
 - the ratepayer is deceased

3.3 On 31 January 2019 the Scottish Government committed to devolving empty property relief to councils in time for the next revaluation. However both the revaluation and the devolution of EPR were delayed because of the pandemic and the go-live date for the devolved EPR is 1 April 2023. The Council has to have an agreed policy before that date otherwise it cannot grant EPR relief from 1 April 2023 to any business or business owner.

3.4 Currently 375 businesses in Argyll and Bute benefit from Empty Property Relief. The value of that relief is £761,269 per annum. This relief can be further broken down to the following categories;

1. Properties that receive or have received 50% EPR for 3 months followed by a 10% discount. There are 110 properties in this category receiving £42,571 of relief.
2. Industrial Properties that receive 100% relief for 3 months followed by 10% discount. There are 4 properties in this category receiving £5,565 of relief.
3. Businesses that get 100% relief for the whole time a property is unoccupied, in the categories:
 - a. listed buildings - 79 properties receiving £379,790 of relief
 - b. rateable value under £1,700 - 176 properties receiving £63,029 of relief
 - c. owned by a trustee for sequestration, liquidation or executors - 1 property £237,546 of relief
 - d. the company who owns it has been wound up - 0 properties
 - e. by law, the property cannot be occupied – 1 property, £3,785 of relief
 - f. it's under a compulsory purchase order - 0 properties
 - g. no buildings (empty ground) - 5 properties £12,475 of relief
 - h. ratepayer is deceased – 7 properties £16,509

- 3.5 The Scottish Government propose to use the Scottish Fiscal Commission empty rates forecast to provide £105 million to Scottish local authorities for each of the three financial years from 1 April 2023, 1 April 2024 and 1 April 2025. There will be no inflationary increase in the devolved monies between these years and there has been no discussions regarding what happens after the 3 year agreement ends.
- 3.6 The Council will receive a proportion of the £105 million in grant funding. The Council then has three broad choices to make;
1. Administer the scheme as it is granting businesses the same level of relief they currently get and using the funding provided by the Government to cover the costs of the relief afforded to businesses.
 2. Make the relief scheme much tighter and available to fewer businesses thereby offering less relief for empty properties. The difference between the relief granted and the grant funding provided by the government can then be used by the Council in any way they see fit.
 3. Make the relief scheme more generous than the current scheme offering businesses even more support and therefore using some of its own reserves to cover additional relief afforded to businesses over and above the level of Scottish Government grant.
- 3.7 There are risks for local authorities with devolved EPR around the impact of big businesses with lands and heritages attracting large rateable values shutting down after 1 April 2023 and leaving their premises empty. This could leave local authorities facing the prospect of funding empty relief themselves at a much higher level than they are being funded for by the Scottish Government.
- 3.8 Scottish Government have indicated that there will be a tolerance level set as part of the devolvement of EPR. This will allow local authorities to enter dialogue with Scottish Government should the basis for the agreement to devolve EPR change significantly as a result of a material change in circumstances out with local authority control. At this stage we don't know what that level of tolerance will be.
- 3.9 The Scottish Government has yet to confirm the basis for apportioning the funds between Scottish Local Authorities or the value of the funding they will give to individual local authorities to support their schemes.
- 3.10 The results of the revaluation for 1 April 2023 will not be published by Dunbartonshire and Argyll and Bute Valuation Joint Board until the end of November 2022. The impact of which could affect the value of the relief currently afforded to empty properties.
- 3.11 At this stage it is not possible to suggest how the Council might want to run their own EPR scheme without knowing how much money the Scottish Government will allocate to support the scheme. Additionally the Assessor is currently conducting a large scale revaluation of lands and heritages in the area and it may be easier to consider a policy for EPR once the process is complete.

- 3.12 The Council will conduct its own Empty Property relief review and consult colleagues from Economic Development, business owners and Elected Members before deciding how best operate its own scheme from 1 April 2024 onwards.
- 3.13 The consultation will consider whether we charge NDR on empty properties, if so how much to charge, and whether we should we charge double NDR like we do Council Tax for long term empty for example. Consideration also needs to be given to the resources that would be required to support a change in the scheme, what our options are, and what best stimulates our economies.

4. CONCLUSION

- 4.1 Devolving EPR to then Council brings opportunities to generate more local tax income and/or to help stimulate economic growth in our area. We currently offer £761,269 of relief which the Scottish Government reimburse us for through the Revenue Support Grant, and this indicates the value of the scheme for the Council. There will be a range of options open to the Council for a new scheme for Empty Properties on NDR however it is proposed in the first instance to run the scheme the same way as current in order to conduct reviews and consult stakeholders as to the most appropriate way to deal with empty property relief from 1 April 2024 onwards.

5. IMPLICATIONS

- 5.1 Policy – This is a new policy for Empty property relief in non-Domestic Rates.
- 5.2 Financial – The policy will not have an impact on finances in year 1 however it could generate up to £0.769 million in additional NDR income in future years depending on the Council's policy going forward and confirmation of the funding offered by Scottish Government.
- 5.3 Legal - None
- 5.4 HR - None
- 5.5 Fairer Scotland Duty - None
- 5.5.1 Equalities – None
- 5.5.2 Socio-Economic Duty – None
- 5.5.3 Islands Duty – None
- 5.6 Climate Change - None
- 5.7 Risk – None.
- 5.7 Customer Service - None

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