



REPORT TO: CORPORATE COMMITTEE ON 31 JANUARY 2023

SUBJECT: PROPOSED EMPTY PROPERTY RELIEF POLICY

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To seek the authorisation of Elected Members for the implementation of an empty property relief policy for non-domestic properties following the devolution of responsibility for formulation of this policy to local authorities by Scottish Government on 1 April 2023.
- 1.2 This report is submitted to the committee in terms of Section III (B) (11) of the local authority's Scheme of Administration relating to the administration of the levy, collection, payment and recovery of Non-Domestic Rates (NDR).

2. RECOMMENDATION

2.1 It is recommended that the Committee:

- (i) **agree the Interim Empty Property Relief policy proposed in this report at APPENDIX 1 for one year (Financial Year 2023/24); and**
- (ii) **agree that during 2023/24, officers undertake a reassessment as set out in the report to identify any changes which would incentivise ratepayers to bring unoccupied non-domestic properties back into use with a report back to committee setting out revised proposals for 2024/25.**

3. POLICY DECISION

3.1 Background

- 3.1.1 The reductions available to ratepayers for empty non-domestic properties have previously been determined by reference to the appropriate statute. Scottish Government has, in response to representation from the Convention of Scottish Local Authorities (CoSLA), agreed to devolve responsibility for the determination of empty property relief policy to Scottish local authorities from 1 April 2023.

3.1.2 Each Scottish local authority is therefore now responsible for putting in place a bespoke policy for their ratepayers, to be effective from 1 April 2023. Across Scotland, there is a consensus that in its first year of devolved operation minimal change will be recommended to Empty Property Relief from the position pre devolution because of issues around timing and capacity as set out below. The position of minimal change has been formally adopted by a number of authorities already.

3.1.3 The decision to delegate determination of empty property relief policy to local authorities will not impact reliefs for occupied properties. These will remain in place and will continue to be governed by existing statute.

3.2 NDR Revaluation

3.2.1 At the time at which this policy is being devolved a revaluation of all non-domestic properties is also being carried out. The need to ensure the integrity of the NDR database will require that all ratepayers must reapply for reliefs post revaluation, which will place a heavy burden on the local authority's Taxation Services Team, restricting time available for review and development of the interim policy.

3.3 Interim Policy Review and Development in 2023/24

3.3.1 The interim policy which is outlined in this report largely replicates the existing reliefs available. There is nothing in it to incentivise ratepayers to bring vacant non-domestic properties back into use, which is an aim of the local authority.

3.3.2 It is intended that in the next financial year, 2023-24, when capacity is available to do so, work will commence in conjunction with Economic Growth and Development Services to investigate how the Empty Property Relief policy can be used to promote the return to occupation of non-domestic properties. This work will consider all possible options, including sliding scales of relief for certain classes of properties. It is envisaged that the development of this revised policy will likely include consultation with stakeholders, ratepayers and other interested parties.

3.3.3 Once the development of this revised policy is complete, it will be brought back to this Committee for review.

3.4 Proposed Interim Empty Property Relief Policy

3.4.1 **Appendix 1** to this report contains an outline of the existing suite of statutory reductions available to ratepayers of empty non-domestic properties, and a brief description of the entitlement circumstances.

3.4.2 The table in **Appendix 1** also displays the proposed devolved version for each of the current reliefs.

3.4.3 It is recommended that the proposed policy will be effective initially for one year, commencing 1 April 2023, and subject to review in 2023-24.

- 3.4.4 With the exception of Shootings and Deer Forests, in regard to each of the reductions that it is proposed the local authority adopts, the qualification and administration criteria contained in the statute effective at 31 March 2023 will be replicated in the Moray Council's bespoke interim local policy.
- 3.4.5 In any instance where there is an overlap between Scottish Government legislation and Moray Council's local policy, if the ratepayer has already received an award of some empty property relief under the earlier legislation, the ratepayer will only be entitled to the balance of the reduction available under the new policy. There will be no entitlement to a cumulative award across the two schemes which exceeds the entitlement available under Moray Council's local policy.

3.5 Shootings and Deer Forests

- 3.5.1 Shootings and Deer Forests are inserted on the Valuation Roll by the Assessor as an incorporeal right. Such a 'right' cannot be by definition vacant. Scottish Government has previously issued non-statutory guidance that shooting rights which were not exercised should be entitled to empty property relief. This is inconsistent with the nature of the entry on the Valuation Roll and the criteria determining qualification to empty property relief.
- 3.5.2 Scottish Government also provided non-statutory guidance that where shooting rights were only used for pest control purposes empty property relief should be granted. This is inconsistent with the nature of the entry on the Valuation Roll and the criteria determining qualification to empty property relief.
- 3.5.3 There are currently 67 shootings and deer forests in Moray which receive exemption from the payment of Non-Domestic Rates.
- 3.5.4 One local authority has previously rejected Scottish Government's guidance that empty property relief be granted, and has charged Non-Domestic Rates for shooting rights regardless of whether these are exercised or the manner in which they are used.
- 3.5.5 For the reasons set out at paras 3.5.1 and 3.5.2, the proposal within this report not to continue to grant empty property relief on shooting rights removes an anomaly in the administration of Non-Domestic Rates accounts.
- 3.5.6 It should be noted that ratepayers who are responsible for the payment of shooting rights with a low rateable value and which are exercised will continue to be able to claim a reduction award under the Small Business Bonus Scheme.

4. **SUMMARY OF IMPLICATIONS**

(a) **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

No council/community planning priority implications for the local authority arise from the content of this report.

(b) **Policy and Legal**

Due to the planned revocation by Scottish Government of existing Empty Property Relief legislation on 31 March 2023, the local authority must have a bespoke empty property relief policy in place on 1 April 2023.

(c) **Financial implications**

The non-inclusion of shootings and deer forests in the local authority's bespoke empty property relief policy will result in an increase of approximately £44,000 in NDR income.

(d) **Risk Implications**

No risk implications for the local authority arise from the content of this report.

(e) **Staffing Implications**

The proposed policy and its review will be carried out by existing staff. In the context of the workloads potentially arising from the revaluation of all non-domestic properties and the review of reliefs, this additional workload will be challenging.

(f) **Property**

No property implications for the local authority arise from the content of this report.

(g) **Equalities/Socio Economic Impact**

No equalities implications for the local authority arise from the content of this report.

(h) **Climate Change and Biodiversity Impacts**

The impacts of the removal of rates relief on biodiversity of deer forests cannot be determined. However, there is unlikely to be any biodiversity or climate change implications resulting from this report.

(i) **Consultations**

The Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, the Chief Financial Officer, the Principal Climate Change Officer and Lindsey Robinson, Committee Services Officer have been consulted in the preparation of this report and his comments incorporated in its content.

5. CONCLUSION

- 5.1 This report has laid before Members of this committee a proposal for a policy effective from 1 April 2023 for the administration of empty property relief for non-domestic properties.**

Author of Report: James Taylor, Taxation Manager.

Background Papers:

Ref:

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