



REPORT TO: CORPORATE COMMITTEE ON 30 JANUARY 2024

SUBJECT: PROPOSED 2024 NON-DOMESTIC RATES EMPTY PROPERTY RELIEF POLICY

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

1. REASON FOR REPORT

- 1.1 To seek Committee approval for the implementation of an Empty Property Relief policy for non-domestic properties for the coming financial year, 2024-25.
- 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 agree the Empty Property Relief policy summarised in this report and detailed in APPENDIX1.**

3. 2024 EMPTY PROPERTY RELIEF POLICY PROPOSAL

Policy Background

- 3.1 The reliefs available to ratepayers for empty non-domestic properties have previously been determined by reference to the appropriate statute. Scottish Government, in response to representation from the Convention of Scottish Local Authorities (CoSLA), agreed to devolve determination of empty property relief policy to local authorities from 1 April 2023. This had the effect of removing these properties from the national NDR rates pool.
- 3.2 The Corporate Committee of 31 January 2023 put in place an interim policy at 1 April 2023 to permit officers to develop a more detailed policy for implementation in the following financial year (Para 7 of the minute refers). This Empty Property Relief policy is detailed, including by breakdown of property numbers, in Column A of **Appendix 2**. A number of other local authorities followed a similar timescale.

- 3.3 The policy outlined in this report sets out the outcome of the work done during this financial year, and it is proposed that this policy becomes the local authority's ongoing policy from 1 April 2024 for the disposal of applications for relief on empty non-domestic properties.

Property Use Background

- 3.4 There are currently 256 properties classed as empty. The breakdown of these properties by relief type is shown in Column A of **Appendix 2**.
- 3.5 The existing policy on the treatment of unoccupied properties currently costs the local authority £0.412M in foregone non-domestic rates.
- 3.6 For the purposes of the determination of empty property relief, a property is considered empty if all moveable items have been cleared from it (otherwise it will be considered as being used for storage). The only exception to this may relate to industrial properties, where stationary plant and machinery may remain in place.

Policy Proposal

- 3.7 The 2024 Empty Property Relief policy proposed in this report (and set out in details in **APPENDIX 1**) seeks to balance providing short-term relief from the payment of rates while a property is vacant with incentivising property owners to bring such properties back into use. It will also simplify the existing policy, and it will raise the 'floor' at which empty properties with small rateable values are exempted from the payment of rates.
- 3.8 Empty properties are a negative feature in many town centres and are frequently detrimental to the business environment and to civic amenity. The availability of exemption from the payment of rates for some classes of property means that there is little, if any, incentive to bring such properties back in to occupation. It is envisaged that the Empty Property Relief policy proposed in this paper, by removing exemption from rates from some classes of property, may incentivise bringing unoccupied properties back into use to the benefit of the local community and to the improvement of town centre environments.
- 3.9 It is recommended that the proposed Empty Property Relief policy will be effective for an initial five-year period, commencing 1 April 2024.
- 3.10 It is recommended that the Empty Property Relief policy contain a requirement that a non-domestic property is occupied for at least six months prior to any new award of any of empty rates relief may be made.
- 3.11 In determining entitlement to Empty Property Relief, reference should be made to the property's last occupation date, regardless of ratepayer.
- 3.12 It is estimated that the bespoke Empty Property Relief policy described in this report would generate additional non-domestic rates revenues of £0.338M.
- 3.13 It is estimated that the bespoke Empty Property Relief policy described in this report would directly impact 168 properties.

- 3.14 Any application for an award under the terms of the proposed Empty Property Relief policy will require to be made on an application form and accompanied, where appropriate, by evidence demonstrating that the property is empty.
- 3.15 An Empty Property Relief application form will require to be submitted to the Taxation Services Team within ninety days of the issue of the initial Non-Domestic Rates bill for the property for which relief is being sought. Once this period has expired, no application for an empty property relief may be accepted.
- 3.16 In addition to the classes of relief detailed in Appendix 1, it is proposed that a Moray Council-specific exemption class is also created. This exemption would be applied to all non-domestic rates accounts for empty properties for which the local authority is the ratepayer, not just those which are identified as surplus. It is desirable to exempt these vacant properties as it reduces the administrative burden to the local authority collecting rates from itself. There are currently 47 empty properties for which the local authority is the ratepayer, and the creation of this exemption class would remove the requirement to pay non-domestic rates of £0.155M.
- 3.17 Column B of the table in **Appendix 2** displays the proposed replacement for each of the 2023 reliefs available to ratepayers in the current financial year.

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

The revocation by Scottish Government of Empty Property Relief legislation on 1 April 2023 required each local authority to put in place a bespoke Empty Property Relief policy on that date.

The policy in this report succeeds the local authority's existing Empty Property Relief policy which came into operation for a period of twelve months on 1 April 2023, and was agreed by the Corporate Committee on 31 January 2023.

The policy described in this paper will be the local authority's ongoing policy for the administration of Empty Property Relief on non-domestic properties.

(c) Financial implications

It is estimated that the proposed amendments to the local authority's existing Empty Property Relief policy will result in an increase in NDR income of £0.338M, which will be retained by the Council.

The amendment of the existing Empty Property Relief policy will require the enhancement of the Non-Domestic Rates software suite. It is not envisaged that this will be a complex change so the additional software charges incurred by the local authority are unlikely to exceed £0.005M

(d) Risk Implications

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

(e) Staffing Implications

The proposed policy will not result in the creation of any increased workload for the staff of the Taxation Services Team.

(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

No climate change or biodiversity impacts arise from the content of this report.

(i) Consultations

The Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, the Chief Financial Officer, Democratic Services Manager and the Legal Services Manager have been consulted and their subsequent comments incorporated in the preparation of this Report.

5. CONCLUSION

5.1 This report submits to the Committee a proposal for a policy effective from 1 April 2024 for the administration of Empty Property Relief for non-domestic properties.

Author of Report: James Taylor, Taxation Services Manager.

Background Papers:

Ref: SPMAN-1293228629-1008