
Report To:	Policy & Resources Committee	Date:	19 September 2023
Report By:	Chief Financial Officer	Report No:	FIN/51/23/AP/TB
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	Non-Domestic Rates Empty Property Relief Policy - Consultation		

1.0 PURPOSE AND SUMMARY

1.1 For Decision For Information/Noting

1.2 On 31 January 2023 the Committee agreed that officers develop proposals for an amended non-domestic rates empty property relief policy as part of the 2024/25 Budget. The purpose of this report is to seek Committee views on the proposed consultation questionnaire, which raises the areas for potential changes to the existing policy.

1.3 The questionnaire proposes a review of the indefinite award of 100% relief from non-domestic rates for empty listed buildings and a standardisation of the differing provision of relief for commercial and industrial premises. In addition, there are a few questions regarding the type of support which could be offered to encourage occupation of empty properties. The draft public consultation questionnaire is attached as Appendix 1.

1.4 The consultation is intended to run to the end of October with the analysis being reported, along with the proposed NDR Empty Property Relief Policy, to the February meeting of the Committee. The estimated financial implications of any proposed changes will be considered at that time.

2.0 RECOMMENDATIONS

2.1 It is recommended that Committee confirms the areas to be included in the attached questionnaire and notes that a further report incorporating the proposed Empty Property Relief Policy and financial implications will be brought back to the February 2024 meeting of the Committee.

Alan Puckrin
Chief Financial Officer

3.0 BACKGROUND AND CONTEXT

- 3.1 The Non-Domestic Rating (Scotland) Act 2020 devolved charging and rates relief on unoccupied or empty premises to Councils with effect from 1 April 2023. Local authorities have powers contained in section 3A of the Local Government (Financial Provisions etc.) (Scotland) Act 1962 to award discretionary local reliefs. Committee agreed in January 2023 to the introduction of the Non-Domestic Rates (NDR) Empty Property Relief Policy from 1st April 2023, mirroring the legislation it replaced and decided that officers would be required to develop proposals for an amended policy with any financial implications considered as part of the 2024/25 Budget.
- 3.2 Empty commercial and industrial premises impact both visually and economically upon communities. A recent presentation to the Inverclyde Task Force reported that there is a lack of good quality premises of appropriate size and condition available to businesses who want to locate or grow in Inverclyde. Reviewing the Non-Domestic Rates Empty Property relief provides an opportunity to make changes that will encourage owners to bring empty premises back into use, therefore supporting the aims of the Economic strategy to strengthen the local economy, support existing businesses and encourage business to locate in Inverclyde.
- 3.3 The Scottish Government included £105 million per annum (fixed for three years) from 2023/24 to compensate councils for the costs of paying NDR Empty Property Relief based on historic spend plus an element of headroom. The sum allocated to Inverclyde Council in 2023/24 is £788,000 of which the Council agreed to reduce by £288,000 as part of the 2023/24 Budget based on projected costs. The latest position of Empty Property Relief expenditure allocated to 2022-23 accounts is £303,700.
- 3.4 The cost of the 2023-24 policy will be affected by a re-valuation of rateable values from 1st April 2023 and a review of the Small Business Bonus Scheme carried out during 2022, resulting in Empty Property Relief being withdrawn from more than three hundred small businesses. While many have since responded with relief being reinstated it is anticipated that these numbers will increase throughout the year.
- 3.5 Officers reviewed the policy and identified three categories of relief for consideration: (i) empty listed buildings; (ii) empty commercial premises; (iii) empty industrial premises. Expenditure in the three categories selected totalled £227,115 representing 75% of 2022-23 total expenditure. Other categories attracting 100% relief omitted from the review are areas where restricting relief would have less impact or where it is not possible or permitted to return them back into use. These include where the rateable value of the property is less than £1,700; the person entitled to possession of the property is the executor of a deceased person; the person is insolvent; the owner of the property is prohibited by law from occupying or allowing the premises to be occupied.
- 3.6 Empty listed building relief is currently applied to the non-domestic rates accounts of seventeen premises and is projected to cost £147,100 in 2023/24. This category of relief is the highest proportion of all expenditure. Inverclyde Council owns two empty listed buildings, Riverside Inverclyde own eight with seven empty listed buildings in the private sector receiving relief. It is officers' view that ceasing the provision of 100% rates relief for an indefinite period should be explored. While there may be reasons why buildings are left unoccupied, the provision of indefinite 100% relief reduces the incentive for property owners to bring premises back into occupation.
- 3.7 Unless empty premises meet the criteria for one of the categories where 100% relief applies, the current policy provides different rates of relief for empty commercial premises and empty industrial premises. The categorisation of commercial or industrial is determined by the purpose for which premises were last used.

- 3.8 Empty commercial premises such as shops, offices, salons are eligible for relief at a rate of 50% for 3 months, followed by 10% until premises are occupied. This level of relief cost £87,900 in 2022/23 for 99 premises. Empty industrial premises including factories, warehouses, workshops, are eligible for relief at a rate of 100% for 6 months, followed by 10% until premises are occupied. This level of relief cost £20,700 in 2022/23 for 11 premises. Officers believe that a standard provision would provide clarity for the business community and remove any debate over whether a premises is industrial or commercial in nature. The potential reduction in Empty Industrial relief reduces the risk to the budget in the event of large industrial premises becoming empty.
- 3.9 The potential changes identified to listed building relief has been introduced, agreed or is being considered by most councils. A variety of other changes are being considered with some councils having already agreed or are considering more extensive changes than are contained in this report.

4.0 PROPOSALS

- 4.1 It is proposed that three main categories of relief provided by the Non-Domestic Rates Empty Property Policy identified by officers are reviewed and form part of a questionnaire and public consultation.
- 4.2 Subject to agreement, a public consultation will open for a period of 5 weeks from late September 2023 to capture views. The survey will be sent by post to all non-domestic rates premises and their billing addresses with an online version of the survey promoted electronically by Corporate Communications with direct engagement with the business community through established forums. The draft questionnaire is attached as Appendix 1.
- 4.3 The survey seeks opinions on the continuation, reduction or termination of relief for empty Listed Buildings and proposes equalising the provision for empty Industrial and empty Commercial premises to 50% for a period of 3 months followed by 10% until occupied. Options for the timing of the implementation of any changes have been provided along with views on financial incentives or support measures to encourage businesses to occupy empty premises.

5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed:

SUBJECT	YES	NO
Financial	x	
Legal/Risk	x	
Human Resources		x
Strategic (Partnership Plan/Council Plan)	x	
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		x
Environmental & Sustainability		x
Data Protection		x

5.2 Finance

The potential financial implications of the proposals will be clarified in the next update to Committee however, it must be appreciated that the number and type of empty properties varies year on year and is influenced by many factors outwith the control of the Council.

One Off Costs/ (Savings)

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

5.3 Legal/Risk

There are no direct legal implications arising from consulting on proposed amendments to the policy. Any proposed amendments arising from the consultation will be subject to review by Legal, Democratic, Digital and Customer Services.

5.4 Human Resources

There are no direct Human Resources implications arising from this report.

5.5 Strategic

An agreed Non-Domestic Rates Empty Property Relief policy aims to reduce the number of empty properties within the area and as such is an important element of the Councils Economic Strategy.

6.0 CONSULTATION

6.1 The proposed areas for review and questionnaire were identified between Finance Services and the Regeneration Service. The CMT support the proposals in the report and the MBWG have considered the proposals.

7.0 BACKGROUND PAPERS

7.1 Empty Property Relief Policy – Approved January, 2023.

BUSINESS NAME:

ADDRESS:

Inverclyde
council

Dear

Non-Domestic Rates - Empty Property Relief Consultation

With effect from 1 April 2023 the determination and administration of Non-Domestic Rates Empty Property Relief (EPR) was devolved to local authorities in Scotland. As a result, Councils were required to set their own policy for the rating and reliefs available for unoccupied or empty properties.

Inverclyde Council's Non-Domestic Rates Empty Property Relief Policy was agreed on 31 January 2023 on the basis that reliefs mirror the legislation it replaced but with a commitment to develop a local scheme during 2023/24 with any financial implications considered as part of the 2024/25 Budget.

Your views are sought on the proposed changes to the policy and financial incentives or support measures to encourage businesses to occupy empty properties.

Online responses are preferred and a QR code is provided below for your convenience. If you are not able to reply online a form is enclosed, starting on the next page. There are eight questions which will take only 10 minutes to complete.

Completed forms should be returned to the Customer Service Centre, Clyde Square, Greenock or by post using the freepost envelope provided, you don't need a stamp. The survey closes at 5pm on 31st October 2023.

Inverclyde Council's Non-Domestic Rates Empty Property Relief Policy and the questionnaire are found here:



Respondent Information Form

Please Note this form **must** be completed and returned with your response.

To find out how we handle your personal data, please see our privacy policy:

[Privacy - Inverclyde Council](#)

About You

I am:

- An owner of an empty business property in Inverclyde
- An owner of an empty listed business property in Inverclyde
- An owner of an empty property in Inverclyde with a rateable value of less than £1,700
- An owner of an occupied business premises in Inverclyde
- Someone who has tried to let a business premises in Inverclyde but doesn't at present
- A member of the business community letting premises in Inverclyde
- Responding on behalf of a community organisation
- An interested member of the public

Non-Domestic Rates - Empty Property Relief Consultation

Empty Listed Buildings

At July 2023 there were seventeen listed buildings with Empty Property Rates Relief costing Inverclyde Council £147,100. These buildings have each been empty and in receipt of Empty Property Rates Relief for between 5 months and 29 years.

Appendix 1 provides key points about Inverclyde Council's Non-Domestic Rates - Empty Property Relief Policy and more statistical information.



Question 1

Inverclyde Council's Non-Domestic Rates - Empty Property Relief Policy currently provides 100% relief for empty Listed Buildings. This means that those responsible for unoccupied Listed Buildings in the local area do not pay rates for an unlimited period of time. Do you agree with this level of relief?

	Strongly Agree	Go to Q4
	Agree	Go to Q4
	Neither/nor	
	Disagree	
	Strongly Disagree	

Please give a reason(s) for your answer.

Question 2

If the Council were to restrict the level of rates relief for unoccupied Listed Buildings, how much relief should instead be provided?

- 25% relief
- 50% relief
- 75% relief
- Other. *Please State.*

Please give a reason(s) for your answer.



Question 3

Inverclyde Council currently offers Non-Domestic Rates Empty Property Relief for unoccupied Listed Buildings indefinitely.

If the Council were not to provide relief indefinitely for unoccupied Listed Buildings, what amount of time from the date a property was last occupied would be appropriate:

- 6 months
- 12 months
- 24 months
- Other. *Please State.*

Please give a reason(s) for your answer.



Empty Commercial and Industrial Premises

Inverclyde Council currently provides different rates of Non-Domestic Rates Empty Property Relief for empty commercial premises and empty industrial premises.

Empty commercial premises receive relief at a rate of 50% for 3 months, followed by 10% until premises are occupied. Commercial premises are shops, offices, salons, etc. This level of relief cost £87,900 in 2022/23.

Empty industrial premises receive relief at a rate of 100% for 6 months, followed by 10% until premises are occupied. Industrial premises are factories, warehouses, workshops, etc. This level of relief cost £20,700 in 2022/23.

Question 4

Inverclyde Council could provide the same level of rates relief for empty commercial and empty industrial premises at a rate of 50% for 3 months, followed by 10% until premises are occupied.

Do you agree with this level of relief?

	Strongly Agree	
	Agree	
	Neither/nor	
	Disagree	
	Strongly Disagree	

Please give a reason(s) for your answer.

We would now like to ask you about the timing of potential changes to the local Non-Domestic Rates Empty Property Relief Policy.

Question 5

Changes to the Policy can be phased to allow ratepayers to adjust. When do you think that changes to the Policy should be introduced?

1st April 2024 – **Go to Q7**

Please give a reason(s) for your answer.



Question 6

When should the changes to the Policy be introduced?

- 1st October 2024
- 1st April 2025
- Delay the introduction of Policy changes until a date beyond April 2025
- Other. *Please State.*

Please give a reason(s) for your answer.

The last section of the Consultation asks about economic development support for local businesses.

Question 7

Do you agree that financial incentives or support measures would encourage businesses to occupy empty properties in Inverclyde?

<input type="checkbox"/>	Strongly Agree	
<input type="checkbox"/>	Agree	
<input type="checkbox"/>	Neither/nor	
<input type="checkbox"/>	Disagree	
<input type="checkbox"/>	Strongly Disagree	

Please give a reason(s) for your answer.



Question 8

Which type of financial incentives or support measures would encourage businesses to occupy empty properties? *Please state.*

1.	
2.	
3.	
4.	
5.	

Next Steps

We will carefully analyse the feedback received and report on findings. We will consider routes for funding beneficial options and use this to guide future actions and policies.

We genuinely value your input, and your participation in this consultation will play a vital role in shaping the future of our area. Together, we can unlock the untapped potential of our empty business properties and build a stronger, more prosperous community.

Thank you in advance for your time and contributions.

Where do I return my completed form?

Completed forms should be returned to the Customer Service Centre, Clyde Square, Greenock or by post using the envelope provided. **The survey closes at 5pm on 31st October 2023.**



More Information:

Appendix 1

The Non-Domestic Rates - Empty Property Relief Policy cost £303,700 in 2022/23.

Unoccupied industrial property is eligible for 100% relief for the first six months since becoming unoccupied, and 10% awarded thereafter until occupied.

Other (non-industrial) unoccupied property is eligible for 50% relief for the first three months since becoming unoccupied and awarded 10% thereafter until occupied.

100% relief is awarded indefinitely for unoccupied properties which meet any of the following:

- Empty property is a listed building
- Empty property where the rateable value is under £1,700
- Empty property which is owned by a trustee for sequestration, liquidation, or executors
- Empty property which cannot be occupied by law
- Empty property which is under a compulsory purchase order
- Empty property which has no buildings (i.e., land)
- Empty property where the owner is in administration (or subject to an administration order)
- Empty property where the owner is a company or partnership being wound up.

Non-Domestic Rates Empty Property Relief 2022-23

Relief Category	Value of Relief	Number of Properties
100% relief for empty Industrial (6 months)	£13,025.63	11
10% long term empty (industrial)	£7,628.10	
50% relief for empty Commercial (3 months)	£52,291.06	99
10% long term empty (commercial)	£35,630.29	
Listed Exempt Relief (100%)	£118,540.51	14
RV less than £1700 empty (100%)	£11,330.45	56
Land/Ground empty/exempt (100%)	£0.00	0
Insolvency empty (100%)	£57,900.35	4
Other exempt (100%)	£7,319.03	3
Total	£303,665.42	187

Empty Listed Building Property Relief by Postcode (August 2023)

Postcode:	PA14 5N	PA15 1E	PA15 1H	PA15 1J	PA15 1L	PA15 1Q	PA15 1R
No. of premises	1	5	2	1	2	4	2

