
Report to: Council

Date of Meeting: Thursday 23 March 2023

Subject: Non-Domestic Rates - Empty Property Relief

Report by: Chief Finance Officer

1.0 Purpose

- 1.1. The existing reliefs that apply to empty non-domestic properties will cease to apply from 1st April 2023. Clackmannanshire Council, as all other local authorities in Scotland, are required to develop a policy on the reliefs available to empty properties within the Non-Domestic Rating system.
- 1.2. This report sets out the Councils policy for Non-Domestic Rates (NDR) Empty Property Relief effective from 1 April 2023.

2.0 Recommendations

- 2.1. It is recommended that Council:
 - 2.1.1 note the need to have a policy for Empty Property Relief effective from 1 April 2023;
 - 2.1.2 agree the proposed policy effective from 1 April 2023 as set out in Appendix A, and
 - 2.1.3 note that this policy will be reviewed during 2023/24.

3.0 Considerations

- 3.1. NDR is a tax on business, commercial, industrial and other miscellaneous property types. All properties are given an independently assessed rateable value by the Scottish Assessors, with a revaluation carried out every three years from 1 April 2023. This value is then used along with the NDR poundage rate set by the Scottish Government to determine the annual charge for each property. Businesses may be entitled to reductions in their bill through relief schemes.
- 3.2. NDR is collected by Councils on behalf of the Scottish Government. As part of the annual funding package, the Scottish Government agrees an amount of funding based on an estimate of the rates income to be collected. For Clackmannanshire this equates to £17.8m for 2023/24. The actual amount collected in-year often differs from the original forecast provided by local

authorities to the Scottish Government due to change in circumstance, reliefs etc. To protect local authorities from these differences, the Scottish Government guarantees the amount of NDR income local authorities will receive. The Scottish Government pays any shortfall, and keeps any extra collected, and then adjusts the following year's guaranteed amounts accordingly. This process is often referred to as the "NDR pooling arrangement".

- 3.3. Local Authorities currently administer Empty Property Relief on behalf of the Scottish Government and are compensated on the full cost of the relief through the NDR pooling arrangement. However, from 1st April 2023 legislation will no longer permit empty property reliefs and as such local authorities will not be compensated for the award of any Empty Property relief.
- 3.4. To compensate local authorities for the cost of delivering empty property relief, the Scottish Government have confirmed funding of £105m per annum for 3 years to 2025/26. For Clackmannanshire Council, the share of the funding is £0.562m per annum. Based on the cost of reliefs awarded for 2022/23, this amount is expected to exceed this cost.
- 3.5. The policy proposed in appendix A is based on the relief available to rate payers per the current legislation.
- 3.6. Due to the short timescale to implement this policy, it is proposed that the policy is reviewed during 2023/24. This will allow full consideration of the financial implications to the Council as well as the impact on local business.

4.0 Sustainability Implications

- 4.1. None

5.0 Resource Implications

5.1. Financial Details

- 5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate.
- 5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

5.4. Staffing

- 5.5. None

6.0 Exempt Reports

- 6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please click on the check box)

Clackmannanshire will be attractive to businesses and people and ensure fair opportunities for all

Our families, children and young people will have the best possible start in life

Women and girls will be confident and aspirational, and achieve their full potential

Our communities will be resilient and empowered so that they can thrive and flourish

(2) **Council Policies** (Please detail)

8.0 Equalities Impact

8.1. Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes

No

9.0 Legality

9.1. It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

10.1. Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix A: Non-Domestic Rates Empty Property Relief Policy

11.0 Background Papers

11.1. Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered).

Yes


No

(please list the documents below)

Author(s)

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Approved by

| NAME | DESIGNATION | SIGNATURE |
|-----------------|---|---|
| Stuart Crickmar | Strategic Director (Partnership and Performance) |  |

Clackmannanshire Council

Non-Domestic Rates Empty Property Relief Policy

Author: Ben Watson

Date: 24th February 2023

1. Policy Title

Non-Domestic Rates Empty Property Relief.

2. Policy Statement

Clackmannanshire Council is required to develop a policy on the charging and reliefs available to empty properties within the Non-Domestic Rating system.

The policy will be effective from 1st April 2023 and replaces the statutory reliefs in place up to 31st March 2023

3. Definition

Empty properties are defined as those subjects that have been added to the Valuation List by the Assessors for Central Scotland which are not currently occupied.

4. Extent to which relief can be awarded for subjects completely unoccupied

The following relief will be awarded, where relevant conditions are met, normally following an application made by ratepayer, or their agent.

Relief to be awarded – time limited

- 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 awarded – without limit of time

100% relief will be indefinitely awarded for unoccupied properties which meet any of the following:-

- Empty property is a listed building.
- The rateable subjects are:
 - a) Subject of a building preservation notice/s as defined by Section 56 of the Town and Country Planning (Scotland) act 1972(a) or included in a list compiled under Section a of that Act; or
 - b) Included in the Schedule of Monuments compiled under Section 11 of the Ancient Monuments and Archaeological Areas Act;
- Empty property where the rateable value is under £1,700.

- Empty property which is owned by a trustee for sequestration, liquidation, or executors.
- The person entitled to possession of the lands and heritages is so entitled by virtue only of being:-
 - a) The trustee under a trust deed for creditors; or
 - b) The trustee under an award of sequestration; or
 - c) The executor of the estate of a deceased person.
- Empty property where the owner is a company or partnership being wound up under the Insolvency Act.
 - a) The person entitled to possession of the lands and heritages is so entitled in his capacity as liquidator by virtue of an order made under Section 112 or Section 145 of the Insolvency Act 1986 (d); or
 - b) The owner of the lands and heritages is a company which is subject to a winding-up order made under the Insolvency Act 1986, or which is being wound up voluntarily under that Act.
- Empty property which cannot be occupied by law or the owner of the lands and heritages are prohibited by law from occupying them or allowing them to be occupied.
- Empty property which is under a compulsory purchase order or the lands and heritages are kept vacant by reason of action taken by or on behalf of the Crown or any local or public authority with a view to prohibiting the occupation of the lands and heritages or to acquiring them.
- Empty property which has no buildings (i.e. land).

5. Property Partly Unoccupied For A Short Time

If a property is partly unoccupied for a short time, relief may be awarded on that part of the property which is not occupied. Any constant period of part non-occupation of less than four weeks (28 days) duration will not qualify for relief.

Applications for relief due to part occupation will only be considered if there is no outstanding appeal against the rateable value of subjects.

6. General

Applications for relief need to be made on an annual basis to confirm continued eligibility.

This policy has no impact on occupied properties.

Empty Property Relief does not affect other statutory reliefs such as Fresh Start Relief or New and Improved Reliefs.

7. Implementation

Any ratepayer currently in receipt of empty property relief in 2022/23 will have to reapply for 2023/24, this will ensure that there has been no change to their circumstances or entitlement to the relief. All ratepayers will be written to advising of the changes.

An application form will be made available online and paper forms will also be available for those unable to use digital services.

8. Review

This Policy will be reviewed during 2023/24 and as required thereafter.