

REPORT TO: Cabinet

MEETING DATE: 30 January 2024

BY: Executive Director for Council Resources

SUBJECT: Changes to Business Rates Empty Property Relief Policy

1. PURPOSE

- 1.1. To seek Cabinet's agreement to change the Council's Business Rates Empty Property Relief Policy.

2. RECOMMENDATIONS

- 2.1. Cabinet is recommended to approve the Business Rates Empty Property Relief Policy changes outlined in paragraphs 3.4 to 3.11. The revised policy will be effective from 1st April 2024.

3. BACKGROUND

- 3.1. From 1st April 2023, Scottish Councils were able to introduce their own Empty Property Relief policy by using Section 3A of the Local Government (Financial Provisions etc.) (Scotland) Act, as amended by Section 140 of the Community Empowerment (Scotland) Act 2015. Empty properties are defined as rateable entries which are not currently occupied.
- 3.2. An East Lothian Business Rates Empty Property Relief Policy was implemented from 1st April 2023. The Policy agreed by Council at this time mirrored the Scottish Government's previous empty property legislation and definitions, and Council noted the intention to review this policy during the 2023/24 financial year.
- 3.3. The Council's Empty Property Relief Policy was reviewed during 2023/24 as part of our wider budget strategy. As part of this review, views were sought from Revenues, Finance and Economic Development colleagues and information was gathered from other Scottish Councils in relation to their planned policy updates.

POLICY CHANGES

- 3.4. The policy changes recommended aim to; treat empty properties consistently, encourage long-term empty properties back into use and reduce the costs to the Council of delivering this policy.
- 3.5. Apart from the categories listed in section 5, the Council's Business Rates Empty Property Relief Policy will be revised to treat every empty property in the same way; all empty properties will receive 50% rates relief for the first three months from the last occupation date and 10% relief thereafter. A summary of policy changes, and the number of properties at 1st November 2023 that would be affected by this policy change, is contained in Appendix 1.
- 3.6. Industrial Properties (with the same definition contained previously in the Local Government (Scotland) Act 1966) will no longer receive 100% relief for six months from the last date of occupation and 10% relief thereafter. Newly unoccupied Industrial Properties will receive 50% relief for the first three months from the last occupation date and 10% relief thereafter. On 1st April 2024, any ongoing period of six-month Industrial 100% relief will change to 50% relief for the remainder of any three-month period, followed by 10% relief thereafter.
- 3.7. Listed Buildings or properties subject to preservation order will no longer receive 100% relief. Newly unoccupied Listed Buildings or properties subject to preservation order will receive 50% rates relief for the first three months from the last occupation date and 10% relief thereafter.
- 3.8. Lands and heritages that do not comprise of any building or part-building. will no longer receive 100% relief. Newly unoccupied lands and heritages that do not comprise of any building or part-building will receive 50% rates relief for the first three months from the last occupation date and 10% relief thereafter.
- 3.9. Properties with a rateable value of less than £1700 will no longer receive 100% relief. Newly unoccupied properties with a rateable value of less than £1700 will receive 50% rates relief for the first three months from the last occupation date and 10% relief thereafter.
- 3.10. Empty properties where the related 100% relief policy is changing, that have been unoccupied for more than three months, will move to 10% relief from 1st April 2024. Empty properties where the related 100% relief policy is changing, that have been unoccupied for less than three months, will receive the remainder of any three-month period as 50% relief from 1st April 2024, followed by 10% relief thereafter.
- 3.11. In advance of issuing 2024/25 annual bills, all ratepayers affected by the changes to Empty Property Relief will be contacted. Ratepayers will be signposted to contact our Business Rates Team if they have any questions.

NO CHANGE TO POLICY

- 3.12. Empty properties where the rateable occupier is a trustee for sequestration, liquidation, or an executor of the estate of a deceased person will continue to receive 100% relief.
- 3.13. Empty properties where the rateable occupier is a company that has been wound up under the Insolvency Act will continue to receive 100% relief. 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 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.
- 3.14. Empty properties where occupation is prohibited by law will continue to receive 100% relief. The owner of the lands and heritages are prohibited by law from occupying them or allowing them to be occupied.
- 3.15. Empty properties which are subject to a compulsory purchase order will continue to receive 100% relief. 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.
- 3.16. All other non-industrial properties will continue to receive 50% rates relief for the first three months from the last occupation date and 10% relief thereafter.
- 3.17. Short periods of occupation of three months or less will continue to be ignored when assessing last occupation date.

4. FINANCIAL IMPLICATIONS

- 4.1. As the number of empty properties at any given time is variable, and subject to regular movement, it is not possible to provide an exact value of the additional income expected. Based on a 1st November 2023 analysis of 208 empty properties, additional income gained from the policy changes described below could be up to £480k.
- 4.2. East Lothian Council is currently liable for 40 empty properties affected by these changes. East Lothian Council's Business Rates' charges will also increase. The additional cost to the Council is estimated to be in the region of £165k.

5. INTEGRATED IMPACT ASSESSMENT

- 5.1. The report is not applicable to the wellbeing of equalities groups and an Impact Assessment is not required.

6. RESOURCE IMPLICATIONS

- 6.1. No additional resource implications.
- 6.2. Personnel – none. Other – none.

7. BACKGROUND PAPERS

- 7.1. Additional East Lothian Business Rates information can be found here www.eastlothian.gov.uk/business-rates

Appendix 1 – Summary of Proposed Empty Property Policy Changes

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DATE	January 2024

APPENDIX 1

SUMMARY OF PROPOSED EMPTY PROPERTY POLICY CHANGES

Existing empty property reliefs will transfer over to the revised policy on 1st April 2024. A summary of empty property categories, and the policy for newly unoccupied properties before and after 1st April 2024, is shown in the table below.

Empty Relief Category	2023/24 Policy	Policy from 1st April 2024	Number of properties at 1st November 2023 that would be affected by 1st April 2024 policy change
Industrial properties	Six months 100% relief, then 10% relief	Three months 50% relief, then 10% relief	5
Listed buildings	100% relief	Three months 50% relief, then 10% relief	43
Land with no buildings	100% relief	Three months 50% relief, then 10% relief	9
Under £1700 rateable value	100% relief	Three months 50% relief, then 10% relief	84
Trustee for liquidation, sequestration, or executor of a deceased estate	100% relief	100% relief	0
Insolvent rateable occupier	100% relief	100% relief	0
Prohibited from occupation	100% relief	100% relief	0
Subject to compulsory purchase order	100% relief	100% relief	0
All other empty properties	Three months 50% relief, then 10% relief	Three months 50% relief, then 10% relief	0