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# NORTH AYRSHIRE COUNCIL

15 February 2023

## North Ayrshire Council

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<b>Title:</b>	<b>Non Domestic Rates Empty Property Relief</b>
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<b>Purpose:</b>	To seek approval of the policy for the provision of Empty Property Relief in relation to Non Domestic Rates following devolution of responsibility to local authorities from 1 April 2023.
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<b>Recommendation:</b>	That North Ayrshire Council approves the policy for the provision of Empty Property Relief in relation to Non Domestic Rates from 1 April 2023 as detailed in Appendix 1.
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### 1. Executive Summary

- 1.1 Following changes to the legislation governing the administration of Non Domestic Rates, Empty Property Relief will no longer be a mandatory relief from 1 April 2023 and local authorities will be required to set their own policies for offering discretionary relief to empty properties within their respective boundaries.
- 1.2 This paper proposes the adoption of an Empty Property Relief policy for the administration of a discretionary local relief under section 3A of the Local Government (Financial Provisions etc.) (Scotland) Act 1962, as amended.
- 1.3 In light of the limited time before the required implementation of the policy and the potential disruption to existing ratepayers, it is currently proposed that the eligibility criteria under the North Ayrshire Scheme continues to reflect the former mandatory relief previously developed by the Scottish Government. Consideration of potential future reviews to the eligibility criteria will be made once the baseline funding position has been confirmed by the Scottish Government and the potential financial impact of any future changes can be quantified.

## **2. Background**

- 2.1 Under the Non Domestic Rating Contribution (Scotland) Regulations, local authorities act as agents of the Scottish Government in the collection and administration of Non Domestic Rates within their respective areas. This includes the administration of a number of mandatory reliefs offered to reduce the rates burden in relation to a range of activities or conditions, including Empty Property Relief which offers up to 100% relief for eligible premises under criteria set by the Scottish Government in accordance with the Local Government (Scotland) Act 1966, section 24 and a range of subsequent legislative amendments.
- 2.2 The Non Domestic Rates (Scotland) Act 2020 has repealed section 24 of the 1966 Act with effect from 1 April 2023, removing Empty Property Relief as a mandatory requirement. From that date, any local authority wishing to offer Empty Property Relief to businesses must adopt a local policy under the powers to award discretionary local reliefs contained in section 3A of the Local Government (Financial Provisions etc.) (Scotland) Act 1962, as amended.
- 2.3 The current mandatory Empty Property Relief administered on behalf of the Scottish Government is available to all eligible properties as follows:

### Empty Property Relief

Empty properties are eligible for 50% relief from non-domestic rates for the first 3 months in which they are empty, followed by a maximum 10% relief thereafter.

Empty industrial properties are eligible for 100% relief from non-domestic rates for the first 6 months in which they are empty, followed by a maximum 10% thereafter.

In certain circumstances empty properties may receive 100% relief from non-domestic rates for the entire period during which they are empty, this includes:

- listed buildings;
- properties with rateable values under £1,700;
- properties owned by a trustee for sequestration, liquidation or executors;
- where the company who owns the property has been wound up;
- where the property cannot be occupied by law;
- properties subject to a compulsory purchase order; and
- where there are no buildings (empty ground).

- 2.4 During 2021/22, the last full year for which complete data is currently available, a total of 615 properties across North Ayrshire received some element of Empty Property Relief, totalling £2.872m, with 416 properties identified as empty on 1 April 2022. This represented a wide variety of properties, with the most common being offices, 129 empty properties, and shops, 107 empty properties.

- 2.5 The current cost of providing Empty Property Relief is included within the Non Domestic Rates funding received as part of the annual Local Government Finance Settlement. An adjustment will be included within the 2023/24 Local Government Finance Settlement to distribute £105m across local authorities to offset the initial cost of implementing discretionary empty property relief. This funding will be distributed in line with the projected costs of continuing the current mandatory relief's eligibility criteria, with North Ayrshire Council anticipating an allocation of £2.803m. Any adjustment to the eligibility criteria which results in additional costs will need to be met from within the local authority's existing resources.
- 2.6 Work has already begun with the Council's software providers to update the Non Domestic Rates system to remove Empty Property Relief as a mandatory relief and substitute an equivalent discretionary relief. However, in light of the limited time available before the required implementation date and the absence of a confirmed funding distribution, it is proposed that no changes are made to the eligibility criteria at this time. It is proposed that the option to carry out future reviews will be deferred until after the baseline funding position has been confirmed by the Scottish Government and the potential financial impact of any future changes can be quantified. Full details of the proposed North Ayrshire Council Empty Property Relief are included in Appendix 1.

### **3. Proposals**

- 3.1 It is proposed that North Ayrshire Council approves the policy for the provision of Empty Property Relief in relation to Non Domestic Rates from 1 April 2023 as detailed in Appendix 1.

### **4. Implications/Socio-economic Duty**

#### **Financial**

- 4.1 It is currently anticipated that the full costs in relation to the implementation of the proposed policy will be offset by the proposed adjustment to the 2023/24 Local Government Finance Settlement. Any subsequent variation to the eligibility criteria will be considered as part of the annual Medium Term Financial Planning considerations.

#### **Human Resources**

- 4.2 None.

#### **Legal**

- 4.3 None.

#### **Equality/Socio-economic**

- 4.4 None.

## **Climate Change and Carbon**

4.5 None.

## **Key Priorities**

4.6 This proposal supports the key priority of “An efficient Council that maximises resources and provides value for money” through the administration of appropriate reliefs to support local businesses.

## **Community Wealth Building**

4.7 None.

## **5. Consultation**

5.1 No consultation has been required in the preparation of this report

**Mark Boyd**  
**Head of Service (Finance)**

For further information please contact **David Forbes, Senior Manager (Strategic Business Partner)**, on **01294 324551** or **DavidForbes@north-ayrshire.gov.uk**.

## **Background Papers**

None

## **North Ayrshire Council**

### **Non Domestic Rates**

#### **Discretionary Empty Property Relief 2023-24**

##### **Industrial Properties**

###### **100% Empty Property Relief**

For a maximum of 6 months from the date when the property became vacant.

###### **90% Empty Property Rate**

After 6 months, charged as a percentage of the rate that would apply if the premises were occupied.

##### **All Other Properties**

###### **50% Empty Property Relief**

For a maximum of 3 months from the date when the property became vacant.

###### **90% Empty Property Rate**

After 3 months, charged as a percentage of the rate that would apply if the premises were occupied.

Please note: 100% relief will be awarded to the following type of properties:

- rateable value less than £1,700;
- listed building, ancient monument or property with a preservation order;
- prohibited by Law from occupation (e.g. a Building Warrant has been issued);
- under compulsory purchase order;
- unoccupied due to death or insolvency;
- properties not comprising one or more buildings or part of a building.

In addition, where a property was last occupied and was awarded an exemption due to being a registered charity, as detailed in Regulation 4 of the Local Government (Financial Provisions etc.) (Scotland) Act 1962, a further exemption may be awarded for the empty period.