

Report

Report to: **Executive Committee**
Date of Meeting: **24 January 2024**
Report by: **Chief Executive**

Subject: **Recommendations Referred by Finance and Corporate Resources Committee – Non-Domestic Rates – Empty Property Relief Policy**

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ request approval of the undernoted recommendation referred to this Committee by the Finance and Corporate Resources Committee of 6 December 2023.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the revised Empty Property Relief (EPR) Policy be approved and adopted by the Council from 1 April 2024.

3. Background

3.1 **Recommendation Referred by Finance and Corporate Resources Committee of 6 December 2023 – Non-Domestic Rates - Empty Property Relief Policy– Extract of Minute**

A report dated 17 November 2023 by the Executive Director (Finance and Corporate Resources) was submitted on the proposed changes to the Council's Non-Domestic Rates Empty Property Relief (EPR) policy.

Non-domestic rates are a tax on non-domestic properties to help fund essential council services. EPR provided certain rates relief on unoccupied non-domestic properties and, prior to 2023, the scheme was operated at a national level, which was mandatory and fully funded by the Scottish Government through the Local Government Financial Settlement.

EPR was devolved from the Scottish Government to local authorities from 1 April 2023, following the repeal of Section 24 of the Local Government (Scotland) Act 1966. This included the transfer of £105 million annually across all councils, fixed until the next revaluation in 2026. The Council's annual allocation from 2023/2024 onwards was £2.183 million. Each council now had autonomy to design their own scheme to best meet their needs.

On 1 March 2023, the Executive Committee had approved the Council's policy on EPR for implementation from 1 April 2023. The policy mirrored the previous legislation due to the short time frame given to consider potential changes and uncertainty of the impacts of the 2023 non-domestic rates revaluation. A

commitment was given to review the policy and report back to the Finance and Corporate Resources Committee during 2023/2024 with any proposed changes to the policy.

The current criteria for awarding EPR was detailed in the report. Recent analysis highlighted that there were currently 478 empty properties in South Lanarkshire, with the Council being the ratepayer for 98 of those properties. Of the current empty properties, 347 (73%) had been empty for more than 12 months, with 61 belonging to the Council.

EPR of £1.721 million had been awarded in 2022/2023. The current projection for 2023/2024 was £2.820 million, which represented a significant overspend on the budget of £2.183 million due to East Kilbride Shopping Centre entering administration in November 2022. Any overspend would require to be funded by the Council, although discussions had commenced with COSLA and the Scottish Government regarding any scope for additional funding to mitigate the financial impact of this.

It was proposed that the Council revise the EPR policy to promote the occupation of empty properties and deliver the economic and social benefits in South Lanarkshire as well as to reduce the cost to the Council during a period of significant financial pressure.

Re-occupation of properties would stimulate economic growth and provide improved employment opportunities, increased spend in local business and a decreased risk of vandalism and anti-social behaviour. The proposed policy also looked to address issues of equity within the existing system by continuing to provide relief to empty property ratepayers but incentivising re-occupation by ending open ended exemptions and reliefs for most empty properties, with a 12 month time limit placed on any such award instead.

The proposed policy also removed the favourable empty relief terms offered to industrial categorised properties. They would now receive the same EPR as commercial properties, restricted for 12 months. It also proposed that the 100% indefinite relief currently provided to listed buildings be replaced with 50% relief in the first 3 months, followed by 10% relief for 9 months. This would align with the proposed relief for commercial industrial properties and incentivise owners of listed buildings to bring them back into use.

The duty on business owners to apply for relief timeously and ensure they received accurate bills was also reflected in the new policy. It was proposed that backdating EPR be restricted to the current financial year as opposed to the current policy, where backdating could be awarded up to the preceding 6 financial years.

Implementation of the new policy would commence from 1 April 2024 for all empty properties. For existing ratepayers affected by the policy change, entitlement would be dependent on how long the property had been empty.

It was proposed that a full review of the new policy be undertaken in 2027/2028 but would be carried out sooner if required.

A comparison of the proposed EPR policy with the existing policy, including the justification for the proposed changes, was detailed in Appendix 1 to the report, with the full policy attached at Appendix 3.

**The Committee
recommended to the
Executive Committee:**

that the revised EPR Policy, to be adopted by the Council from 1 April 2024, as outlined at section 5 of the report and detailed in Appendix 3 to the report, be approved.

- 3.2 A link to the [report](#) submitted to the Finance and Corporate Resources Committee of 6 December 2023 is provided here for information.

4. Employee Implications

- 4.1. All employee implications were highlighted as part of the original report to the Resource Committee.

5. Financial Implications

- 5.1. All financial implications were highlighted as part of the original report to the Resource Committee.

6. Climate Change, Sustainability and Environmental Implications

- 6.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

7. Other Implications

- 7.1. Any risks or other implications were highlighted as part of the original report to the Resource Committee.

8. Equality Impact Assessment and Consultation Arrangements

- 8.1. Equality impact assessment and consultation arrangements were highlighted as part of the original report to the Resource Committee.

**Paul Manning
Chief Executive**

3 January 2024

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ Finance and Corporate Resources Committee of 6 December 2023 (Paragraph 10)

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Pauline MacRae, Administration Adviser
Ext: 4108 (Tel: 01698 454108)
E-mail: Pauline.macrae@southlanarkshire.gov.uk