

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 11 MARCH 2025

NON DOMESTIC RATES EMPTY PROPERTY RATES RELIEF POLICY

REPORT BY IAN LORIMER, DIRECTOR OF FINANCE

1. ABSTRACT

- 1.1 This report advises members of proposed changes to the Council's existing Empty Property Rates Relief Policy which are recommended to be applied from 1 April 2025 albeit with some transitional arrangements applying.

2. ALIGNMENT TO THE COUNCIL PLAN AND COUNCIL POLICIES

- 2.1 This policy aligns to Priority 1 of the Council plan - we want Angus to be a go to area for business.

3. RECOMMENDATIONS

- 3.1 It is recommended that the Committee:
- (i) note the background to the proposed changes to the existing policy on empty property rates relief, the objectives of the review of this policy and the information regarding practice elsewhere as set out in the report;
 - (ii) note the proposed transitional arrangements set out in Section 6; and
 - (iii) agree to adopt the revised Empty Property Relief scheme as proposed in **Appendix A**, effective from 1 April 2025.

4. BACKGROUND

- 4.1 The Scottish Government as one of the recommendations of the Barclay Report have devolved responsibility under the Community Empowerment (Scotland) Act 2015 to local authorities for Empty Property Relief (EPR) on business rates properties from 1/4/2023. The aim of this devolution of responsibility was to enable Councils to develop relief schemes to suit local needs. In December 2022 ([Report 410/22 refers](#)) this Committee agreed to approve a scheme that mirrored the existing rates reliefs as operated under the national statutory empty property arrangements for 2 years up to 31 March 2025. Committee also agreed that a review of the policy be undertaken. It is therefore necessary that the Council consider its policy in this area as it will apply from April 2025.
- 4.2 Funding was also devolved to local authorities to meet the costs of relief provided. Councils can choose to provide more relief than the funding available but would need to fund that themselves from existing budgets which, given the Councils wider pressures, is not a realistic option at the moment.
- 4.3 The Council is liable for non-domestic rates on most of the buildings and land it uses to provide services. The Council will therefore also be entitled to relief in the same way as other ratepayers and will therefore be affected by any changes to existing relief policies.

5. CURRENT POSITION AND PROPOSALS

- 5.1 As at September 2024 there were 340 Empty Properties receiving empty property relief from non-domestic rates to a value of £979,000. This compares to the position at September 2022 of 350 Empty Properties receiving relief to a value of £775,000. Although the number of properties has remained around the same level the cost of relief has increased by 26%. The cost of relief is only a snapshot and changes over time as circumstances change.

- 5.2 Whilst the value of the scheme currently remains within the funding the Council has available there is a risk that taking account of potential future increases in rate poundages and expected increased costs because of the 2026 Non Domestic Rates Revaluation that the level of relief (based on the existing policy) may soon exceed the funding available resulting in the Council having to meet the cost of any excess. The policy review required under the terms of Report 410/22 offers an opportunity of remodelling the scheme to help meet the aims of the scheme and to seek to stay within the funding available.
- 5.3 The largest category of expenditure relates to the Listed Building category that currently provides 100% rates relief indefinitely with a current cost in the region of £505,000 of the Councils current funding envelope of £1.031m.
- 5.4 In developing the new policy the intention was to seek to find the right balance of: -
- Encouraging owners to bring empty and unused properties back into use
 - Seek to charge those owners that do not bring properties back into use
 - Ensuring that the costs of the scheme remains within the budget available
 - Ensuring that the scheme is easily understood, easily administered and to try and minimise anti-avoidance.
- 5.5 Based on the above objectives and having investigated the policy position in other Councils, including neighbouring Councils a revised policy for empty property rates relief has been drafted for consideration by elected members. This is attached at **Appendix A**. Appendix A covers the full detail of the proposed policy but to help identify what the main changes are **Appendix B** provides a table that shows the key aspects of the existing policy and what the changes are under the proposed new policy.
- 5.6 Under the proposed new Policy the following 3 points are the main changes to the existing policy for providing relief from non-domestic rates:-
1. All new empty properties both industrial and non-industrial would be awarded 100% empty rates relief for 6 months followed by 10% rates relief thereafter resulting in a 90% charge. This addresses the imbalance that currently exists between these categories. Non-industrial categories such as shops under the current policy only receive 50% relief for 3 months followed by 10% rates relief. This will treat all landlords equally and will be more generous than current arrangements for non-industrial properties.
- Listed properties that currently receive 100% relief for an indefinite period would, under the new policy, only receive 6 months empty property rates relief followed by 10%. This is the most significant change under the proposed new policy. Many of the properties within this category have been empty for a long time and have therefore received relief from the public purse over an extended period of time. There is also no incentive from a non – domestic rates costs point of view for landlords to reoccupy or otherwise actively manage these properties as they continue to receive 100% relief without limit of time under the existing policy.
2. In financial terms the expenditure on the Listed properties category uses up the highest proportion of the funding and reducing the value of relief to this category will enable the rebalancing of the empty property rates relief to support the aim of providing all properties with 100% rates relief for 6 months and this would enable, all things being equal, for the Council to continue to remain within the funding currently available. The majority of local authorities have taken this option to remove indefinite rates relief for this category.
 3. It is proposed to introduce an officer discretion to the policy to manage the potential for some cases to present exceptional circumstances. Exceptional circumstances would include where it is clear that the owner is taking reasonable steps to bring the property back into use but due to circumstances outwith their control are prevented from this being achieved. It is proposed that such exceptional circumstances would have to be supported by the Council's Economic Development service and if agreed relief would be extended for up to 12 months.
- 5.7 There are no other changes to the categories of empty property rates relief from the existing policy being proposed in **Appendix A**.
- 5.8 The proposed changes in the new policy are viewed as necessary to work towards meeting the objectives of the review and to ensure that the costs of the scheme remain within the available

funding. The main changes are in keeping with the changes that have been introduced by other local authorities recognising that each local authority's tax base and financial position may lead to slight variations in approach but by far the largest driver is the desire to stay within the funding available. **Appendix C** provides a table showing comparison with neighbouring authorities.

6. TRANSITIONAL ARRANGEMENTS

- 6.1 Recognising that there are changes proposed from the existing empty property rates relief scheme which would come into force from 1 April 2025, transitional arrangements are proposed to be introduced to assist with the transition to the new scheme. All affected ratepayers will be written to and details of the new policy will be published on the Council's website.
- 6.2 Key measures in relation to transition will ensure that all time limited rates relief cases that are in place as of 31 March 2025 will continue to receive the balance of rates relief for a maximum of 6 months followed by 10% rates relief as long as they remain empty.
- 6.3 Existing properties within the listed building category who face the biggest change will be advised in writing that they will be awarded 100% rates relief for a further period of up to 6 months from 1 April 2025 followed by 10% as long as they remain empty.
- 6.4 Properties becoming empty after 1 April 2025 will be required as now to apply for rates relief and receive awards based on the new scheme.
- 6.5 It is anticipated that this policy will continue until further notice however given the funding arrangements are still to be confirmed from April 2026 onwards and given that the non-domestic rates revaluation is also due at this time it may be necessary to review the policy again to ensure that the scheme remains appropriate and is able to stay within the funding available.

7. FINANCIAL IMPLICATIONS

- 7.1 The Council's recently agreed budget for 2025/26 includes funding of £1.031 million to cover the costs of empty property relief. If expenditure is incurred more than the funding provided the Council will be required to fund this and the risk of such an additional burden arising cannot be taken given the financial challenges already facing the Council.
- 7.2 If the cost increases since 2022 as shown in paragraph 5.1 were to continue its likely the cost of reliefs may soon exceed the budget available leaving the cost to be met by the Council. The proposed new scheme aims to reduce the risk of exceeding the available funding. Cost pressures can be caused by annual increases in non-domestic rate poundages, by increases in rateable values following revaluation, and by changes caused by more business premises becoming empty and therefore eligible for relief. It is not possible to accurately predict such future events but inflation will continue to bring upward pressure on the cost of relief.
- 7.3 The future funding allocation to Angus from 2026 is not yet known but is expected to be confirmed during 2025. Should the future funding not adequately cover the cost of the scheme it may be necessary to review the scheme again.
- 7.4 The Council as the landlord with empty properties would face an estimated increase of £11,000, in its empty rates liability because of the new EPR policy changes but since the Council also bears the cost of that relief the net impact is neutral.

8. RISK MANAGEMENT

- 8.1 The following risk from the Corporate Risk Register are relevant to this report: -
Financial Sustainability

9. ENVIRONMENTAL IMPLICATIONS

- 9.1 There are no direct environmental arising from the recommendations of this report.

10. EQUALITY IMPACT ASSESSMENT, HUMAN RIGHTS AND FAIRER SCOTLAND DUTY

- 10.1 A screening assessment has been undertaken and a full Equality Impact Assessment is not required for the following reason(s): the policy would apply equally to all nondomestic properties in the area.

11. CHILDRENS RIGHTS AND WELLBEING IMPACT ASSESSMENT

- 11.1 A Children's Rights and Wellbeing Impact Assessment has been carried out within the EIA.

12. CONSULTATION

- 12.1 The Chief Executive and Acting Director of Legal Governance and Change have been consulted on this report. In addition the Economic Development Service has been consulted on the proposed policy changes being recommended and are supportive of these.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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List of Appendices:

Appendix A Proposed Empty Rates Relief Policy from 1 April 2025
Appendix B Comparison between existing and proposed new policy.
Appendix C Comparison with other Councils.

Appendix A

Angus Council Empty Rates Relief Policy (Draft Seeking Approval of P&R Committee 11-3-25)

Effective Date: This policy will become effective from 1st April 2025. This policy will apply from 01 April 2025 to 31 March 2026 and continue thereafter should the Scottish Government continue to devolve empty rates to Local Authority control.

Legislative Background

The policy is required to be put in place to allow relief to Non-Domestic Rates for Empty Rateable Subjects. Section 19 to the Non-Domestic Rates Act (Scotland) 2020 repeals the existing provisions for award of relief (Section 24 to the Local Government (Scotland) Act 1966). This policy is introduced in terms of Section 3A to the Local Government (Financial Provisions etc) (Scotland) Act 1962 as amended by Section 140 to the Community Empowerment (Scotland) Act 2015.

Section 3A States: "Schemes for reduction and remission of rates

- (1) This section applies in relation to rates leviable for the year 2015-16 and any subsequent year.
- (2) A rating authority may, in accordance with a scheme made by it for the purposes of this section, reduce or remit any rate leviable by it in respect of lands and heritages.
- (3) Any reduction or remission under subsection (2) ceases to have effect at such time as may be determined by the rating authority.
- (4) A scheme under subsection (2) may make provision for the rate to be reduced or remitted by reference to—
 - (a) such categories of lands and heritages as may be specified in the scheme,
 - (b) such areas as may be so specified,
 - (c) such activities as may be so specified,
 - (d) such other matters as may be so specified.
- (5) Any reduction or remission under subsection (2) ceases to have effect on a change in the occupation of the lands and heritages in respect of which it was granted.
- (6) Before exercising the power conferred by subsection (2), or amending a scheme made under that subsection, the rating authority must have regard to the authority's expenditure and income and the interests of persons liable to pay council tax set by the authority."

Empty Rates Policy Definitions and Content Definition

Empty properties are defined as those rateable subjects on the Valuation Roll which are not currently occupied. Part Occupied properties are not included in this policy as they are covered by Section 24A to the Local Government (Scotland) Act 1966.

Empty Relief to be awarded – Time Limited

a) Industrial Properties (with the same definition as was contained previously in the Local Government (Scotland) Act 1966) will receive 100% relief for 6 months from the last date of occupation and 10% relief thereafter.

b) All other properties (non-industrial) will receive 100% rates relief for the first 6 months from the last occupation date and 10% relief thereafter (this includes all subjects listed in (d) below which were previously exempt from charging).

c) Short periods of occupation of 6 months or less will be ignored when assessing last occupation date for (a) & (b) above and (d) below.

d) From 30 September 2025 Angus Council will remove without limit of time exemptions previously awarded to the following category of rateable subjects and this will be replaced with 10% relief from 1st October 2025:

Unoccupied subjects where current without limit of time exemption that will end on 30 September 2025 are as follows:

1) Listed Buildings or subject to preservation order.

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; or

c) Industrial lands and heritages.

100% Relief awarded – without limit of time (Numbers 1 to 7 below)

The following types of properties/owners/rateable occupiers will continue to receive 100% rates relief for an indefinite time on unoccupied properties as follows.

- 1) Properties with a rateable value is less than £1700.
- 2) Properties where the rateable occupier is a trustee for sequestration, liquidation, or an executor. 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.
- 3) Properties where the rateable occupier is a company that has been 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.
- 4) Properties where occupation is prohibited by law. The owner of the lands and heritages are prohibited by law from occupying them or allowing them to be occupied.
- 5) Properties which are subject to a compulsory purchase order. 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.
- 6) Land that has Shooting Rights which have not been utilised by the owner and not used on a commercial basis.
- 7) Properties that do not comprise any building or part-building.

Awarding Relief to unoccupied properties Angus Council will transfer existing empty reliefs and exemptions existing on 31st March 2025 awarded to empty properties. Where time limited reliefs are in place as of 31st March 2025 Angus Council will continue to award the relief, but each premises will only receive the balance of relief based on the overall maximum period of 6 months followed by 10% relief.

For new reliefs, the rateable occupier (or others who are held liable) will need to make application to Angus Council for the relief to be applied. Application forms and advice are available on the Angus Council website.

Relief must be applied for in a timeous manner and will only be backdated where there are reasonable grounds to do so. Any backdating will be limited to the current and previous financial year from the date of application. Rate payers will be required as part of the application process to supply sufficient information and evidence as requested by the Council.

Discretion not to charge Empty Rates.

Empty property relief will be extended in exceptional circumstances and/or where the owner is taking reasonable steps to bring the property back into use but circumstances out with their control are preventing this from being achieved, it is expected, but not absolutely required, that such applications would also be supported by the Council's Economic Development service. Extending relief awards is at the discretion of the Director of Finance or other nominated officer of Angus Council such as the appropriate Revenues Manager. In such cases relief may be extended for up to 12 months.

Subsidy Control

As this policy applies to all lands and heritages within Angus Council and is open to all ratepayers regardless of business classification, the policy is deemed as an open policy and advice received is that this relief will not be considered under the Subsidy Control regime.

Appendix B

Non-Domestic Rates – Empty Property Relief

Summary Comparison of Proposed New Policy & Existing Policy

In summary the only changes proposed are to make relief arrangements the same for non-industrial property as currently apply to industrial property and to remove 100% ongoing relief in relation to listed buildings which would instead be treated the same as other industrial and non-industrial properties. Listed buildings make up around 60% of the value of property relief currently granted by the Council so the change to that category is a significant one. Neighbouring Councils have however taken a similar approach.

| | Existing Scheme | Proposed New Scheme |
|--|------------------------------|---|
| | | |
| Relief Type | Relief Awards 2024/05 | Proposed Relief Awards 2025/26 |
| Empty Properties - Industrial (up to 6 Months) 100% | 6 months of full relief | 6 months of full relief |
| Empty Properties - Industrial (>6 Months) 10% | 10% relief ongoing | 10% relief ongoing |
| Empty Properties - Non-Industrial (up to 3 Months) 50% | 3 months 50% relief | 6 months of full relief |
| Empty Properties - Non-Industrial (>3 Months) 10% | 10% relief ongoing | 10% relief ongoing |
| Listed Buildings or subject to preservation order | 100% ongoing relief | 6 months of full relief followed by 10% |
| Properties with a rateable value of less than £1700 | 100% ongoing relief | 100% ongoing relief |
| Properties where the rateable occupier is a trustee for sequestration, liquidation, or an executor. | 100% ongoing relief | 100% ongoing relief |
| Properties where the rateable occupier is a company that has been wound up under the Insolvency Act | 100% ongoing relief | 100% ongoing relief |
| Properties where occupation is prohibited by law. | 100% ongoing relief | 100% ongoing relief |
| Properties which are subject to a compulsory purchase order | 100% ongoing relief | 100% ongoing relief |
| Lands that have Shooting Rights which has not been utilised by the owner and not used for a commercial basis or >£1700 | 100% ongoing relief | 100% ongoing relief |
| No Buildings or Part Buildings - Land | 100% ongoing relief | 100% ongoing relief |

Appendix C

Comparison with local Councils of Proposed New Policy

| Category | Angus | Fife | Dundee | P&K | Aberdeenshire |
|---|-------|-------------|--------|-----|-------------------------------------|
| 100 % relief for 6 months Including listed buildings | Yes | No 3 months | Yes | Yes | No 3 months at 50 % |
| 10 % after initial period | Yes | Yes | No | No | Yes for 21 months then full charge. |
| Under 1700 – 100 % | Yes | Yes | No | No | No |
| Person Entitled to Possession - 100 % insolvency/bankruptcy /liquidation | Yes | Yes | No | Yes | No |
| Trustee of deceased 100 % relief | Yes | Yes | No | No | No |
| Prohibited by law 100 % Relief | Yes | Yes | Yes | Yes | Yes |
| No Building or Part Building relief 100 % | Yes | No | No | No | No |
| No Building -Shooting Rights 100 % relief | Yes | Yes | N/A | Yes | No |
| Discretionary Provision Available | Yes | Yes | Yes | Yes | No at this point |

NB Each local authority will make decisions based on each local authority's tax base and financial framework may lead to slight variations in approach as shown above but by far the largest driver is the desire to stay within the funding available.