

**REPORT TO: CITY GOVERNANCE COMMITTEE - 21 AUGUST 2023**

**REPORT ON: NON-DOMESTIC RATES EMPTY PROPERTY RELIEF OPERATIONAL POLICY**

**REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**REPORT NO: 224-2023**

## **1.0 PURPOSE OF REPORT**

1.1 This report details a proposal to revise the Council's Non-Domestic Rates Empty Property Policy. The proposal removes open ended exemptions and reliefs for all empty properties and instead places a 6-month time limit on any such award.

## **2.0 RECOMMENDATIONS**

2.1 It is recommended the Committee:

- notes the contents of the report; and
- approve the proposed changes to the Council's Non-Domestic Rates - Empty Property Policy to come into operation from 1 April 2024.

## **3.0 FINANCIAL IMPLICATIONS**

3.1 The Council's revenue grant funding settlement for 2023/24 includes funding of £2.798m to meet the existing relief and exemption liabilities created by the current policy which came into effect from 1 April 2023. The existing level of grant funding received from Scottish Government will be maintained for 3 years.

3.2 Future changes to the Empty Property Policy will be the financial responsibility of the Council (i.e. any loss/increase in income comes directly to the Council).

3.3 For illustrative purposes only, based on empty property numbers as at 31 March 2023, pre-revaluation rateable values this proposal could generate over £1.5m. This is detailed in Appendix 3. The actual sums would depend on the number and nature and the length of time properties have been empty. Collection levels would also influence the potential income raised. As the previous policy had been in place for many years it is not possible to predict with any accuracy potential collection levels.

3.4 Non-domestic rates for empty properties owned by the Council will be billed and paid in the normal way. Additional charges resulting from this proposal would be offset against any revenue generated by the proposed changes.

3.5 The initial costs of implementing and supporting the proposal including system alterations, is estimated at £40k. Ongoing resource costs would be met from increased collection levels.

## **4.0 BACKGROUND**

4.1 Non-domestic Rates are a tax on Non-domestic properties to help fund essential services. They are charged on properties held by the private, public and third sectors and are payable by individuals, sole traders, businesses, charities and public sector organisations (including the Council itself).

4.2 From 1 April 2023 the responsibility for Non-Domestic Rates Empty Property Relief was devolved from Scottish Government to local authorities. Article XII of the minute of the meeting of the Policy & Resources Committee 20 February 2023, Report No 42-2023 refers. The Council agreed to follow the national scheme for the period 1 April 2023 to 31 March 2024 and that a further report would be brought to a future committee on proposals for a local scheme from 1 April 2024.

- 4.3 All Scottish Councils now have the power to amend Non-domestic rates empty property relief and exemptions, there is no requirement to follow a national framework. This creates flexibility for the Council to develop a scheme to address the issue of empty properties within Dundee.
- 4.4 Appendix 1 provides a recent analysis of empty properties in Dundee which shows that there are 560 empty properties in Dundee and that the Council is landlord for 90 of these properties.
- 4.5 The following factors were considered when reviewing the Council's Non-domestic Rates Empty Property Policy:
- the opportunity to encourage owners to bring properties back into use, with anticipated economic benefits;
  - that the implementation date should allow sufficient notice for businesses to plan for change;
  - the need to ensure fairness of NDR billing, by addressing open ended reliefs and exemptions;
  - the Council's medium-term financial plan and the potential to deliver increased income to support service delivery; and
  - the impact on Council Tax payers
- 4.6 The proposed changes to the policy are detailed at Appendix 2. They remove the open-ended nature of various exemptions/reliefs and instead create a standard 6-month time limit (with the ability for a 6-month extension if certain criteria are met).
- 4.7 The following operating principles would apply:
- the relief/exemption timescale would commence from the date the property was last occupied, irrespective of the owner;
  - to avoid unintended consequences a minimum occupancy requirement of 3 months would apply;
  - the proposal impacts the council, as an owner of empty properties in the city. The portfolio of empty council owned properties is proactively managed by the Council's Property Services team, with ongoing work to bring Council owned empty properties back into use;
  - any unpaid charges would be subject to the Council's normal financial recovery activities.
  - properties subject to legal action would continue to be exempt e.g., occupation prohibited by law; and
  - a relief period up to a maximum of a further 6 months (12 months in total) may be considered where appropriate evidence exists. For example, where the building is being actively marketed for sale or let or a current planning permission/building warrant exists.
- 4.8 The proposed changes are designed to encourage building owners to return properties to active use. Occupied premises are a vital component of a health growing economy. Benefits include increased economic activity throughout the city by attracting customers and business to the area. Any increased footfall can support other local businesses creating a cycle of economic activity.
- 4.9 Occupied premises facilitate improved spaces and amenities for residents and visitors by improving the quality of the visual environment. This can assist the city's high streets and town centre being attractive places to visit. Occupied premises can increase the value of nearby properties.

## 5.0 POLICY IMPLICATIONS

- 5.1 This report has been subject to an Integrated Impact Assessment to identify impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. No impact on

these issues, positive and negative, were identified. An appropriate senior manager has checked and agreed with this assessment. A copy of the integrated Impact Assessment is included as an Appendix to this report.

## **6.0 BACKGROUND PAPERS**

6.1 None

## **7.0 CONSULTATION**

7.1 The Council Leadership Team were consulted in the preparation of this report.

**ROBERT EMMOTT**  
**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**DATE: 21 AUGUST 2023**

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Table A – Split of Existing Empty Property Relief

**All Empty Properties per Postcode  
(Includes DCC)**

<b>Relief type/Postcode</b>	<b>DD1</b>	<b>DD2</b>	<b>DD3</b>	<b>DD4</b>	<b>DD5</b>	<b>Total</b>
50% Empty Property Relief	5	2	1	1		<b>9</b>
10% Empty Property Relief	101	34	24	20	10	<b>189</b>
Industrial Property	2	1	1			<b>4</b>
10% Industrial Empty Property Relief	4	16	3	11	1	<b>35</b>
Listed Building	134	7	6	6	4	<b>157</b>
Person Entitled To Possession	15	4	2		1	<b>22</b>
Rateable Value <1700	24	9	18	2	4	<b>57</b>
Unoccupied Land with No Buildings	14	28	9	30	6	<b>87</b>
<b>Grand Total</b>	<b>299</b>	<b>101</b>	<b>64</b>	<b>70</b>	<b>26</b>	<b>560</b>

**Dundee City Council Owned Properties by Postcode**

<b>Relief Type/Postcode</b>	<b>DD1</b>	<b>DD2</b>	<b>DD3</b>	<b>DD4</b>	<b>DD5</b>	<b>TOTAL</b>
50% Empty Property Relief	1			1		<b>2</b>
10% Empty Property Relief	5	7	9	7		<b>28</b>
10% Industrial Property Relief	1	4	1	1		<b>7</b>
Industrial Property	2	1	1			<b>4</b>
Listed Building	10	2				<b>12</b>
Person Entitled To Possession						
Rateable Value <1700		4				<b>4</b>
Unoccupied Land with No Buildings	2	6	5	18	2	<b>33</b>
	<b>21</b>	<b>24</b>	<b>16</b>	<b>27</b>	<b>2</b>	<b>90</b>

## Empty Property Reliefs &amp; Exemptions Current Policy &amp; Proposal

Empty Property Relief	Relief Description	Current policy	Proposal
50% Empty Property Relief	50% empty property relief for the first 3 months of a property being unoccupied	3 months	100% relief for 6 months from the date of last occupation.
10% Empty property relief	10% relief after initial 3 months of 50% ended.	No Time Limit	No relief
100% Empty industrial property	100% relief for the first 6 months of a property being unoccupied.	6 Months	100% relief for 6 months from the date of last occupation.
10% Empty Industrial property Relief	10% relief after initial 6 months of 100% industrial relief ending	No Time Limit	No relief
Listed Building	Applies to vacant listed buildings	No time limit	100% relief for 6 months from the date of last occupation.
Person entitled to possession	Unoccupied properties where the liable party is in administration or subject to a winding up order.	No time limit	100% relief for 6 months from the date of last occupation
Rateable value of less than £1,700	Unoccupied properties with a rateable value of less than £1,700	No time limit	100% relief for 6 months from the date of last occupation
Unoccupied ground land with no buildings	Applies to vacant ground entries with no infrastructure on them.	No time limit	100% relief for 6 months from the date of last occupation
Occupation prohibited by law.	Properties prohibited from being occupied by law or unoccupied properties subject to subject to a compulsory purchase order.	No time limit	No time limit

Appendix 3

Financial Implication of Proposal – Indicative only

	£k
<b>Devolved Budget for Empty Property Relief</b>	<b>2,798</b>
<b>Less:</b>	
Estimated on going exemptions (25% of current reliefs where applicable)	(369)
Cost of relief for Council properties in the above categories	(173)
Administration costs for new scheme	(40)
Increased provision for bad debts	(170)
<b>Potential additional income (upper estimate)</b>	<b>2,046</b>
Excluding persons entitled to possession	(475)
<b>Potential additional income (lower estimate)</b>	<b>1,571</b>

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# Integrated Impact Assessment

Committee Report Number: 224-2023

Document Title: Non Domestic Rates Empty Property Relief Operational Policy.

Document Type: Policy

Description:

Revision of NDR Empty property Reliefs offered by Dundee City Council

Intended Outcome:

To encourage building owners to return properties back to active use.

Period Covered: 01/04/2024 to 01/03/2025

Monitoring:

Number of properties brought back into use and increased revenue to the Council

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# Equality, Diversity and Human Rights

## Impacts & Implications

Age: No Impact

Disability: No Impact

Gender Reassignment: No Impact

Marriage & Civil Partnership: No Impact

Pregnancy & Maternity: No Impact

Race / Ethnicity: No Impact

Religion or Belief: No Impact

Sex: No Impact

Sexual Orientation: No Impact

Are any Human Rights not covered by the Equalities questions above impacted by this report?

No

## Fairness & Poverty

### Geographic Impacts & Implications

Strathmartine:	No Impact
Lochee:	No Impact
Coldside:	No Impact
Maryfield:	No Impact
North East:	No Impact
East End:	No Impact
The Ferry:	No Impact
West End:	No Impact

### Household Group Impacts and Implications

Looked After Children & Care Leavers: No Impact

Carers: No Impact

Lone Parent Families: No Impact

# Household Group Impacts and Implications

Single Female Households with Children: No Impact

Greater number of children and/or young children: No Impact

Pensioners - single / couple: No Impact

Unskilled workers or unemployed: No Impact

Serious & enduring mental health problems: No Impact

Homeless: No Impact

Drug and/or alcohol problems: No Impact

Offenders & Ex-offenders: No Impact

## Socio Economic Disadvantage Impacts & Implications

Employment Status: No Impact

Education & Skills: No Impact

Income: No Impact

Caring Responsibilities (including Childcare): No Impact

Affordability and accessibility of services: No Impact

Fuel Poverty: No Impact

Cost of Living / Poverty Premium: No Impact

Connectivity / Internet Access: No Impact

Income / Benefit Advice / Income Maximisation: No Impact

Employment Opportunities: No Impact

Education: No Impact

Health: No Impact

Life Expectancy: No Impact

Mental Health: No Impact

Overweight / Obesity: No Impact

Child Health: No Impact

Neighbourhood Satisfaction: No Impact

Transport: No Impact

## **Environment**

### **Climate Change Impacts**

Mitigating Greenhouse Gases: No Impact

Adapting to the effects of climate change: No Impact

### **Resource Use Impacts**

Energy efficiency & consumption: No Impact

Prevention, reduction, re-use, recovery or recycling of waste: No Impact

Sustainable Procurement: No Impact

### **Transport Impacts**

Accessible transport provision: No Impact

Sustainable modes of transport: No Impact

### **Natural Environment Impacts**

Air, land & water quality: No Impact

Biodiversity: No Impact

Open & green spaces: No Impact

### **Built Environment Impacts**

Built Heritage: Not Known

There is a risk with the removal of rates relief that some subjects which are too difficult to let and become costly to maintain are subject to adverse actions such as arson and illegal demolitions.

Housing: No Impact

Is the proposal subject to a Strategic Environmental Assessment (SEA)?

No further action is required as it does not qualify as a Plan, Programme or Strategy as defined by the Environment Assessment (Scotland) Act 2005.

## **Corporate Risk**

### **Corporate Risk Impacts**

Political Reputational Risk: Not Known

The proposal will impact the owners of empty properties in the city, the proposed changes are designed to encourage building owners to return properties to active use. Occupied properties are a vital component of a healthy and growing economy. Occupied premises facilitate better spaces and amenities for residents and visitors by improving the quality of the visual environment.

Economic/Financial Sustainability / Security & Equipment: No Impact

Social Impact / Safety of Staff & Clients: No Impact

Technological / Business or Service Interruption: No Impact

Environmental: No Impact

Legal / Statutory Obligations: No Impact

Organisational / Staffing & Competence: No Impact

Corporate Risk Implications & Mitigation:

The risk implications associated with the subject matter of this report are "business as normal" risks and any increase to the level of risk to the Council is minimal. This is due either to the risk being inherently low or as a result of the risk being transferred in full or in part to another party on a fair and equitable basis. The subject matter is routine and has happened many times before without significant impact.

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