

**Post-Legislative Scrutiny of the Financial Memorandum  
Accompanying the Local Government Finance (Unoccupied  
Properties etc.)(Scotland) Bill**

**Non-Domestic Rates**

1. What costs (if any) have been incurred in respect of publicly owned unoccupied commercial properties?

Additional costs £73,335.62 as at 12 January 2015

2. Have any costs or savings arisen as a result of the reforms? If so, please quantify them in comparison to pre-implementation figures and to those estimates set out in the FM.

An emerging issue is a marginal increase in “pop-up” type shops which may be attributed to landlords seeking out short-term tenants (possibly rent free) to avoid 90% EPR. Collection and recovery often proves more difficult from these outlets due to their transient nature and cash-only trading. This also applies to limited companies with Directors that often have a history of non-payment.

3. How many unoccupied commercial properties have been brought back into use since the reforms?

35

3. To what extent can any changes be attributed to the empty property relief reforms (as distinct from wider economic factors)?

It is very difficult to establish with any certainty that the reforms alone have attributed to these changed practices by some landlords. The wider economic factors will also have influenced this approach.

4. Is there any evidence to suggest that the reforms have had an impact on speculative development and/or regeneration activity?

No

## Council Tax

6. How have you responded to the new powers? What level of surcharge (if any) has been introduced and when?

**01/04/2013:** removed 10% discount from Long Term Empty properties.

**01/04/2015:** increase charge to 200% for applicable Long Term Empty properties

7. What revenues (if any) have arisen as a result of the reforms and how do they compare to the estimates provided in the FM?

£42,000 in the Highland context which appears to be on the low side when compared with the estimates provided in the FM.

8. Have any additional costs or savings arisen as a result of the reforms? If so, please quantify them in comparison to pre-implementation figures and to those estimates set out in the FM.

Verification costs have been incurred. However these would have been incurred regardless of these reforms and are not therefore additional.

9. Is there any evidence to suggest that the reforms have had an adverse impact on collection rates?

Collection rates as at **30 November 2014** in respect of long term empty properties and second homes are provided in the following table.

Long Term Empty Properties and Second Homes			
Year	Collection Rate (%)	Year	Collection Rate (%)
2005/06	99.66	2006/07	99.51
2007/08	99.61	2008/09	99.26
2009/10	99.12	2010/11	99.17
2011/12	99.03	2012/13	98.92
2013/14	98.47	2014/15	52.71

This table shows that there was decline in collection rates of 0.11% between financial years 2012/13 and 2011/12. As there was no change to the policy during this time, this decline probably reflects the prevailing economic climate at that time.

In 2013/14 the collection rate decreased again to 98.47% which is a further 0.45% decline on the previous year (0.56% decline when compared with 2011/12. This Council removed the discount on applicable long term empty properties from 1

April 2013. While economic factors will have continued to adversely affect the collection rate, this indicates that the policy is having an adverse impact on collection rates.

10. What proportion of long-term empty homes have been reoccupied on an annual basis since the reforms?

<b>CTAX Long Term Empty</b>									
<b>Band</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>Total</b>
01/04/2014	292	284	280	166	131	55	25	4	1237
01/04/2013	310	312	315	229	163	66	32	6	1433
<b>Movement</b>	<b>-18</b>	<b>-28</b>	<b>-35</b>	<b>-63</b>	<b>-32</b>	<b>-11</b>	<b>-7</b>	<b>-2</b>	<b>-196</b>

Produced from the Council Tax Base Report

Without undertaking a manual exercise, it is not possible to identify the proportion of long-term empty properties that have been reoccupied. The table above however shows that there has been a 13.68% decrease in the number of long term empty properties when comparing the position at the beginning of financial years 2013 and 2014. Clearly, during the year, some properties will have been brought back into use and some may have transferred to Non Domestic Rates and be eligible for the Small Business Bonus Scheme.

In preparation for the implementation of the 200% charge from 1 April 2015, 520 long term empty properties have been identified and will be subject to the increased charge from April. These tax payers will be written to during January 2015 to inform them of the increased charge.

There are a further 76 properties which have been vacant for more than one year but less than 2 years. We will be writing to these tax payers during January 2015 to inform them of the change to the Council's policy and to obtain further information from them with regard to the status of their property.

11. Is there any evidence to suggest that the reforms have been counterproductive (for example by making it more difficult for owners of long-term empty homes to renovate them in order to bring them up to an inhabitable standard)?

No. There has been no notable increase in the number of enquiries, complaints or appeals arising from these reforms.

