
Report To:	Policy & Resources Committee	Date: 13 th August 2013
Report By:	Chief Financial Officer	Report No: FIN/47/13/AP/LA
Contact Officer:	Alan Puckrin	Contact No: 01475 712223
Subject:	Non Domestic Rates – Short Term Part Empty Relief	

1.0 PURPOSE

- 1.1 The purpose of this report is to seek Committee approval for the Short Term Part Empty Relief (Non Domestic Rates) Policy.

2.0 SUMMARY

- 2.1 There are a number of reliefs in respect of Non Domestic Rates which the Council has either a mandatory requirement or discretion to award. It is important that the Council has policies approved by Committee for Officers to administer.
- 2.2 In developing Non Domestic Relief Policies the Council needs to achieve a balance between supporting the local business community, providing consistency, having a clear and understandable application process and finally containing any costs within approved budgets.
- 2.3 Members have not previously approved a Short Term Part Empty Relief Policy. A draft policy prepared between Finance Services and Regeneration & Planning Services is attached at appendix 1 for Committee to consider. The policy has been drawn up after reviewing the relevant legislation and seeking information from other Councils in respect of their approaches. It should be noted that the proposals contained in this report are arguably the most generous currently offered by Councils who responded to the survey.
- 2.4 The need for Committee to approve the policy at this point in time is because the Council has a small number of requests from local businesses to apply Short Term Part Empty Relief. It is however the intention to submit a comprehensive draft Non Domestic Relief Policy for the Policy & Resources Committee to consider at its November meeting. This will thereafter be subject to consultation with the local business community via the Economic Regeneration Service.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee approve the draft policy for Short Term Part Empty Relief from Non Domestic Rates.
- 3.2 It is recommended that the Committee note that a comprehensive draft Non Domestic Rates Relief Policy document will be presented to the November meeting of the Policy & Resources Committee for consideration.

Alan Puckrin
Chief Financial Officer

Non-Domestic Rates Policy

Short Term Part Empty Relief

DRAFT

**Date produced/reviewed:
Prepared by:
Approved by:**

**June 2013
Liz Brown**

Inverclyde Council – Finance Services Revenues and Benefits

Table of Contents		Page(s)
Section 1.0	Introduction	3
Section 2.0	Background	3
Section 3.0	Eligibility	4
Section 4.0	Application Process	5
Section 5.0	Monitoring Process	6
Section 6.0	Appeals	6
Section 7.0	Financial Implications	6

Inverclyde Council – Finance Services

Revenues and Benefits

1.0 Introduction

This document details the policy of Inverclyde Council with regard to Short Term Part Empty Relief for Non Domestic Rates and the procedures that should be followed in awarding relief.

2.0 Background

Section 24A of the Local Government (Scotland) Act 1966 (as amended by section 155 of the Local Government etc. (Scotland) Act 1994) states:

- (1) if it appears to the rating authority that part of any lands and heritages included in the valuation roll is unoccupied but will remain so for a short time only, the authority may request the assessor to apportion the rateable value between the occupied and unoccupied parts and on being thus requested the assessor shall apportion the rateable value accordingly.
- (2) As from whichever is the later of the following:
 - (a) The date on which lands and heritages the rateable value of which has been apportioned under subsection (1) above became partly occupied;
 - (b) The commencement of the financial year in which the request under that subsection relating to those lands and heritages was made,

Until whichever of the events specified in subsection (3) below first occurs, the value apportioned to the occupied part of the lands and heritages shall, subject to subsection (4) below, be treated for rating purposes as if it were the rateable value ascribed to the lands and heritages in the valuation roll.

- (3) The events mentioned in subsection (2) above are—
 - (a) The reoccupation of any of the unoccupied part;
 - (b) The end of the financial year in which the request was made;
 - (c) A further apportionment of the value of the lands and heritages taking effect under subsection (1) above;
 - (d) The lands and heritages to which the apportionment relates becoming completely unoccupied.
- (4) Where any lands and heritages fall within such class or classes of lands and heritages as may be prescribed by the Secretary of State by regulations, the value to be treated for rating purposes as if it were the rateable value ascribed to the lands and heritages in the valuation roll shall be the sum of—

Inverclyde Council – Finance Services Revenues and Benefits

- (a) The value apportioned to the occupied part of the lands and heritages; and
- (b) One half of the value apportioned to the unoccupied part of the lands and heritages.

(5) Notwithstanding paragraph (b) of subsection (3) above, if it appears to the rating authority that the part of the lands and heritages which was unoccupied at the date of an apportionment of the rateable value thereof under subsection (1) above has continued after the end of the financial year referred to in that paragraph to be unoccupied but will remain so for a short time only, the authority may direct that the apportionment shall continue to have effect for the next financial year; and subsections (2), (3)(a), (c) and (d) and (4) above shall have effect in relation to that year accordingly. “

3.0 Eligibility

Legislation does not define what constitutes a short time and it is therefore the responsibility of the Council to determine what constitutes a short period of time. For the purposes of this policy “a short time” is defined as a period not less than 1 month but not exceeding 24 months.

- Applications will be considered where the ratepayer advises that part occupation of the property is to last for a minimum period of 1 month and a maximum period of 24 months. If a ratepayer indicates that their part occupation is long term, i.e. likely to continue for more than 24 months then no rateable value apportionment will be considered beyond the maximum period.
- Applications will be considered in respect of industrial properties only.
- Any relief from rates due to part occupation cannot exceed 24 months in any 5 years. This may consist of a number of separate claims over a maximum of 3 different financial years in a 5 year period. This is to prevent a ratepayer from continuously keeping a part of their property empty to avoid full rates
- If a part empty period is likely to extend beyond 12 months a maximum of 12 months relief can be awarded initially. A review will be carried out at the end of the 12 months which will require a revised business plan to be submitted and an inspection of the premises. If the Council are satisfied up to a further 12 months relief can be awarded.
- A fresh application must be made whenever there is a change to the part occupation of the property so that the correct apportioned rateable value is used in the relief calculation.

Inverclyde Council – Finance Services Revenues and Benefits

- ❑ Once a period of part occupation has ended the property must be occupied for a period of 42 days (6 weeks) before a ratepayer can apply for a further relief period.
- ❑ In the event that arrears of Non Domestic Rates exist it will be a condition of any relief award that a repayment plan is agreed with Finance Services and adhered to. If the repayment plan is defaulted the relief may be withdrawn.
- ❑ In exceptional circumstance a case which merits special consideration may be considered under this policy even if some elements of the policy criteria are not satisfied, providing the relevant legislation is complied with.
- ❑ Applications will be considered jointly by Finance Services and Economic Development.
- ❑ The Chief Financial Officer and Head of Regeneration and Planning may consult with other Services as appropriate, and will assess the extent to which an award safeguards employment and promotes local economic development.

4.0 Application Process

In order to make an application for Part Empty Short Term Relief an application must be submitted with supporting evidence.

- ❑ Application to be made by the ratepayer (or their representative) liable to pay Non Domestic Rates on the property.
- ❑ Applicants will be required to complete an application form and provide a plan showing the unoccupied area(s).. The unoccupied area must be satisfactorily sectioned off.
- ❑ In order for the application to be fully considered audited accounts and a business plan must also be submitted along with any other supporting information and evidence to support their claim.
- ❑ Applications must be submitted immediately the property becomes unoccupied and no relief will be granted for any period prior to the application receipt date.
- ❑ Applications will not be considered retrospectively.
- ❑ All applications to be submitted to Finance Services for consideration by Finance Services and Economic Development. Any case with exceptional circumstances and outside the normal criteria will be considered by the Chief Financial Officer and Head of Regeneration and Planning.

Inverclyde Council – Finance Services Revenues and Benefits

- ❑ Prior to requesting an apportionment of the rateable value, an inspection visit may be made to the property to establish eligibility.
- ❑ If an application meets the qualifying criteria then a request will be made to the Assessor to provide an apportioned rateable value for the unoccupied part of the property.
- ❑ The apportioned rateable value must be equal to or greater than 5% of the subject's total rateable value.
- ❑ All applications will be processed within 21 days once all information is received.
- ❑ The rates payable will be charged in accordance with legislation. The occupied part of a property will be charged at 100%. The unoccupied part of a property will be charged in accordance with legislation for the duration of the short-term empty period unless the property is industrial, in which case there is no charge.

5.0 Monitoring Process

Applications will be subject to periodic reviews and the property will be visited up to 4 times per year by Economic Development.

In the case of empty periods extending beyond 12 months, a review will be carried out at the end of 12 months which will require audited accounts and a revised business plan to be submitted, an inspection of the premises will also be carried out.

Any applicant subsequently found to have deliberately misled the Council as to their intentions in relation to this policy may have any relief previously awarded withdrawn

6.0 Appeal process

Applicants who disagree with any decisions in relation to this policy have a right of appeal to the Chief Financial Officer.

7.0 Financial Implications

There are no financial implications for the Council, under the National Rates pooling arrangements 100% of the cost will be met by the Scottish Government.