

4. Written Responses – Questions

North Ayrshire Council welcomes the opportunity to respond to the consultation of water and sewerage charges: charges for vacant non-household properties.

The Government's Proposal

1) Do you agree, in principle, that vacant non-household properties should be charged for water, sewerage and drainage services?

Yes No

There are currently two precedents in place; council tax where a 100% levy may be imposed on long term empty property; and non-domestic rates where an empty property is charged 90% rates; charging for water services on a vacant property would follow the same charging principles.

If a charge was to be brought in it should take cognisance of other property based schemes for example non domestic rates where relief is available and council tax long term empty property where exclusions apply. It should be noted that there is very limited speculative building in the commercial market and a charge on vacant property may have a negative impact. Any water scheme must have the potential to incentivise for example increase the number of new builds and regeneration of local communities; and not discourage investment and growth of an area.

2) Do you agree that water and sewerage charges for vacant properties should be the same as those for occupied properties regardless of the reason for the vacant status?

Yes No

To apply the same standard charge as occupied properties would contradict the approach in non-domestic rates where there are similarities with the business community and affects the same customers.

In terms of non-domestic rates a vacant business will receive 100% empty rates relief for up to 3 months then charged 90% rates; an empty property can still qualify for small business bonus scheme relief of up to 100% based on Rateable Value thresholds. Some businesses are also exempt for the whole period a property is vacant for example an industrial property or a property with a Rateable Value of less than £1,700. A charge for water services should operate along the same basis for consistency.

If the purpose of the charge is to raise income and at the same time encourage owners to bring properties back into use then there is no evidence that the recent change from 50% to 90% rates charge is resulting in less empty property, especially when up to 100% small business bonus scheme can be awarded; and there is no evidence to suggest a further levy for water services would help stimulate activity in this respect from the same business owners.

North Ayrshire has a town centre vacancy rate of around 5.6%, which is below the Scottish average and a water services charge may have less of an impact. The majority of the Council's empty property is outside town centres and due to market conditions it can be more difficult to attract a new business; a charge would have the largest impact on owners in smaller communities. If a business was paying 90% rates and full water charges and is unable to sell or let a property then this may increase personal debt or liquidations.

North Ayrshire has an Enterprise Area and rates relief of between 2.5% and 100% for business linked to "life science" or increased capital allowances used to incentivise business to locate in the local area. Imposing charges on an owner of an empty property in an Enterprise Area when rates relief is only available for a niche market may have a negative impact and discourage owners from investing in new builds or regeneration.

Any proposed scheme should include exemptions to ensure an element of fairness and encourage business growth. The Council's own property for example an unused school or office building would, under the proposal, be subject to a charge, but there may be fewer options available to Councils to dispose, sell or let such property and the scheme should reflect this.

The Scottish Government Water and Sewerage Charges Exemption Scheme currently provide water charges exemption for registered charities and community amateur sports clubs. Such exemptions could be extended to mirror the rating system.

Council tax empty properties that are actively being marketed for sale receive a two year exemption from a long term empty charge. The same could apply to water charges.

Charges – Drainage Services

3) Do you agree that drainage charges should be the same as those for occupied properties?

Yes No

Please see response to question 2 above.

Timetable for introduction

4) Do you agree that the current exemption should be removed from 1 April 2017?

Yes No

1 April 2017 coincides with the next rating revaluation and as unmetered water charges are based on a set amount per £ of Rateable Value there is a significant risk that Rateable Values will increase and impact on the amount of water charge levied. If a charge is introduced then the Council would recommend that it is phased for example over two or three years; in recognition of the 2017 rating revaluation and the expectation that the number of revaluation appeals will be high, and if successful could reduce Rateable Values and water charges; and the difficult economic climate and local market conditions that owners of commercial property currently operate within.

The current exemption should only be removed when the new scheme has been equality impact assessed; the scheme is ready to be implemented and it has been communicated in advance to give owners time to sell or let their property before a charge is imposed.

The start date of any new scheme should take the above factors into consideration.