

4. Written Responses – Questions

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

This is a response by officers of East Lothian Council.

It is difficult to give a simple “yes” or “no” answer to this question.

On the one hand it might seem sound to oblige owners of vacant properties to pay water, sewerage and drainage charges (unless disconnected) if this stops occupiers of other properties having to subsidise them.

However, some recognition should be taken of the fact that these properties are not using services in the same way as occupied properties. Parallels could be drawn with other services such as telecommunications and electricity. The service may be available, together with all the necessary infrastructure, but that does not mean it is being used (possibly excepting drainage).

The paper makes mention of the curtailment of business rates discounts in April 2013 and suggests that water and sewerage charges should be treated in a similar manner. As we understand it, the main reason for the curtailment of business rates discount was to encourage faster re-occupation of business properties and thus regeneration of Scotland’s High Streets. Business rates are a property tax and not a charge for a service; this marks an essential difference from the current proposals.

It is not clear whether the introduction of charges of vacant properties in itself is actually intended to incentivise their re-use. In principle, charges for services should be used for the delivery of the service and not to influence behaviour. It would perhaps be a good idea to make information available about how to bring empty non-domestic properties back into use more quickly. (This was done when the Council removed the council tax discount on long-term empty domestic properties and subsequently applied a levy.)

In addition, we would like to suggest that there will be consequences that have not been mentioned in the consultation.

As this proposed measure would apply to properties owned by local authorities, we anticipate it would bring extra costs to this Council of £20-30k per annum on the Council’s property portfolio as it currently stands. Presumably this will apply comparably to other local authorities and other public bodies.

The owners of rental properties affected by this measure would in all

likelihood pass resultant costs on to their other tenants and ultimately to the customers of those tenants.

If buildings in a public body's own estate become vacant and they have to continue to pay charges, they will have to find offsetting savings, presumably through curtailing the services they themselves deliver to the public.

Looking at the total number of business properties in our area (not just those owned by the Council), for information our records show that there are 3,329 live non-domestic properties in East Lothian, with 230 of those (around 7%) currently empty.

This Council faces a constant challenge to maintain an appropriate supply of business land, and comes under pressure from developers and property owners to allow areas to be repurposed for housing, which is generally a more profitable prospect for them. This pressure will no doubt intensify if owners of vacant properties have to pay charges for water and sewerage that they do not use.

The proposed measure may encourage owners to seek disconnection of their empty properties from water and sewerage services. The consultation paper is not clear on whether the plan to incentivise disconnection is only for those properties which are unlikely to come back into use.

We suggest there may well also be a need to offset the savings anticipated from these proposals against the costs of the extra administrative and operational capacity that Scottish Water will require in order to be able to put them into effect; its current system could be due for an overhaul. Typically at present when the Council makes a request for disconnection, Scottish Water arranges for a site survey, then quotes for the work, and only after payment is made does it make an appointment to do the work, which date can be a further 4–6 weeks away. Reconnection can take a long time also. These sorts of lead-times will not sit well with Scottish Water customers trying to re-let properties, and will also lead to extra administrative activity for Scottish Water and for customers as bills are queried. There can be difficulties for Scottish Water in arranging access to empty buildings.

One other suggestion, where it is known that a building will be reoccupied in the future, would be to remove the meter and fit a cap or a dummy meter, which won't allow water to pass, rather than try to carry out a full disconnection and then reinstatement. Hopefully this procedure would allow the metering standing charges to be put on hold and minimise excavation works.

Either way, there should be published standards for the time and taken and the charges to carry out disconnection and reconnection in these circumstances.

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

See above. Officers are not persuaded that water and sewerage charges for vacant properties should be the same as those for occupied properties.

If this question is intended to ask primarily whether the reason for the vacant status should have no bearing on the charges, this is not something that we have considered in any detail.

Charges – Drainage Services

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

Yes No

Whilst we appreciate that drainage (of rainwater/surface water) is needed for a property whether occupied or not, most properties in East Lothian have combined systems of drainage and sewerage.

Timetable for introduction

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

Yes No

If the Scottish Government decides to go ahead with this, it may be preferable to introduce on a phased basis to give businesses time to absorb the costs appropriately.