

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

In brief we see little reason to charge for water supply and sewerage for unoccupied premises that are not consuming or making use of these services, but we recognise there is an argument for some contribution for drainage.

This is not a simple 'yes' or 'no' question to answer. The government's own comments acknowledge that this is so where they note a difference between drainage and sewerage on the one hand and water supply on the other. However, the use and cost of the various water services for empty properties will greatly vary and therefore we believe there is more than a straightforward 'yes' or 'no' to this question.

It is also regrettable that the government has not chosen to conduct a more thorough analysis of the charging system for non-domestic properties. The current system can cover some six different charging criteria, split between fixed charges and charges based on rateable values or, for more modern or refitted properties, potentially on meters. This was surely the time to consider simplifying the water charges system.

If we are to introduce charging for vacant properties we believe that there must be reconsideration of the timing of charges. The government may also wish to consider the costs associated with reconnection and the associated resources that may be required – there are thousands of lease events during a year in Scotland and therefore this suggests that there will be frequent and unpredictable periods of occupation of business premises.

We expect that because it is a service cost charges for vacancies will be re-charged by property owners via service charges. Where a significantly sized property falls vacant in a multi-let scenario this might involve a significant charge being directly re-applied to other occupiers yet this does not appear to have been realised by the BRIA.

We would welcome the opportunity to discuss our views on the introduction of charging for vacant properties face-to-face with the Scottish Government, as suggested in the Minister's foreword.

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

We refer to our answer to question one – this is not straightforward as certain of these services will barely be used and the reasons for vacancy could be varied. The consultation paper states that it is seeking to incentivise disconnection but we wonder whether this is desirable. Reconnection will incur new charges and will not always be welcome for business occupiers seeking to move into premises quickly.

Charges – Drainage Services

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

Yes

No

As stated in our reply to question one, we have more sympathy with this point because clearly the treatment and maintenance of drainage is an ongoing requirement for properties. However, we question whether the charge should become applicable immediately. Some properties may become vacant unexpectedly and we feel that a buffer period should be introduced for the landlord to deal with the consequent administration of connection/charging compliance.

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

Yes

No

We cannot answer this without reference to the concerns we have raised about extent of charging, the lack of any 'buffer' period of vacancy as exists with empty property rate charges for non-domestic rates, or the wider point about the fragmented nature of water charges.

We would underline again that commercial property owners will not usually 'choose' to deliberately keep their properties empty. Empty properties lose revenue, lose the opportunity for revenue and have a negative impact on a wider portfolio. They also add maintenance costs. As with empty property business rates the government refused to understand the drive and incentives made by landlords to get properties occupied, including significant periods of rent-free occupancy which are still the norm for many new leases. As one member from the Dundee area commented to us, 'what more does the government think we can do beyond nil rent'!

If the government is determined to press ahead then the date of 1 April 2017 brings with it a short timescale that would be a burden to businesses affected, including large and small commercial landlords. We would also

question the ability of the collecting authorities to properly assess relevant ratepayers of vacant premises in this short time-span. We would call for the implementation date of this policy as proposed to be moved to later in the charging cycle to allow both ratepayers and authorities to better prepare for its budgetary and resource consequences.