Closing the Vacant Site Incentive Scheme

Summary of Responses and Notice of Commission Decision

March 2017

This document sets out the decisions the Commission has taken following our Consultation of 12th March 2017 on closing the Vacant Site Incentive Scheme (the Scheme).

Having considered the consultation responses and in view of its functions and duties, the Commission has decided to proceed with the approach set out in the March 2017 consultation. This is to close the Scheme to new applications on 31 March 2017 and to put in place arrangements for the orderly processing of any applications which are outstanding on that date. To ensure that payments are processed in a timely manner and that the burden of administering the Scheme does not continue indefinitely, we have set a deadline of 1 October 2017 after which no further payments will be made under the Scheme.

This document has been sent to the Scottish Government; Scottish Water; the Central Market Agency Limited; and all Licensed Providers participating in the Scottish water market. It is also available on the Commission’s website: www.watercommission.co.uk.
Background

Water, sewerage and drainage charges are payable by occupiers of non-household properties connected whether directly or indirectly to public networks. To date, vacant non-household properties have been exempt from these charges. The Scottish Government has determined that from 1 April 2017 the exemption for vacant non-household properties is to be removed and these properties will become liable for relevant water, sewerage and drainage charges in the same way as properties that are occupied.

Whilst vacant properties may not be in active use to produce goods and to deliver services, owners of these properties still benefit by being able to rely on the continued availability of services provided by Scottish Water. In particular, drainage services ensure that rainwater from roofs and car parks is drained so that properties are not flooded. Subsequent occupation of these premises is dependent on the premises being fully serviced including access to water and sewerage services.

The costs associated with maintaining services to these properties currently falls to other non-household customers. From 1 April 2017, owners of vacant properties will be liable for these charges.

Once Vacant Charging is active, the current Scheme becomes redundant as charges will be levied with respect to a property whether or not it is occupied. If a property is marked vacant at the CMA but is occupied, the landlord will have an incentive to notify their Licensed Provider that the property is occupied so that the occupier is charged for water and sewerage rather than the landlord.

Further, it became mandatory on 1 January 2017 for owners/landlords to notify any change of occupancy to their Licensed Provider. If owners/landlords do not, they are jointly and severally liable with the occupier for any relevant water and sewerage charges.

Summary of Responses

Table 1 presents the response from Scottish Water to this consultation (there were no other responses) and the Commission’s replies. Scottish Water are the administrator and main beneficiary of the Scheme.

Table 1: Consultation response and our reply

<table>
<thead>
<tr>
<th>Summary of responses</th>
<th>Our reply</th>
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<tbody>
<tr>
<td>Scottish Water agree that following the introduction of charging at vacant non-household premises it is appropriate to close theScheme to new applications from 31 March.</td>
<td>We are pleased that Scottish Water, the major beneficiary of the additional revenue generated by the Scheme,</td>
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### Summary of responses

<table>
<thead>
<tr>
<th>Summery of responses</th>
<th>Our reply</th>
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<td>The Commission has proposed that all outstanding applications should be resolved by 1 October 2017. Scottish Water believe this should be ample time to conclude all outstanding applications and will complete earlier if possible.</td>
<td>We are encouraged that the Scheme administrator feels that there is ample time to process all applications by 1 October 2017.</td>
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### Decision

Following due consideration of the consultation responses and in view of its functions and duties, the Commission has decided to proceed with the approach set out in the March 2017 consultation.

The Commission has decided to close the Scheme to new applications on 31 March 2017 and to put in place arrangements for the orderly processing of any applications which are outstanding on that date. We have set a deadline of 1 October 2017 after which no further payments will be made under the Scheme.

This deadline and the timescales for processing applications under the Scheme allow sufficient time for the required processing, including any references to the expert for dispute resolution. Thus, we expect that all applications will be fully dealt with before 1 October 2017.