



## Briefing for the Public Petitions Committee

**Petition Number:** [PE1648](#)

**Main Petitioner:** Stephanie Dodds

**Subject:** Nursery business rates

Calling on the Scottish Parliament to urge the Scottish Government to abolish or freeze business rates for nurseries.

### Background

Non-domestic rates (NDR) (often referred to as “business rates”) are a property-based tax charged to premises entered on the Valuation Roll unless they are otherwise exempt (the main exemptions are agricultural lands, forestry lands, public parks and domestic property). Non-Domestic Rates Income for 2017-18 is provisionally set to raise 2,665.8m, a £102.70 million decrease (equal to - 3.7%) from 2016-17.

Rateable values are revalued on a regular basis – generally 5 years. The last revaluation was in 2010. Although a revaluation was initially planned for 2015, in 2012 the Scottish Government announced it would delay revaluation to 2017 to match the UK Government's decision to delay the revaluation in England to 2017. All premises were revalued on 1 April 2017. The Scottish Government estimates that 70% of premises will see no change or a decrease in their Non-domestic rates bill in 2017-18.

The Scottish Government maintains a series of relief schemes that are aimed at helping businesses by reducing their NDR bill. Charity relief represents the biggest relief, at almost 30% of the total in 2014-15. This is followed by the Small Business Bonus Scheme (28.1%) and Empty Property Relief (23.2%). Other reliefs are much smaller, with Disabled Rates Relief representing less than 10% of the total.

In addition to reliefs put in place by the Scottish Government, the [Community Empowerment \(Scotland\) Act 2015](#) allows local authorities to grant relief to any type of ratepayer for any reason, as they see fit, provided this is fully funded by the local authority itself. Only Perth and Kinross Council used this power in 2016-17 to put in place a 20% NDR relief for retail businesses in town centres in Perth and Kinross for businesses with rateable values between £18,001 and £30,000. Information on local relief schemes is not yet available for 2017-18.

In December 2015 the Scottish Government announced the next review of NDR with the First Minister confirming in March 2016 that the review will be led by the former chair of RBS, Ken Barclay, and is expected to be completed by summer 2017.

## **Scottish Government Action**

No action was taken in relation to non-domestic rates relief for nurseries specifically.

In February 2017 the Scottish Government proposed to:

- Cap 2017-18 bill increases at 12.5% (real terms) for hotels, pubs, restaurants and cafes. This will benefit around 8,500 properties and will bring the average gross bill increase for hotels down to 12% and down to 2% for pubs
- Cap 2017-18 bill increases at 12.5%. This will benefit around 1,000 premises
- Cap rates bill increases at 12% for small-scale hydro schemes (up to 1 MW).

[Non-Domestic Rates \(Transitional Relief\) \(Scotland\) Regulations 2017 \(SSI 2017/85\)](#) was laid on 16 March 2017 and came into effect on 1 April 2017.

The Delegated Powers and Law Reform Committee agreed to draw to the attention of the Parliament to this instrument on 28 March 2017 on the basis that it is in breach of the 28 day rule i.e. it was coming into force less than 28 days after it was laid. The regulation states that inflation is set at 2.0%.

The following premises are covered by the transitional relief:

- Bed and breakfast accommodations
- Camping sites
- Caravans
- Caravan sites
- Chalets and holiday huts
- Guest houses, hotels and hostels
- Pubs and nightclubs
- Restaurants
- Renewable energy generation
- Self-catering holiday accommodation
- Timeshare accommodation
- Offices in Aberdeen and Aberdeenshire.

## Scottish Parliament Action

[Motion S5M-03651](#): Ross Thomson, North East Scotland, Scottish Conservative and Unionist Party, Date Lodged: 26/01/2017

### **Impact on North East Businesses of the Hike in Non-domestic Rates**

That the Parliament understands that, as a result of the 2015 revaluation, businesses across the North East Scotland region are facing enormous increases in their non-domestic rates; believes that this impacts on companies across a range of sectors, including hospitality, oil and gas, engineering and retail, with some being subjected to increases in excess of 200%; considers that this represents a substantial hike in charges that will render it extremely difficult for some to avoid liquidation; welcomes the Press & Journal campaign, which, it understands, aims to highlight a number of compelling examples of businesses that will be adversely affected by the increase, and notes the calls for the Scottish Government to take expedient and meaningful action to address this issue and to seek a solution to ease the impact of this.

On [23 February 2017](#), North East MSP Mike Rumbles called in the Chamber for the Barclay Review consultation to be re-opened.

**Anouk Berthier**  
**Senior Researcher**  
18 April 2017

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