

PE1648/C

Fife Council submission of 5 July 2017

I refer to your e-mail of 21 June and attached information surrounding the petition to abolish or freeze business rates for nurseries, I would respond as follows from a rating perspective:

Revaluations of business properties in Scotland normally takes place every 5 years however the 2015 revaluation was postponed until April 2017. Following the UK Government's decision to delay the revaluation in England, Scottish Government matched that date to enable a reform of the business rates system to ensure a competitive business environment was not undermined.

The postponement of the revaluation therefore resulted in pre 2017 rateable values being based on a "tone date" of 1 April 2008 and did not take cognisance of changes in market values and the current economy. It was therefore vital the revaluation took place to address such issues in order that current rental values could be accurately reflected. Assessors throughout Scotland have spent a significant amount of time in re-valuing business property and this in itself should provide up to date rateable values which reflect current rental values and which are fair.

From a Fife perspective, I have undertaken a trawl of all properties that have a description of nursery school or crèche on the rates billing database and have identified 43 such properties. Overall, there has been an increase in gross rates payable from £448,767.90 - £472,446.00. 29 out of the 43 properties identified have seen an increase and 14 have seen a reduction. Of the 29 who have been subject to an increase 8 properties are entitled to 100% rates relief and 5 properties to 25% rates relief.

It should be noted that these figures reflect only those nurseries described as above, there will be nurseries operating from community owned halls such as village halls and local authority schools which I cannot identify from the rates billing database.

You will be aware that following the revaluation Scottish Government introduced a rates package to limit the 2017/18 increases in rates bills for properties in the hospitality and renewable sectors. This also extended to office properties in Aberdeen and Aberdeenshire. If the same principles were to be adopted for this sector then from a Fife perspective this would result in a cap in bills amounting to approximately £42K. If rates were to freeze at 2016/17 levels this would result in an approximate reduction of £80K.

Business rates are a tax on occupation of commercial property and should be payable by **all** business sectors. If rates were abolished or frozen for private sector nurseries it would be unfair to all other business sectors who have had to budget for similar or indeed greater increases as a result of the revaluation. The revaluation should be allowed to reflect the changes in property market value and the current economy in order that it is fair for all ratepayers regardless of the impact. These schemes negatively impact on the revaluation and disregards the significant work undertaken by Assessors. There is also an added risk that local authorities may

look at separating their pre-school nurseries from their school valuations to benefit from exemption.

Based on the information provided for Fife the increases are not significant and the ultimate aim of revaluation to reflect current rentals has been achieved.

Finally, as you are aware business rates in Scotland are currently under review, the Barclay Review group has been set up to make recommendations that seek to enhance and reform the business rates system to better support business growth and long-term investment and reflect changing marketplaces. A report of recommendations is anticipated late July/early August.