

## PE1648/P

Scottish Borders Council submission of 25 July 2017

Although there are no current pressures on nursery places, private providers have raised concerns regarding increases and this may impact on the future viability of private nursery providers. Providers have indicated they may consider an application for relief through the Community Empowerment Act.

Concerns have been raised from private nursery providers with providers raising their concerns collectively (along with concerns about the impact of the living wage and new requirements around pensions). There are 2 large local nursery providers and if either felt that their business was not profitable then there would be pressure on nursery places locally.

There have only been indications of the negative impacts on the existing position from recent changes and there is no significant increase/decrease in demand or funding streams.

Scottish Borders Council currently bills 20 Private Nurseries and Childcare Centres identified by the Assessor as providing childcare in the Scottish Borders.

Out of these 20 businesses, 15 experienced an increase in their rateable value, the average of which was 20%.

8 of these have no 2017 liability and 7 have had an increase to their liability. However 4 out of the 7 increases were under 7%.

The largest % increase in the Rateable Value (RV) experienced due to the 2017 Revaluation in this sector is 44%. However the increased RV still falls within the Small Business Bonus criteria to possibly receive 100% Relief.

Of the 18 businesses that have a comparable 2016 liability:-

- 7 businesses have seen an increase in their liability due to a RV increase but relief has stayed the same resulting in a zero liability
- 2 businesses have seen a decrease in their liability due to a RV reduction but relief has stayed the same resulting in a zero liability
- 2 businesses have seen a decrease in their net liability, 1 due to the increase in SBBS from 50% to 100% the other was due to a decrease in the RV
- 7 businesses have seen an increase in their liability due to a RV increase. 5 of these do not have any entitlement to relief and 1 remains entitled to 25% SBBS, this mirrors the 2016 position. Only 1 business experiencing an increase in NDR has lost their entitlement to relief. The increase to the net liability is £3312.

Of the 20 businesses, one has had no change to its RV with four experiencing a decrease.

The Assessors position: Non Domestic Rates is a property tax based on the rental value of properties. Generally, larger improved properties will tend to have a higher Rateable Value. Ultimately, the values for Day Nurseries in the Scottish Borders are aligned to similar properties that are let. For example, a nursery may occupy an industrial type building or a property with the characteristics of an office or shop. Therefore, the Rateable Value is based on levels of rental value prevailing in the locality for that type of property at 1 April 2015. The ratepayers have the right of appeal and these values can be challenged (any appeals should be lodged with the Assessor by 30th September).