EXECUTIVE NOTE

DRAFT : Valuation and Rating (Exempted Classes) (Scotland) Order 2006

The above instrument is made in exercise of the powers conferred on the Scottish Ministers under Section 1 of the Valuation and Rating (Exempted Classes) (Scotland) Act 1976 and by all other enabling powers. The instrument is subject to the affirmative resolution procedure.

Background

Occupiers of non-domestic subjects in Scotland pay non-domestic rates. Broadly speaking, non-domestic rates are levied on the basis of a national poundage rate multiplied by the rateable value of each non-domestic subject in the valuation roll. Rateable values in Scotland are set by the Scottish Assessors. The rateable value is the Assessor's estimate of the annual rent which that property would command on the open market.

Under existing legislation, offshore electricity generators that lie seaward of the low water mark of ordinary spring tides in Scottish waters will have a liability for non-domestic rates. However, this is not the case in England, Wales and Northern Ireland. This is because in England and Wales 'rateability' stops at the low water mark and in Northern Ireland rates can only be levied on hereditaments "in district", i.e. within a local government district boundary (there is a common law presumption that land between high and low water marks is not within a district boundary).

Policy Objective

The purpose of this instrument is to exempt offshore electricity generators from non-domestic rates valuation. This is to ensure harmonization of valuation treatment of these subjects across the United Kingdom.

It will also support renewable energy generation, by exempting future offshore windfarms, wave and tidal power generators from liability for non-domestic rates. There is no immediate impact as there are currently no offshore electricity generators. This Order is therefore making provision for future installations.

Consultation

Given the limited scope of the Valuation and Rating (Exempted Classes) (Scotland) Order 2006, a short one-month consultation was conducted in the summer of 2005 on a draft of the Order. 9 interested organisations (including COSLA, the Scottish Assessor for electricity, the Scottish Renewables Forum and officials in other UK administrations), were consulted and only one response was received which was supportive and required no change to the draft Order.

Financial Effects

This Order will not impose any financial burden on local authorities or business. It will ensure the harmonisation of treatment for offshore electricity generation across the United Kingdom.

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