EXECUTIVE NOTE

THE NON-DOMESTIC RATE (SCOTLAND) ORDER 2009
SSI/2009/3

The above instrument is made in exercise of the powers conferred on the Scottish Ministers by section 7B and 37 of the Local Government (Scotland) Act 1975 and by all other enabling powers. The instrument is subject to the negative resolution procedure.

Purpose of the Instrument

The purpose of this instrument is to set business rate poundage in Scotland of 48.1 pence for 2009-10. The new rate for Scotland represents an increase of 2.3 pence from 2008-09.

Background

The Cabinet Secretary for Finance and Sustainable Growth confirmed the provisional poundage rate for 2009-10 on 11 December 2008 as part of his Parliamentary Statement detailing the Local Government Finance settlement.

The UK Government has confirmed the 2009-10 business multiplier rate for England (equivalent to the Scottish standard poundage rate) at 48.1 pence. The Government Economic Strategy confirms that the Scottish Government intends to act to ensure that the business poundage rate in Scotland will not rise above the English rate during the lifetime of the 2007-2011 Parliament.

This instrument will result in the poundage rate paid by Scottish businesses from 1 April 2009 being 48.1 pence. This will be the same as the business multiplier rate applicable in England.

Consultation

Ministers have powers conferred by section 7B and 37 of the Local Government (Scotland) Act 1975 to set the business rate poundage on an annual basis. There is no formal period of consultation required.

Regulatory Impact Assessment

No Regulatory Impact Assessment is required because the present instrument will not impose new regulatory burdens on businesses, charities or the voluntary sector compared with The Non-Domestic Rate (Scotland) Order 2008 which it replaces.

Financial Implications

Based on current estimates, every 1 pence change in the poundage results in a change in Non-Domestic Rate income of around £43 million. An increase of 2.3 pence will therefore result in additional Non-Domestic Rate income of around £99 million in 2009-10. This instrument has no additional financial effects on the Scottish Government, local government or business.

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January 2009