EXECUTIVE NOTE

THE NON-DOMESTIC RATING (RURAL AREAS AND RATEABLE VALUE LIMITS) (SCOTLAND) AMENDMENT ORDER 2009
SSI/2008/370

The above instrument is made in exercise of the powers conferred by paragraph 1(3) (c) of Schedule 2 to the Local Government and Rating (Scotland) Act 1997 and of all other enabling powers. The instrument is subject to the negative resolution procedure.

Background

Under the current rural rate relief scheme ("the scheme"), where a settlement is designated as rural by Scottish Ministers and has a population 3,000 or less, 50% mandatory relief is available to qualifying subjects. Local authorities have discretionary powers to increase this rate relief up to 100%.

The method used to define rural areas for rate relief and rating exemption purposes is based on the application of the General Register Office for Scotland (GROS) postcode method of urban/rural classification. This defines localities where the number of residents in all the postcodes in the group is 500 or more. Where they are associated with other localities that together have populations of more than 3,000, such areas are considered urban and excluded from the definition of rural areas for the purposes of the scheme.

The population of settlements data are reviewed regularly, in line with the publication of mid-year locality population estimates received from the GROS. The mid-year locality population estimates provide the population in each settlement throughout Scotland.

For the purpose of this instrument, the mid-year 2006 locality population list was used as supplied by GROS. These are the most up-to-date estimates currently available.

Policy Objective

This instrument amends Column 2 of Schedule 1 of the Non-Domestic Rating (Rural Areas and Rateable Value Limits) (Scotland) Order 2005 and revokes the Non-Domestic Rating (Rural Areas and Rateable Value Limits) (Scotland) Amendment Order 2007. This instrument provides an updated list of the localities that have populations of more than 3,000 in Scotland and are excluded for rural rate relief purposes.

Consultation

Although there is no statutory obligation to consult on this Order, a consultation took place from 22 August to 3 October 2008. Of the 139 consultees invited to comment, six responses were received, none of which was substantive.

Financial Effect

Under this instrument, six settlements will be added to the list and one will be removed. Therefore, the number of settlements eligible for relief has increased by five. If we were to assume that each of these settlements had a qualifying business in each statutory category

(Post Office, Store, Petrol Station and Public House/Hotel), then the additional cost would be in the region of £80,000. In reality, the total is likely to be significantly lower, as only a small proportion of settlements have a qualifying business in each of the categories. In arriving at the estimated cost, we have assumed that each qualifying business is in receipt of relief under the Small Business Bonus Scheme, which reduces the marginal cost per business.

The Scottish Government reimburses local authorities for the cost of granting mandatory relief as part of the general revenue grant payment. The cost of any discretionary relief granted by local authorities is funded 75% by the Scottish Government and 25% by the local authority.

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