

# Local Government, Housing and Planning Committee

**5<sup>th</sup> Meeting, 2024 (Session 6)**

**Tuesday, 6 February 2024**

## **SSI cover note for: The Non-Domestic Rates (Levying and Miscellaneous Amendment) (Scotland) Regulations 2024**

### **SSI 2024/4**

**Title of Instrument:** The Non-Domestic Rates (Levying and Miscellaneous Amendment) (Scotland) Regulations 2024

**Type of Instrument:** Negative

**Laid Date:** 11 January 2024

**Circulated to Members:** 11 January 2024

**Meeting Date:** 6 February 2024

**Minister to attend meeting:** No

**Motion for annulment lodged:** No

**Drawn to the Parliament's attention by the Delegated Powers and Law Reform Committee?** No

**Reporting deadline:** 26 February 2024

## **Recommendation**

1. The Committee is invited to consider any issues which it wishes to raise on this instrument.
2. An electronic copy of the instrument is available at: <https://www.legislation.gov.uk/ssi/2024/4/contents/made>
3. Copies of the Scottish Government's Explanatory and Policy Notes are included in **Annexe A**.

## Purpose

### 4. The Explanatory Note states that—

‘These Regulations make provision for the amount payable as non-domestic rates in certain circumstances in respect of certain non-domestic properties in Scotland. The non-domestic rate for properties not covered by these Regulations is fixed by Order made under the Local Government (Scotland) Act 1975. For the financial year 2024-2025, the rate is fixed by the Non-Domestic Rate (Scotland) Order 2024 (S.S.I. 2024/3).

These Regulations also make miscellaneous amendments to the Non-Domestic Rates (Enterprise Areas) (Scotland) Regulations 2016, the Non-Domestic Rates (Telecommunication Installations) (Scotland) Regulations 2016 and the Non-Domestic Rates (District Heating Relief) (Scotland) Regulations 2017.’

### 5. The Policy Note explains that the purpose of the instrument is to provide for a number of non-domestic rates policies which take effect on 1 April 2024:

- Provision in the financial year 2024-25 for reductions in non-domestic rates as a result of the Small Business Bonus Scheme and Fresh Start relief.
- The two supplements which, added to the poundage, respectively provide the non-domestic rate applicable to properties with a rateable value in excess of £51,000 and up to £100,000 (which are liable for the Intermediate Property Rate), and to properties with a rateable value in excess of £100,000 (which are liable for the Higher Property Rate).
- An amendment to the Non-Domestic Rates (Enterprise Areas) (Scotland) Regulations 2016 to extend and phase out the relief over the financial years 2024-25 and 2025-26.
- An amendment to the Non-Domestic Rates (Telecommunication Installations) (Scotland) Regulations 2016 to extend the relief by two years until 31 March 2031.
- An amendment to the Non-Domestic Rates (District Heating Relief) (Scotland) Regulations 2017 to extend and expand District Heating relief for renewable district heating networks.

### 6. The Policy Note further states that the instrument provides for a poundage supplement of 4.7p in the pound for non-domestic properties with a rateable value of between £51,001 and £100,000 and a poundage supplement of 6.1p in the pound for non-domestic properties with a rateable value exceeding £100,000.

### 7. The instrument also provides for the Small Business Bonus Scheme in 2024-25 which offers 100% relief to eligible properties with a cumulative rateable value of £12,000 or less.

## Delegated Powers and Law Reform Committee consideration

8. At its meeting on 23 January 2024<sup>1</sup> the DPLR Committee considered the instrument and agreed not to draw it to the attention of the relevant lead committee.

## Procedure for Negative Instruments

9. Negative instruments are instruments that are “subject to annulment” by resolution of the Parliament for a period of 40 days after they are laid. All negative instruments are considered by the Delegated Powers and Law Reform Committee (on various technical grounds) and by the relevant lead committee (on policy grounds). Under Rule 10.4, any member (whether a member of the lead committee) may, within the 40-day period, lodge a motion for consideration by the lead committee recommending annulment of the instrument. If the motion is agreed to, the Parliamentary Bureau must then lodge a motion to annul the instrument for consideration by the Parliament.

10. If that is also agreed to, Scottish Ministers must revoke the instrument. Each negative instrument appears on a committee agenda at the first opportunity after the Delegated Powers and Law Reform Committee has reported on it. This means that, if questions are asked or concerns raised, consideration of the instrument can usually be continued to a later meeting to allow correspondence to be entered into or a Minister or officials invited to give evidence. In other cases, the Committee may be content simply to note the instrument and agree to make no recommendation on it.

**Clerks,  
Local Government, Housing and Planning Committee**

# Annexe A

## Scottish Government Explanatory Note

These Regulations make provision for the amount payable as non-domestic rates in certain circumstances in respect of certain non-domestic properties in Scotland. The non-domestic rate for properties not covered by these Regulations is fixed by Order made under the Local Government (Scotland) Act 1975. For the financial year 2024-2025, the rate is fixed by the Non-Domestic Rate (Scotland) Order 2024 (S.S.I. 2024/3).

These Regulations also make miscellaneous amendments to the Non-Domestic Rates (Enterprise Areas) (Scotland) Regulations 2016, the Non-Domestic Rates (Telecommunication Installations) (Scotland) Regulations 2016 and the Non-Domestic Rates (District Heating Relief) (Scotland) Regulations 2017.

Part 1 provides the title of these Regulations and for their commencement.

Part 2 contains provisions in respect of the levying of non-domestic rates. Regulations 3 to 7 apply to the financial year 2024-2025.

Regulation 3 provides for the general reduction in rates liability of a ratepayer in relation to non-domestic properties which comprise only one entry in the valuation roll and have a rateable value of less than £20,000. However, where the enactments listed in regulation 3(4)(a) or a determination mentioned in regulation 3(4)(b) also provide for a reduction in rates liability, the rate relief provided under regulation 3(3) is reduced by a corresponding amount. Regulation 3(5) provides that regulation 3 does not apply to, and therefore no relief is granted in respect of, lands and heritages that are receiving relief on account of being unoccupied or that are wholly or mainly used for certain purposes, including as parking spaces or for payday lending.

Regulation 4 provides for the general reduction in rates liability of a ratepayer in relation to non-domestic properties which comprise more than one entry in the valuation roll, and cumulatively have a rateable value of no more than £35,000. In a similar way to regulation 3(4), regulation 4(4) provides for a reduction in the rate relief provided under regulation 4(3) if the enactments listed in regulation 4(4)(a) or a determination mentioned in regulation 3(4)(b) also provide for a reduction. Regulation 4(5) makes similar provision to regulation 3(5) excluding certain properties from relief.

Regulation 5 provides for an additional amount to be payable as rates for lands and heritages with a rateable value exceeding £51,000, but not exceeding £100,000, and sets out a formula for the calculation of that amount. It also sets out certain situations where no additional amount is payable.

Regulation 6 provides for an additional amount to be payable as rates for lands and heritages with a rateable value exceeding £100,000, and sets out a formula for the calculation of that amount. As with regulation 5, regulation 6 also sets out certain situations where no additional amount is payable. This is the case where the amount of rates payable is the transitional limit, in accordance with regulation 7 of the Non-Domestic Rates (Transitional Relief) (Scotland) Regulations 2024, or where regulations

10 or 10A of the Non-Domestic Rates (Relief for New and Improved Properties) (Scotland) Regulations 2022 apply and the rateable value of the lands and heritages does not exceed £51,000. Regulations 10 and 10A relate to lands and heritages in respect of which a relevant increase has been made within the previous 12 months, and whose rateable value does not exceed £51,000. Circumstances giving rise to relevant increases include the carrying out of refurbishment or expansion of properties and the installation of certain plant and machinery.

Regulations 5(6) and 6(7) make clear that the provision for an additional amount does not over-ride any provision for non-domestic rates relief.

Regulation 7 provides for 100% relief on non-domestic rates liability, for a period of 12 months, on non-domestic properties which become re-occupied immediately after having been unoccupied for a period of at least 6 months and where the rateable value does not exceed £100,000. The relief will, though, cease to apply where the lands and heritages become unoccupied again during the 12 month period. And it will not apply where the lands and heritages are used wholly or mainly for payday lending.

Regulation 8 allows for exemptions and discretionary reductions and remissions. It makes clear that nothing provided for in relation to levying in Part 2 cuts across any complete exemption from liability to pay rates, nor prevents a rating authority from granting a discretionary reduction or remission of rates under specified provisions. Similarly, it makes clear that a local authority is not prevented from issuing a ratepayer with a notice under section 20 of the Non-Domestic Rates (Scotland) Act 2020.

Regulation 9 revokes the provisions in regulations 2 to 7 of the Non-Domestic Rates (Levying and Miscellaneous Amendment (Scotland) Regulations 2023, with a saving provision to preserve their operation in respect of the financial year 2023-24.

Part 3 contains miscellaneous amendments in respect of Non-Domestic Rating Regulations.

Regulation 10 amends the Non-Domestic Rates (Enterprise Areas) (Scotland) Regulations 2016 which provide relief from non-domestic rates in specified enterprise areas. The relief granted under those Regulations was due to expire on 31 March 2023, but regulation 10 extends the relief until 31 March 2026, albeit with different rates relief percentages.

Regulation 11 amends the Non-Domestic Rates (Telecommunication Installations) (Scotland) Regulations 2016 to change the end date for relief for lands and heritages comprising the sites of mobile telecommunications masts. The relief was due to end on 31 March 2029 but will now end on 31 March 2031.

Regulation 12 amends the Non-Domestic Rates (District Heating Relief) (Scotland) Regulations 2017. With effect from 1 April 2024, until 31 March 2027, in order to qualify for 90% relief on any day in the financial year, lands and heritages used for the purposes of district heating must rely on renewable energy sources for the production of at least 80% of the combined thermal energy generated through the district heating network in that particular financial year. The renewable energy may be sourced from the lands and heritages used for the purposes of the district heating network, or other lands and heritages.

## Policy Note

The Non-Domestic Rates (Levying and Miscellaneous Amendment) (Scotland) Regulations 2024 SSI 2024/4

The above instrument was made in exercise of the powers conferred by section 153 of the Local Government etc. (Scotland) Act 1994. The instrument is subject to the negative procedure.

### Summary Box

The Regulations provide for a number of non-domestic rates policies which take effect on 1 April 2024:

- Provision in the financial year 2024-25 for reductions in non-domestic rates as a result of the Small Business Bonus Scheme and Fresh Start relief.
- The two supplements which, added to the poundage, respectively provide the non-domestic rate applicable to properties with a rateable value in excess of £51,000 and up to £100,000 (which are liable for the Intermediate Property Rate), and to properties with a rateable value in excess of £100,000 (which are liable for the Higher Property Rate).
- An amendment to the Non-Domestic Rates (Enterprise Areas) (Scotland) Regulations 2016 to extend and phase out the relief over the financial years 2024-25 and 2025-26.
- An amendment to the Non-Domestic Rates (Telecommunication Installations) (Scotland) Regulations 2016 to extend the relief by two years until 31 March 2031.
- An amendment to the Non-Domestic Rates (District Heating Relief) (Scotland) Regulations 2017 to extend and expand District Heating relief for renewable district heating networks.

### Policy Objectives

#### Poundage Supplements (Property Rates)

This instrument provides for a poundage supplement of 4.7p in the pound to apply to all non-domestic properties with a rateable value from £51,001 up to and including £100,000 (4.7p supplement + poundage = Intermediate Property Rate); and a poundage supplement of 6.1p in the pound to apply to all non-domestic properties with a rateable value exceeding £100,000 (6.1p supplement + poundage = Higher Property Rate) on any day in the financial year 2024-25. The poundage is set out annually in Non-Domestic Rate (Scotland) Orders made under section 7B(1) of the Local Government (Scotland) Act 1975.

#### Small Business Bonus Scheme

This instrument provides for the Small Business Bonus Scheme in 2024-25. This scheme provides relief (bill discounts) to non-domestic properties, the cumulative rateable value - i.e. the rateable value of the total number of premises that a person (the ratepayer) is liable to pay rates for in Scotland, of which is £35,000 or less. Subject to this, the scheme offers 100% relief to eligible individual properties with a cumulative rateable value of £12,000 or less, regardless of whether the ratepayer is liable to pay non-domestic rates in respect of only one entry, or multiple entries, in the valuation roll.