

- **Over 70% of Scottish properties will pay the same or less in 2017-18 than they do currently.**
- **And, excluding large designated utilities, the average bill paid by ratepayers, including the reliefs announced today, is due to decline by 2%.**
- We are cutting the poundage by 3.7%, extending the Small Business Bonus Scheme, and focusing the Large Business Supplement only on the very biggest premises.
- An external review (led by Ken Barclay) is exploring how business rates can better reflect economic conditions and support growth. We will respond quickly when it concludes in the summer.
- All ratepayers have a right of appeal against the independent Assessors determination of rateable value. This is free to do in Scotland, unlike in England where charges are proposed from 2017-18.

Next Year’s Poundage and Reliefs

The rates poundage will drop 3.7% from 48.4p for 2016-17 to 46.6p for 2017-18.

We are excluding 8,000 premises from the large business supplement, and limiting it to fewer than 10% of premises (around 20,000) by raising the threshold for the supplement from a rateable value of £35,000 to £51,000.

The help already available to businesses

A range of relief (discount) schemes are in operation, which reduce the total bill paid by a property. The major reliefs include the Small Business Bonus, Charities Relief, Unoccupied/partly unoccupied Property Relief, and Disabled Persons Relief.

- We are proposing reliefs worth over £600 million for 2017/18.
- More than half of rateable properties will pay nothing for 2017-18 due to the Small Business Bonus and other reliefs.
- The Small Business Bonus eligibility threshold for 100% rates relief will increase to a rateable value of £15,000, lifting 100,000 properties out of rates altogether.
- The Small Business Bonus will provide maximum support of £6,990 per business
- The Small Business Bonus has saved business over £1.2 billion cumulatively since 2008.
- Properties with Rateable Value up to £18,000 can still get 25% relief, as is the case currently [so long as ratepayer’s cumulative rateable value is no more than £35k].

| | Scotland | | England | |
|---|----------------------------|-------------------|-------------------------|------------------|
| | 2016-17 | 2017-18 | 2016-17 | 2017-18 |
| poundage (pence) | 48.4 | 46.6 | 48.4 | 46.6 |
| large business supplement (pence) | 2.6 | 2.6 | 1.3 | 1.3 |
| LBS threshold (rateable value) | £35k | £51k | £18k / £25.5k London | £51k |
| small business 100% relief – upper threshold (rateable value) | £10k | £15k | £6k | £12k |
| small business <100% relief (rateable value) | 50% to £12k 25% to £18k | 25% up to £18k | tapers to 0% at £12k | ...0% at £15k |

Additional help now being made available – bringing total relief for 2017-18 to £660m

Hotels & Pubs

As a result of the revaluation, on average, hotels were facing increases in their Gross Bills of 37%. This is significantly higher than other sectors.

We will therefore cap 2017-18 bill increases at 12.5% (real terms) through the creation of a new national relief scheme and to consolidate the support to the sector we will extend this to pubs, restaurants and cafes. This will benefit around 8,500 properties and bring the average gross bill increase for hotels down to 12% and for pubs down to 2%.

The Barclay Review of Business Rates has confirmed that the review group has been made aware of the issues raised by the hospitality trade and are actively engaging with the sector. The Scottish Government will consider the group's report carefully and act quickly to implement it where it can.

Aberdeen & Aberdeenshire Office Space

Office space in Aberdeen and Aberdeenshire is facing particular economic difficulty as a result of the downturn on the Oil & Gas sector. The revaluation would see increases in Gross Bills of 17% in Aberdeen city and 15% in Aberdeenshire compared to a national decrease of 10%

We will introduce a new local relief scheme to cap 2017-18 bill increases to no more than 12.5%. This will benefit around 1,000 premises.

Renewables

For the renewables sector, where the cuts to subsidies by the UK government puts their continued development at risk, we will offer a package of reliefs including:

- Rolling forward current rates relief up to 100% for qualifying community renewables and new build schemes, and lower the eligibility threshold for community schemes from 1 MW to 0.5 MW
- Cap rates bill increases at 12.5% for small-scale hydro schemes (up to 1 MW)
- Offer a new 50% relief for district heating schemes

This will benefit around 100 premises.

What this means for properties in different parts of the country

The following table shows the number of rateable properties who will either see a (cash terms) reduction in their bill or see no change in their bill as a result of the Business Rates revaluation. This modelling is known to underestimate these properties because it does not take account of all the support through relief schemes provided by the Scottish Government and by Local Authorities in Scotland.

| Local authority | No of rateable properties | % with decrease or no change in bill* |
|--------------------------------|---------------------------|---------------------------------------|
| Aberdeen City | 8,603 | 38% |
| Aberdeenshire | 11,695 | 60% |
| Angus | 4,703 | 78% |
| Argyll & Bute | 8,311 | 67% |
| Clackmannanshire | 1,532 | 63% |
| Dumfries & Galloway | 9,013 | 71% |
| Dundee City | 5,722 | 80% |
| East Ayrshire | 3,876 | 70% |
| East Dunbartonshire | 2,345 | 74% |
| East Lothian | 3,323 | 63% |
| East Renfrewshire | 1,736 | 78% |
| Edinburgh, City of | 19,411 | 62% |
| Eilean Siar | 2,429 | 66% |
| Falkirk | 4,809 | 70% |
| Fife | 13,299 | 77% |
| Glasgow City | 25,582 | 73% |
| Highland | 17,131 | 68% |
| Inverclyde | 2,317 | 78% |
| Midlothian | 2,856 | 60% |
| Moray | 4,540 | 57% |
| North Ayrshire | 5,009 | 72% |
| North Lanarkshire | 9,855 | 79% |
| Orkney Islands | 2,130 | 74% |
| Perth & Kinross | 8,273 | 72% |
| Renfrewshire | 6,343 | 73% |
| Scottish Borders | 7,247 | 61% |
| Shetland Islands | 1,986 | 69% |
| South Ayrshire | 4,679 | 69% |
| South Lanarkshire | 9,764 | 75% |
| Stirling | 4,882 | 71% |
| West Dunbartonshire | 2,855 | 74% |
| West Lothian | 5,673 | 68% |
| <i>Designated utilities **</i> | 29 | 45% |
| Scotland | 221,958 | 69% |

* These percentages are a known underestimate. In the first instance Gross Bill changes are analysed. Some basic property by property modelling of SBBS is then applied. In reality, many more businesses will benefit from some form of SBBS as well as the other reliefs provided by the Scottish Government.

What the new reliefs will mean for business properties by local authority and sector

| NEW RELIEF ANALYSIS | Hotels, Pubs, Restaurants, Cafes | | Offices | | Total | |
|-----------------------------|---|--------------------|---------------------------|--------------------|---------------------------|--------------------|
| Local Authority | Number Benefitting | Relief (£m) | Number Benefitting | Relief (£m) | Number Benefitting | Relief (£m) |
| Aberdeen City | 500 | 3.7 | 847 | 3.8 | 1,347 | 7.5 |
| Aberdeenshire | 311 | 1.2 | 303 | 1.1 | 614 | 2.3 |
| Angus | 97 | 0.3 | | 0.0 | 97 | 0.3 |
| Argyll & Bute | 722 | 1.4 | | 0.0 | 722 | 1.4 |
| Clackmannanshire | 39 | 0.2 | | 0.0 | 39 | 0.2 |
| Dumfries & Galloway | 289 | 0.5 | | 0.0 | 289 | 0.5 |
| Dundee City | 104 | 0.5 | | 0.0 | 104 | 0.5 |
| East Ayrshire | 59 | 0.2 | | 0.0 | 59 | 0.2 |
| East Dunbartonshire | 22 | 0.1 | | 0.0 | 22 | 0.1 |
| East Lothian | 159 | 0.6 | | 0.0 | 159 | 0.6 |
| East Renfrewshire | 11 | 0.1 | | 0.0 | 11 | 0.1 |
| Edinburgh, City of | 1,551 | 11.7 | | 0.0 | 1,551 | 11.7 |
| Eilean Siar | 110 | 0.1 | | 0.0 | 110 | 0.1 |
| Falkirk | 101 | 0.7 | | 0.0 | 101 | 0.7 |
| Fife | 330 | 1.3 | | 0.0 | 330 | 1.3 |
| Glasgow City | 563 | 3.3 | | 0.0 | 563 | 3.3 |
| Highland | 1,214 | 2.9 | | 0.0 | 1,214 | 2.9 |
| Inverclyde | 31 | 0.1 | | 0.0 | 31 | 0.1 |
| Midlothian | 61 | 0.3 | | 0.0 | 61 | 0.3 |
| Moray | 179 | 0.5 | | 0.0 | 179 | 0.5 |
| North Ayrshire | 175 | 0.5 | | 0.0 | 175 | 0.5 |
| North Lanarkshire | 48 | 0.2 | | 0.0 | 48 | 0.2 |
| Orkney Islands | 75 | 0.2 | | 0.0 | 75 | 0.2 |
| Perth & Kinross | 448 | 1.3 | | 0.0 | 448 | 1.3 |
| Renfrewshire | 73 | 1.2 | | 0.0 | 73 | 1.2 |
| Scottish Borders | 266 | 0.4 | | 0.0 | 266 | 0.4 |
| Shetland Islands | 68 | 0.5 | | 0.0 | 68 | 0.5 |
| South Ayrshire | 208 | 0.8 | | 0.0 | 208 | 0.8 |
| South Lanarkshire | 88 | 0.3 | | 0.0 | 88 | 0.3 |
| Stirling | 317 | 1.6 | | 0.0 | 317 | 1.6 |
| West Dunbartonshire | 44 | 0.2 | | 0.0 | 44 | 0.2 |
| West Lothian | 117 | 0.4 | | 0.0 | 117 | 0.4 |
| <i>Designated Utilities</i> | | 0.0 | | 0.0 | 0 | 0.0 |
| Scotland | 8,380 | 37.1 | 1,150 | 4.8 | 9,530 | 42.0 |

ANNEX

How Business Rates works

Non-domestic rates (Business rates) are a property-based tax charged to businesses and the public and third sectors, based on a property's rateable value. The revenue from NDR helps fund local services, including services to business. There are three main bodies involved in the rating system:

- the Scottish Assessors, assess the rateable values of non-domestic properties
- the Scottish Government sets the annual tax rate ("Poundage") and sets out and funds the national framework for reliefs, and
- local authorities, determine relief eligibility, issue NDR bills and collect payments.

The **Rateable Value** - set by the Scottish Assessors who work independently of the Scottish Government - is broadly equivalent to a year's fair market rent at the "Tone Date". The Assessor compare a range of property information and study the rental market to arrive at Rateable Valuations.

Each individual property's bill is based on a proportion of the rateable value. This proportion is set annually by the Scottish Parliament and is called the **Poundage**. Each bill is therefore calculated as follows:

$$\text{Business Rates Bill} = \text{Poundage} \times \text{Rateable Value}$$

Larger properties pay a larger tax rate through the addition of a poundage supplement – the Large Business Supplement.

How the Revaluation works

At regular intervals there is a statutory revaluation of the rateable value of all non-domestic properties. The rateable values of non-domestic properties are determined by the Scottish Assessors. They work independently of both the Scottish Government and local authorities.

Following a revaluation new values generally remain unchanged until the next revaluation unless properties are altered or other changes take place.

The Assessor is required to notify proprietors, tenants and occupiers of all changes which are made to the Valuation Roll by issuing a Valuation Notice.