

## **EXECUTIVE NOTE**

### **The Non-Domestic Rating (Rural Areas and Rateable Value Limits) (Scotland) Amendment Order 2007 SSI/2007/36**

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, where a settlement is designated as rural by Scottish Ministers and has a population of less than 3,000, 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 Registers Office for Scotland (GRO(S)) 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 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 is reviewed on an annual basis in line with the publication of mid-year locality population estimates received from the General Registers for Scotland (GRO(S)). The mid-year locality population estimates provides the population in each settlement throughout Scotland.

For the purpose of this instrument the, mid-year 2004 locality population list was used as supplied by GRO(S). These are the most up to date estimates currently available.

#### **Policy Objective**

This Order 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 2006. . This Instrument provides an updated list of the localities that have populations of more than 3000 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 8 November 2006 to 8 December 2006. 12 responses were received of which one was substantive. Rothesay had been omitted from the draft list of excluded settlements for the purposes of the consultation, and Schedule 1 of the regulations was amended to take account of this.

#### **Financial Effect**

It is difficult to gauge what the cost is of adding to the list of excluded settlements, as any qualifying Post Offices, Stores, Petrol Stations and Public Houses/Hotels will already be in receipt of an element of Small Business Rate Relief. However, 11 settlements were removed from the list and 3 added,

therefore an additional 8 settlements have become eligible for relief. Therefore, if we were to assume that each settlement had a qualifying business in each category, the additional cost would be in the region of £100,000. However, in reality it is likely to be much lower. The Scottish Executive will reimburse local authorities for the cost of granting the mandatory relief as part of the general revenue grant payment. The cost of any discretionary relief granted by local authorities is funded 75% centrally and 25% by the local authority through the council tax payers.

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