

## **EXECUTIVE NOTE**

### **The Non-Domestic Rate (Scotland) Order 2008 SSI 2008/32**

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 45.8 pence for 2008-09. The new rate for Scotland represents an increase of 1.7 pence from 2007-08.

#### **Background**

The Cabinet Secretary for Finance and Sustainable Growth confirmed the provisional poundage rate for 2008-09 on 13 December 2007 as part of his Parliamentary Statement detailing the Local Government Finance settlement.

The UK Government has confirmed the 2008-09 business multiplier rate for England (equivalent to the Scottish standard poundage rate) at 45.8 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 2008 being 45.8 pence. This will be the same as the business multiplier rate applicable in England.

#### **Consultation**

Ministers have powers to set the business rate poundage on an annual basis. There is no formal period of consultation required.

#### **Financial Implications**

Based on current estimates, every 1 pence change in the poundage results in a change in Non-Domestic Rate income of around £44 million. An increase of 1.7 pence will therefore result in additional Non-Domestic Rate income of around £75 million in 2008-09. The estimate of Non-Domestic Rate income included in the Budget (Scotland) Bill (as passed on 6 February 2008) has been made on the basis of a poundage rate of 45.8 pence, which is the rate specified in this instrument. This instrument has no additional financial effects on the Scottish Government, local government or business.

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