

EXECUTIVE NOTE

THE NON-DOMESTIC RATE (SCOTLAND) ORDER 2010 SSI/2010/36

The above instrument is made in exercise of the powers conferred on the Scottish Ministers by section 7B(1) and 37(1) 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 40.7 pence for 2010-11. The new rate represents a decrease of 7.4 pence from the 2009-10 poundage of 48.1 pence.

Background

The Cabinet Secretary for Finance and Sustainable Growth confirmed the provisional poundage rate for 2010-11 on 26 November 2009 as part of his Parliamentary Statement detailing the Local Government Finance Settlement.

The UK Government has confirmed the 2010-11 business multiplier rate for England (equivalent to the Scottish standard poundage rate) at 40.7 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 2010 being 40.7 pence. This will be the same as the business multiplier rate applicable in England.

Consultation

Ministers have powers conferred by section 7B(1) and 37(1) of the Local Government (Scotland) Act 1975 to set the business rate poundage on an annual basis. There is no formal period of consultation required.

Regulatory Impact Assessment

No Regulatory Impact Assessment is required because the present instrument will not impose new regulatory burdens on businesses, charities or the voluntary sector compared with The Non-Domestic Rate (Scotland) Order 2009 which it replaces.

Financial Implications

Every 5 years all non-domestic properties in Scotland are re-valued and assigned new values for non-domestic rating purposes, the next revaluation takes effect from the 1 April 2010. At past revaluations the poundage has been set to maintain the same level of income following revaluation as before. For the purposes of the latest revaluation the government's policy of maintaining parity with the equivalent English multiplier means that the poundage is lower than it would have been had it been calculated to maintain the same level of income.

This instrument has no additional financial effects on the Scottish Government, local government or business.

Local Government Division
February 2010