

POLICY NOTE

THE NON-DOMESTIC RATES (ISLANDS AND REMOTE AREAS HOSPITALITY RELIEF) (SCOTLAND) REGULATIONS 2024

SSI 2024/55

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

<p>These Regulations provide for temporary non-domestic rates relief for the 2024-25 financial year only. The regulations provide for a 100% non-domestic rates relief for eligible properties used for specified hospitality purposes on Scottish islands and in specified remote areas, capped at a maximum of £110,000 per ratepayer.</p>
--

Policy Objectives

This instrument provides for Islands and Specified Remote Areas Hospitality Relief in financial year 2024-25. This is a temporary relief that will provide 100% rates relief to eligible hospitality properties on islands which are surrounded by the sea on all sides, or in specified remote areas, up to a maximum value of £110,000 per ratepayer. The award of this relief must be compatible with the Subsidy Control Act 2022.

The specified remote areas are prescribed locations within Cape Wrath, Knoydart and Scoraig (as noted in Schedule 1) in recognition of the unique circumstances of these areas which are not connected to a main road network and are only accessible by boat or on foot. Maps illustrating the prescribed areas are available in the Explanatory Note.

EU Alignment Consideration

This instrument is not relevant to the Scottish Government's policy to maintain alignment with the EU.

Consultation

There is no statutory requirement to formally consult on these Regulations.

The policy provided for in these regulations relating to islands was set out in the Scottish Budget 2024-25 and that relating to the additional specified remote areas was confirmed to Parliament on 9 February 2024.

Impact Assessments

An Island Communities impact assessment has been completed on the policy and is attached. The assessment has identified that the relief is unlikely to have any significantly negative impacts for island communities, businesses or local authorities, and is appropriately targeted to benefit hospitality businesses - a key sector of island business and a key source of employment that has been particularly affected by the qualifying areas' reliance on ferries.

Financial Effects

The Minister for Community Wealth and Public Finance confirms that no BRIA is to be carried out on the basis that the relief is application-based and, if awarded will financially

benefit the recipient, and the annual cost of applying the policy additionally to Cape Wrath, Knoydart and Scoraig is expected to be low compared to total non-domestic rates revenue. This instrument will therefore have minimal financial effect on the Scottish Government and local government.

The decrease in the amount of non-domestic rates payable as a result of the reliefs is in line with the policy objectives as outlined above.

The Scottish Fiscal Commission's Scotland's Economic and Fiscal Forecasts¹ published on 19 December 2023 included a cost estimate of £4 million in 2024-25 for the policy as applied to islands, excluding the three areas in mainland Scotland also included in the policy. This estimate will be updated when the Commission publishes new forecasts to accompany the 2024 Medium-Term Financial Strategy.

The Commission's view is that the annual cost of applying the policy additionally to Cape Wrath, Knoydart and Scoraig will be below the negligibility threshold of £2 million.

Scottish Government
Local Government and Housing Directorate

February 2024

¹ <https://www.fiscalcommission.scot/publications/scotlands-economic-and-fiscal-forecasts-december-2023/>