Local Government and
Regeneration Committee

Submission: Scottish Retail Consortium
Submission Number: 20

Via email

Mr David Cullum
Clerk
Local Government & Regeneration Committee
The Scottish Parliament
Edinburgh
EH99 1SP

28 August 2014

Dear Mr Cullum,

Community Empowerment (Scotland) Bill

Thank you for the opportunity to contribute to the Committee’s scrutiny of the Bill.

You specifically requested feedback on the non-domestic rates aspect of the Bill, namely the proposed new power to award ‘local discretionary relief’ that local authorities will have at their disposal from next Spring should the legislation be enacted.

It is worth noting that our members believe Scotland’s non-domestic rates system is no longer fit for purpose and is in need of fundamental reform. The tax only ever rises, it is a disincentive to invest in retail or commercial premises, and retailers pay around a quarter of all business rates in Scotland which, next year, is set to generate £2.9 billion in total tax revenues. A comprehensive overhaul of the business rates system would increase retailers’ confidence about investing in premises, create more jobs and help revive our high streets and town centres.

We support the principle behind the proposed local discretionary relief, and view it as a welcome acknowledgement of the need to keep down costs for retailers and other businesses.

We have similarly backed the flexibility provided through the introduction of Business Improvement Districts, and are calling for the Business Rates Incentivisation Scheme (BRIS) to be resuscitated. Our members do not support the repatriation of control over the poundage rate to local authorities.

However we would strongly counsel against the provisions within the Bill being amended to allow councils to increases rates bills, for example in the form of a local discretionary supplement. Our research shows that one in every eleven retail premises is empty, and anything that makes it more expensive or more difficult for retailers to invest will only exacerbate this problem.
While we support the principle behind the proposed new relief, we remain to be convinced that its use will either be widespread or substantive enough to be effective, particularly as we understand no Scottish Government funding will be available to help offset the cost to councils. Indeed, the lack of use of a similar power which is already in existence in England has been highlighted by a joint government/industry forum on the future of high streets. One possible solution would be to couple BRIS with the local discretionary relief scheme, so that any additional revenues accruing from BRIS could be used to incentivise further business expansion through the local discretionary rates relief.

I enclose a copy of our recent submission to the Scottish Government on its Budget for 2015-16, in which we set out a number of recommendations for stimulating further investment in Scotland’s retail industry and town centres, and which I hope will be of interest to the Committee.

Yours sincerely,

David Lonsdale  
Director