LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

AGENDA

6th Meeting, 2017 (Session 5)

Wednesday 22 February 2017

The Committee will meet at 10.00 am in the James Clerk Maxwell Room (CR4).

1. **Decision on taking business in private:** The Committee will decide whether consideration of its draft report on the Draft Climate Change Plan (RPP3) should be taken in private at future meetings.

2. **Subordinate legislation:** The Committee will take evidence on the Non-Domestic Rate (Scotland) Order 2017 (SSI 2017/8) from—

   Derek Mackay, Cabinet Secretary for Finance and the Constitution, Graham Owenson, Team Leader, Local Government Finance, Local Taxation Policy and Business Rates Unit, and Douglas McLaren, Head of Local Taxation, Local Government Finance, Local Taxation Policy and Business Rates Unit, Scottish Government.

3. **Subordinate legislation:** Andy Wightman to move—

   S5M-03997—that the Local Government and Communities Committee recommends that the Non-Domestic Rate (Scotland) Order 2017 (SSI 2017/8) be annulled.

4. **Subordinate legislation:** The Committee will consider the following negative instruments—

   The Non-Domestic Rates (Levying) (Scotland) Regulations 2017 (SSI 2017/9);

   The Non-Domestic Rates (Rural Areas) (Scotland) Regulations 2017 (SSI 2017/22).

5. **The draft Climate Change Plan (RPP3):** The Committee will take evidence from—
Kevin Stewart, Minister for Local Government and Housing, Stephen Garland, Head, Sustainable Housing Unit, Better Homes Division, and Gareth Fenney, Policy Manager, Sustainable Housing Unit, Better Homes Division, Scottish Government.

6. **Consideration of evidence (in private):** The Committee will consider the evidence heard at agenda item 5.

Clare Hawthorne  
Clerk to the Local Government and Communities Committee  
Room T3.60  
The Scottish Parliament  
Edinburgh  
Tel: 0131 348 5232  
Email: Clare.Hawthorne@parliament.scot
The papers for this meeting are as follows—

**Agenda items 2 and 3**

Note by the Clerk  
LGC/S5/17/6/1

**Agenda item 4**

Note by the Clerk  
LGC/S5/17/6/2

**Agenda item 5**

Note by the Clerk  
LGC/S5/17/6/3

PRIVATE PAPER  
LGC/S5/17/6/4 (P)
Local Government and Communities Committee

6th Meeting, 2017 (Session 5), Wednesday 22 February 2017

Subordinate Legislation

Overview of instruments

1. The following instrument, subject to negative procedure, is being considered at agenda item 2 at today’s meeting:
   - The Non-Domestic Rate (Scotland) Order 2017 (SSI 2017/8).

Procedure

2. Negative instruments are instruments that are “subject to annulment” by resolution of the Parliament for a period of 40 days after they are laid. All negative instruments are considered by the Delegated Powers and Law Reform Committee (on various technical grounds) and by the relevant lead committee (on policy grounds). Under Rule 10.4, any member (whether or not a member of the lead committee) may, within the 40-day period, lodge a motion for consideration by the lead committee recommending annulment of the instrument. If the motion is agreed to, the Parliamentary Bureau must then lodge a motion to annul the instrument for consideration by the Parliament.

3. If that is also agreed to, Scottish Ministers must revoke the instrument. Each negative instrument appears on a committee agenda at the first opportunity after the Delegated Powers and Law Reform Committee has reported on it. This means that, if questions are asked or concerns raised, consideration of the instrument can usually be continued to a later meeting to allow correspondence to be entered into or a Minister or officials invited to give evidence. In other cases, the Committee may be content simply to note the instrument and agree to make no recommendation on it.

4. On 10 February 2017, Andy Wightman lodged a motion to annul the instrument—

   **S5M-03997: Andy Wightman, Lothian, Scottish Green Party: The Non-Domestic Rate (Scotland) Order 2017**
   That the Local Government and Regeneration Committee recommends that the Non-Domestic Rate (Scotland) Order 2017 (SSI 2017/8) be annulled.

5. In advance of today’s meeting, Andy Wightman has provided the following information in relation to his motion to annul:

   “Non-domestic rates provides the second largest single source of revenue under the control of the Scottish Government, raising almost £3 billion for local government expenditure. Since 1989, the tax rate (poundage) has been set by central Government under secondary legislation (it was
previously set by individual local authorities). Since this secondary legislation is considered using the negative procedure, the only means of scrutinising the decision of Ministers as to the rate to be set is by means of a motion to annul the relevant SSI.

I have tabled a motion to annul in order to enable some scrutiny of the rate proposed for 2017-18 (a rate of 46.6p compared to a rate of 48.4p for 2016-17). Among the issues I would like scrutinise are the criteria used to set the rate, the extent to which a centrally-set Scottish rate can reflect differing property markets across Scotland, and the case for re-introducing a locally-set rate. In future, I would like to see far greater scrutiny of all proposals in relation to non-domestic rates since these are entirely made through secondary legislation.”

6. The Committee will take evidence from the Cabinet Secretary for Finance and Constitution at agenda item 2. The Committee will then debate the motion to annul the instrument at agenda item 3. Andy Wightman will be invited to speak to and move his motion. Members will then have an opportunity to comment and then the Cabinet Secretary will be invited to speak to the motion.

7. After Committee members and the Cabinet Secretary have spoken, Andy Wightman will be invited to respond to these points and confirm whether he wishes to press, or withdraw, his motion. The debate may take up to 90 minutes.

8. If Andy Wightman wishes to press his motion, the Committee will be asked whether to recommend the Order be annulled. The Committee would need to give its consent for the motion to be withdrawn.

9. The Committee will then report on the Order. The report will set out whether it recommends to the Parliament the statutory instrument should be annulled. The deadline for reporting is 8 March 2017.

**Background**

**The Non-Domestic Rate (Scotland) Order 2017**

10. This Order prescribes a rate of 46.6 pence in the pound as the non-domestic rate to be levied throughout Scotland in respect of the financial year 2017-2018. A rate of 48.4 pence in the pound was prescribed by the Scottish Ministers as the non-domestic rate to be levied throughout Scotland for the financial year 2016-2017 (SSI 2016/133). The policy note for the instrument is attached at Annexe A.

11. An electronic copy of the instrument is available at:


12. There are no associated impact assessments for this legislation.
Delegated Powers and Law Reform Committee Consideration

13. The Delegated Powers and Law Reform Committee considered this instrument at its meeting on 24 January 2017 and determined that it did not need to draw the attention of the Parliament to the instrument on any grounds within its remit.
ANNEXE A

POLICY NOTE

THE NON-DOMESTIC RATE (SCOTLAND) ORDER 2017

SSI 2017/8

The above instrument is made in exercise of the powers conferred on the Scottish Ministers by sections 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 procedure.

Purpose of the Instrument

The purpose of this instrument is to set business rate poundage in Scotland of 46.6 pence for 2017-18.

Background

The UK Government has confirmed the 2017-18 business rate multiplier for England (equivalent to the Scottish standard poundage rate) at 46.6 pence. This instrument will result in the poundage rate paid by Scottish businesses from 1 April 2017 being 46.6 pence.

Consultation

There is no statutory requirement to consult on these Regulations.

Business and Regulatory Impact Assessment

No Business and 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 2016 which it replaces.

Financial Implications

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

Local Government Division

January 2017
Local Government and Communities Committee
6th Meeting, 2017 (Session 5), Wednesday 22 February 2017

Subordinate Legislation

Overview of instruments

1. The following instruments, subject to negative procedure, are being considered at agenda item 4 today’s meeting:

   - The Non-Domestic Rates (Levying) (Scotland) Regulations 2017 (SSI 2017/9)
   - The Non-Domestic Rates (Rural Areas) (Scotland) Regulations 2017 (SSI 2017/22).

Procedure

2. Negative instruments are instruments that are “subject to annulment” by resolution of the Parliament for a period of 40 days after they are laid. All negative instruments are considered by the Delegated Powers and Law Reform Committee (on various technical grounds) and by the relevant lead committee (on policy grounds). Under Rule 10.4, any member (whether or not a member of the lead committee) may, within the 40-day period, lodge a motion for consideration by the lead committee recommending annulment of the instrument. If the motion is agreed to, the Parliamentary Bureau must then lodge a motion to annul the instrument for consideration by the Parliament.

3. If that is also agreed to, Scottish Ministers must revoke the instrument. Each negative instrument appears on a committee agenda at the first opportunity after the Delegated Powers and Law Reform Committee has reported on it. This means that, if questions are asked or concerns raised, consideration of the instrument can usually be continued to a later meeting to allow correspondence to be entered into or a Minister or officials invited to give evidence. In other cases, the Committee may be content simply to note the instrument and agree to make no recommendation on it.

Background

The Non-Domestic Rates (Levying) (Scotland) Regulations 2017

4. These Regulations make provision for the amount payable in certain circumstances as nondomestic rates in respect of non-domestic subjects in Scotland. The non-domestic rate for subjects not covered by these Regulations is fixed by order made under the Local Government (Scotland) Act 1975. For the year 2017-2018, the rate is fixed by the Non-Domestic Rate (Scotland) Order 2017 (SSI 2017/8) The policy note for this instrument is attached at Annexe A.

5. An electronic copy of the instrument is available at:
6. There are no associated impact assessments for this legislation.

7. There has been no motion to annul this instrument.

**Delegated Powers and Law Reform Committee Consideration**

8. The Delegated Powers and Law Reform Committee considered this instrument at its meeting on 24 January 2017 and determined that it did not need to draw the attention of the Parliament to the instrument on any grounds within its remit.

**The Non-Domestic Rates (Rural Areas) (Scotland) Regulations 2017**

9. These Regulations make provision for the amount payable as non-domestic rates in respect of lands and heritages in Scotland to which paragraph 3(2) of schedule 2 of the Local Government and Rating Act 1997 (“the 1997 Act”) applies. No rates are to be payable for any day on which the lands and heritages fall within that category.

10. The lands and heritages in question must be in a designated rural settlement and those covered are certain general stores, food stores, post offices, filling stations, pubs and hotels. They are at present entitled to 50% relief from rates in terms of the 1997 Act. The policy note for this instrument is attached at [Annexe B](http://www.legislation.gov.uk/ssi/2017/9/made).

11. An electronic copy of the instrument is available at:


12. There are no associated impact assessments for this legislation.

13. There has been no motion to annul this instrument.

**Delegated Powers and Law Reform Committee Consideration**

14. The Delegated Powers and Law Reform Committee considered this instrument at its meeting on 7 February 2017 and determined that it did not need to draw the attention of the Parliament to the instrument on any grounds within its remit.

**Committee Consideration**

15. The Committee is **not required** to report on negative instruments, but should it wish to do so, the deadline for reporting on SSI 2017/9 is 8 March 2017 and SSI 2017/22 is 16 March 2017.

16. **The Committee is invited to consider the above instruments and whether it wishes to report on any issues to the Parliament in relation to them.**
POLICY NOTE

THE NON-DOMESTIC RATES (LEVYING) (SCOTLAND) REGULATIONS 2017

SSI 2017/9

The above instrument is made in exercise of the powers conferred by section 153 of the Local Government etc. (Scotland) Act 1994 and by all other enabling powers. The instrument is subject to the negative procedure.

Purpose of the Instrument

The instrument makes provision from 1 April 2017, for reductions in non-domestic rates as a result of the Small Business Bonus Scheme (SBBS) and provides for a poundage supplement on larger business properties with a rateable value in excess of £51,000.

Background - Small Business Bonus Scheme

The Scheme provides relief (bill discounts) to businesses with properties in Scotland where the cumulative rateable value is £18,000 or less for 2017-18. Where the cumulative rateable value of a business’s properties falls between £18,000 and £35,000, the Scheme will offer 25% relief to individual properties with a rateable value of £18,000 or less.

The Scheme provides the following reliefs from 1 April 2017:

Combined rateable value (RV) of all business properties in Scotland Relief percentage under SBBS

<table>
<thead>
<tr>
<th>2017-18</th>
<th>Relief %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to £15,000</td>
<td>100%</td>
</tr>
<tr>
<td>£15,001 to £18,000</td>
<td>25%</td>
</tr>
<tr>
<td>£18,001 to £35,000</td>
<td>25% on each individual property with a rateable value not exceeding £18,000*</td>
</tr>
</tbody>
</table>

*This allows a business with 2 or more properties with a cumulative rateable value of under £35,000 to qualify for relief at 25% on individual properties with a RV up to £18,000.

In addition, payday lenders will continue to be unable to benefit from the Scheme.

Large Business Supplement

This supplement contributes a proportion of the cost of the Small Business Bonus Scheme. This instrument provides for a poundage supplement of 2.6p in the pound for all business properties with a rateable value exceeding £51,000 in 2017-18.
Consultation

There is no statutory requirement to consult on these Regulations, however the changes were proposed as part of the draft Budget, which is a consultative process.

Business and Regulatory Impact Assessment

No Business and Regulatory Impact Assessment has been carried out.

Financial Implications

The projected cost of the Small Business Bonus Scheme is estimated at around £224 million in 2017-8. It is estimated that the large business supplement of 2.6p in the pound for 2017-18 will raise a total around £126 million.

The Scottish Government reimburses local authorities for the cost of granting relief as part of the general revenue grant payment. The present instrument has no additional financial effects on the Scottish Government or local government.

Local Government Division
January 2017
POLICY NOTE

THE NON-DOMESTIC RATES (RURAL AREAS) (SCOTLAND) REGULATIONS 2017

SSI 2017/22

The above instrument is made in exercise of the powers conferred by section 153 of the Local Government etc. (Scotland) Act 1994 and by all other enabling powers. The instrument is subject to the negative procedure.

Purpose of the Instrument

The instrument makes provision from 1 April 2017, for reductions in non-domestic rates on certain premises located in rural areas.

Background – Rural rate relief

The relief provides relief (bill discounts) to businesses with properties in Scotland to properties that provide essential services to rural communities.

Under this scheme, 100% mandatory rate relief (previously this was split 50% mandatory/ 50% discretionary) is available to qualifying subjects as outlined below.

<table>
<thead>
<tr>
<th>2017-18</th>
<th>Qualifying Subject</th>
<th>RV Threshold from 1 April 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Small food shop, general store or post office</td>
<td>£8,500</td>
</tr>
<tr>
<td></td>
<td>Petrol filling station, small hotel or public house</td>
<td>£12,750</td>
</tr>
</tbody>
</table>

In addition, local authorities have discretionary powers to grant up to 100% relief to properties which provide a service which is of benefit to the community where they consider it would be in the interest of council tax payers to do so.

No changes have been made to qualifying rural areas.

Consultation

There is no statutory requirement to consult on these Regulations, however the changes were proposed as part of the Draft Budget, which is a consultative process.
Business and Regulatory Impact Assessment

No Business and Regulatory Impact Assessment has been carried out.

Financial Implications

The projected cost of the Rural Relief is estimated at around £5 million in 2017-18.

The present instrument has no additional financial effects on the Scottish Government or local government.

Local Government Division
January 2017
Local Government and Communities Committee

6th Meeting 2017 (Session 5), Wednesday 22 February 2017

The Draft Climate Change Plan (Report on Polices and Proposals 3) – Note by the Clerk

Purpose

1. This paper provides background information on the Committee’s evidence sessions on the Draft Climate Change Plan (Report on Polices and Proposals 3).

Background

2. The Scottish Government's draft Climate Change Plan was laid in the Parliament on 19 January 2017. Under the provisions of the Climate Change (Scotland) Act 2009 Parliament has a maximum of 60 days to report on the document. Four parliamentary Committees have identified an interest in scrutinising the draft report: The Local Government and Communities Committee, the Environment, Climate Change and Land Reform Committee, the Economy, Jobs and Fair Work Committee and the Rural Economy and Connectivity Committees. Each Committee will separately consider the elements of the Report within their remit and will report directly to Parliament.

Local Government and Communities Committee consideration

3. The Local Government and Communities Committee will focus its scrutiny on:
   - Local Government and Communities;
   - Planning; and
   - Housing.

4. The Committee sought views on the Plan in relation to the above areas and issued a call for evidence on 19 January which ran until 10 February 2017. The call for evidence can be accessed here:


5. The full list of written submissions received following the call for evidence can be found at Annexe A.
6. The Scottish Parliament Information Centre (SPICe) produced a briefing summarising key areas of the draft Climate Change Plan and is available here:


7. At its meeting on 1 February, the Committee took oral evidence from stakeholders in relation to local government and Planning and at its meeting on 8 February, the Committee took evidence from stakeholders in relation to housing. The Official Reports (substantially verbatim transcripts) of the meetings on 1 and 8 February can be found at the following links:

Link to Official Report of 1 February 2017
Link to Official Report of 8 February 2017

8. At its meeting on 22 February, the Committee will take oral evidence from the Minister for Local Government and Housing.

Next Steps

9. Following the evidence session with the Minister on 22 February, the Committee will consider its draft report on 1 March.
Annexe A

Written Submissions Received Following the Committee’s Call for Evidence on the Draft Climate Change Plan (RPP3)

- Submission from Sustaining Dunbar
- Submission from the Scottish Federation of Housing Associations
- Submission from the Scottish Environment Protection Agency
- Submission from the Energy Agency
- Submission from Homes for Scotland
- Submission from the Existing Homes Alliance
- Submission from the Scottish Traditional Building Forum
- Submission from the Sustainable Scotland Network
- Submission from Dr Keith Baker and Ron Mould
- Submission from Industrial Nature
- Submission from Paths For All
- Submission from Historic Environment Scotland
- Submission from Food For Life Scotland
- Submission from RSPB Scotland
- Submission from North Ayrshire Council
- Submission from West Dunbartonshire Council
- Submission from RTPI Scotland
- Submission from South Lanarkshire Council
- Submission from Aberdeenshire Council
- Submission from Scottish Community Alliance
- Supplementary Submission from Sustaining Dunbar
- Submission from Energy UK
- Submission from the Energy Saving Trust
- Submission from Brookfield Renewable UK Limited
- Submission from Smart Energy GB
- Submission from Transition Black Isle
- Submission from Stop Climate Chaos Scotland
- Submission from the Mineral Products Association
- Submission from Scottish Renewables
- Submission from Keep Scotland Beautiful
- Submission from Scottish Natural Heritage
- Submission from the Modern Masonry Alliance
- Submission from the Insulated Render and Cladding Association
- Submission from Aberdeen City Council
- Submission from the Just Transition Partnership
- Submission from WWF Scotland
- Submission from Scottish Land & Estates
- Submission from Stirling Council
- Submission from Glasgow City Council
- Submission from the 2050 Climate Group
- Submission from the Royal Scottish Geographical Society