

Local Government, Housing and Planning Committee

9th Meeting, 2021 (Session 6)

Tuesday 15 March 2022

SSI cover note for: The Non-Domestic Rates Valuation Roll Modification Scotland Regulations 2022

SSI DRAFT

Title of Instrument: [The Non-Domestic Rates Valuation Roll Modification Scotland Regulations 2022](#)

Type of Instrument: Affirmative

Laid Date: 27/01/2022

Meeting Date: 15 March 2022

Minister to attend meeting: Yes

Motion to approve: [S6M-02982](#)

Drawn to the Parliament's attention by the Delegated Powers and Law Reform Committee? No

Reporting deadline: 16 March 2022

Background

1. The Scottish Ministers make these Regulations in exercise of the powers conferred on them by section 2A(7)(b) of the Local Government (Scotland) Act 1975 and all other powers enabling them to do so. This instrument is subject to the affirmative procedure.

2. The Regulations modify the definition of “relevant increase” in the rateable value of lands and heritages in section 2A(5) of the Local Government (Scotland) Act 1975.

3. An electronic copy of the instrument is available at: <https://www.legislation.gov.uk/sdsi/2022/9780111053218/contents>

4. A copy of the Scottish Government’s Explanatory and Policy Notes are included in **Annexe A**.

Purpose

5. The Regulations modify the definition of “relevant increase” in the rateable value of lands and heritages in section 2A(5) of the Local Government (Scotland) Act 1975.

Delegated Powers and Law Reform Committee consideration

6. At its meeting on 8 February 2022, the Committee considered the instrument and determined that it did not need to draw the attention of the Parliament to the instrument on any grounds within its remit.

Procedure for Affirmative instruments

7. The draft **Order** was laid on 31 January 2022 and referred to the Local Government, Housing and Planning Committee. The **Order** is subject to affirmative procedure (Rule 10.6). It is for the Local Government, Housing and Planning Committee to recommend to the Parliament whether the Order should be approved. The Minister for Public Finance, Planning and Community Wealth, by motion S6M-02982 recommends approval of the **Order**.

Recommendation

8. The Committee must decide whether or not to agree to the motion, and then report to Parliament accordingly, by 16 March 2022.

Clerks

Local Government, Housing and Planning Committee

Annexe A

Scottish Government Explanatory Note

These Regulations modify the definition of “relevant increase” in the rateable value of lands and heritages in section 2A(5) of the Local Government (Scotland) Act 1975. Regulation 2(2) provides that the installation of specified plant and machinery can cause a “relevant increase”, if other conditions in the definition are met. This includes, in certain circumstances, the installation of solar cells or solar panels.

Regulation 2(2) also removes provision that excludes from the definition an increase in the rateable value of lands and heritages that is caused, in whole or part, by a change in the way the lands and heritages are being used.

Regulation 2(3) makes a change consequential upon regulation 2(2).
As per purpose above and including:

Scottish Government Policy Note

The Scottish Ministers make these Regulations in exercise of the powers conferred on them by section 2A(7)(b) of the Local Government (Scotland) Act 1975 and all other powers enabling them to do so. This instrument is subject to the affirmative procedure.

The Regulations modify the definition of “relevant increase” in the rateable value of lands and heritages in section 2A(5) of the Local Government (Scotland) Act 1975.

Policy Objectives

The Regulations modify the definition of “relevant increase” in section 2A(5) of the Local Government (Scotland) Act 1975 which requires a mark on the valuation roll for certain non-domestic properties. The effect of this is two-fold. First, the Regulations align the category of properties requiring a mark on the valuation roll with those currently potentially eligible for the Business Growth Accelerator (BGA) relief, in order to facilitate the administration of the relief. Currently provided for by the Non-Domestic Rates (Relief for New and Improved Properties)(Scotland) Regulations 2019¹, the Business Growth Accelerator has been subject to following expansions:

- From 1 April 2020, eligibility for this relief was extended by The Non-Domestic Rates (Relief for New and Improved Properties) (Scotland) Amendment Regulations 2020² to include improvements of lands and heritages involving installation of plant and machinery falling within Class 4 in the schedule of the Valuation for Rating (Plant and Machinery) (Scotland) Regulations 2000³(“the 2000 Regulations”), as amended. This includes items which are in the nature of a building, or which form an integral part of a building. For example this might

1 S.S.I. 2019/40/
2 S.S.I. 2020/40
3 S.S.I. 2000/58

include plant machinery such as, turbines and generators, boilers, chimneys and flues, tanks, and silos.

- From 1 April 2021, Business Growth Accelerator relief was expanded in The Non-Domestic Rates (Levying and Miscellaneous Amendments) (Scotland) Regulations 2021⁴ so that improvements were no longer ruled out of giving rise to a relevant increase where they involved a change in use of a property.

Secondly, the Regulations provide for a further expansion of potential eligibility for the relief beyond that which exists at present. As from 1 April, “relevant increase” is expanded so that the installation of solar panels or solar cells will be a qualifying property improvement for Business Growth Accelerator relief, provided the panels or cells fall within Class 1 or Class 2 of the schedule of the 2000 Regulations. At the same time the relief will be re-based so that it is provided for under regulations made under section 14 of the Non-Domestic Rates (Scotland) Act 2020. Section 14 provides for relief, in certain circumstances, for properties which are “newly built” or “improved”. A property is “improved” where its entry in the valuation roll is altered to reflect an increase in rateable value within the meaning of section 2A(5) of the Local Government (Scotland) Act 1975.

The function of the mark on the roll is to assist local authorities in identifying properties in relation to which there may be an entitlement to Business Growth Accelerator relief. It is envisaged that a mark be placed on the roll at the point where the entry for a property is altered to reflect the increase in value.

Consultation

In accordance with section 2A(8) of the Local Government (Scotland) Act 1975, Scottish Ministers have consulted such persons as they consider appropriate, namely Scottish assessors and local authorities.

Impact Assessments

No Business and Regulatory Impact Assessment is required.

Financial Implications

The instrument has no direct financial implications