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## **BARCLAY REVIEW IMPLEMENTATION CONSULTATION RESPONSE**

**Report by Chief Financial Officer**  
**SCOTTISH BORDERS COUNCIL**

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**25 September 2018**

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### **1 PURPOSE AND SUMMARY**

- 1.1 This Report seeks the approval of Scottish Borders Council to the attached draft response to 'Barclay Implementation: A consultation on non-domestic rates reform'.
- 1.2 The Consultation raises a number of issues, which may affect the business of and resources available to the Council. Most significantly, the consultation proposes moving from 5 yearly revaluations for non-domestic rates to 3 yearly revaluations from 2022, and charging rates on 'commercial activity on current exempt parks and Local Authority (council) land vested in recreation..... [at] the same level.....as similar activity elsewhere'. The Consultation is appended to this Report as **Appendix A**.
- 1.3 A Scottish Borders Council response has been prepared which addresses these and the other proposals contained within the Consultation. The Consultation Response is appended to this Report as **Appendix B**.

### **2 STATUS OF REPORT**

The Consultation ended on 17 September 2018. Through agreement with Scottish Government, a copy of the draft response attached as Appendix A was lodged on the proviso that a finalised version would be submitted, subject to full Council consideration, on or immediately after the Council meeting on 25 September 2018.

### **3 RECOMMENDATIONS**

- 3.1 I recommend that the Council:**  
**approves the draft Consultation Response appended to this Report as Appendix B.**

## **4 SUBJECT MATTER**

- 4.1 Last year, Kenneth Barclay was appointed to carry out an external review of non-domestic rates taxation. His report, which was published on 22 August 2017, contained 30 recommendations. The Scottish Government issued a consultation on its proposed response to those recommendations, which have not already been enacted or are planned to be dealt with by means other than primary legislation.
- 4.2 Scottish Borders Council has prepared a draft response to the consultation, and this is attached as Appendix B of this Report. The draft response is presented for approval by full Council.
- 4.3 With the Consultation scheduled to end on 17 September 2018, and the Council meeting not due to take place until 25 September 2018, an extension of the deadline for the consultation has been agreed with Scottish Government. Pursuant to that agreement a draft response identical to that attached as Appendix B was lodged on the Consultation website on 17 September subject to Council approval.

## **5 IMPLICATIONS**

### **5.1 Financial**

No detailed financial assessment has been prepared, but it is expected that a number of the proposals may affect the resources available to the Council.

(a) The proposed move to 3 yearly revaluations may impact as follows:

- The Council is a net recipient of rates receipts from the National Rates Pool. Though difficult to predict, if the total value of receipts is negatively impacted by a change to the frequency of revaluations, then this may reduce the Council's share of receipts. Equally, it is possible that rates receipts nationally increase resulting in the Council receiving some additional resources.
- The increased frequency of revaluations may necessitate additional resources (including more staff) to support the work of the Assessor, though it should be noted that a primary objective of the move to 3 yearly revaluations is to reduce the volume of appeals, which should reduce the workload associated with appeals.
- While a key rationale for 3 yearly revaluations is greater ratepayer confidence in rateable values, a 3 year cycle moves away from the greater stability and predictability for Council's budgeting requirements offered by the longer 5 year cycle.

(b) The proposal to apply the same level of rates to currently exempt parks and council recreational land, as would be payable for similar commercial activity elsewhere, may impact adversely upon the Council.

## 5.2 Risk and Mitigations

The risks associated with this Report relate to the decisions Scottish Government takes following conclusion of the present consultation exercise. By submitting a response, which considers and responds to the potential implications of Consultation proposals for councils generally and Scottish Borders Council specifically, the Council is doing what it can to mitigate those risks.

## 5.3 Equalities

No equality impact assessment (EIA) has been undertaken in this case on the basis that the Report relates to proposals from Scottish Government not the Council.

## 5.4 Acting Sustainably

No direct economic, social or environmental effects directly flow from this report, but should proposals contained within the Consultation be enacted by Scottish Government, they would be expected to have a potential economic, social or environmental impact.

## 5.5 Carbon Management

There is no direct carbon management impact as a result of this report. It is not clear what, if any, impacts on carbon management the proposals within the Consultation would have should they be enacted.

## 5.6 Rural Proofing

The Council's Consultation Response actively seeks to mitigate any negative impacts for rural businesses and their customers as a consequence of Consultation proposals being adopted.

## 5.7 Changes to Scheme of Administration or Scheme of Delegation

This Report has no implications for the Scheme of Administration nor the Scheme of Delegation.

# 6 CONSULTATION

- 6.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR, the Clerk to the Council have all been consulted and comments received have been incorporated into the final report.

## Approved by

**David Robertson**  
**Chief Financial Officer**

**Signature .....**

## Author(s)

Name	Designation and Contact Number
Michael Cook	Corporate Policy Advisor

**Background Papers:** 1) Report of the Barclay Review of Non-Domestic Rates (22 August 2017) <https://www.gov.scot/Resource/0052/00523643.pdf>  
2) Barclay Implementation: A consultation on non-domestic rates reform [https://consult.gov.scot/local-government-and-communities/non-domestic-rates/user\\_uploads/00537324.pdf](https://consult.gov.scot/local-government-and-communities/non-domestic-rates/user_uploads/00537324.pdf)

**Previous Minute Reference:** N/A

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