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Office of Chief Executive
Aberdeen City Council

15 MAY 2017

Ms Angela Scott
Chief Executive
Aberdeen City Council
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Your ref: AS/CM
Our ref: 2017/0010068
11 May 2017

Dear Angela,

Thank you for your letter of 14 March 2017 conveying the resolution of the City Council's Finance, Policy and Resources Committee in respect of non-domestic rates. I apologise for the delay in replying.

Since your letter, I laid legislation targeting additional rates relief for certain businesses within the city, having closely studied the assessors' revaluation data and met with and listened to the local Chamber of Commerce and individual businesses. On top of my earlier budget announcements, this brought the overall rates relief funded by the Scottish Government to around £660 million.

Notwithstanding that the Committee resolved to agree to set aside £3 million to a local scheme provided it was backed by match funding of at least the same amount by the Scottish Government, I note as per your letter that the Committee also resolved to instruct you to write to me calling upon the Scottish Government to further use its legislative powers to introduce a rate relief scheme which would ensure that all businesses located within Aberdeen were paying business rates no higher than their current levels.

However that proposal would seem to involve negating most of the revaluation effect for those with rateable values increasing, but not necessarily offsetting any of the associated cost by adjusting the effect for those with rateable values decreasing. While I recognise the range of effects of the revaluation, I have already acted to target additional support where it is most needed across the city, within the hospitality sector and for office space, and am not minded to increase the estimated £660 million of rates relief across the country funded by the Scottish Government.

I would however reiterate the powers granted to local authorities by the Community Empowerment (Scotland) Act 2015, to apply further rates reductions if they so choose. I would be happy to continue to work in partnership with the City Council to inform and explore options in that respect, and more widely in respect of other options to stimulate investment and growth, if that would be of interest.

Yours

DEREK MACKAY