

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	1 December 2017
REPORT TITLE	Barclay Review of Non-Domestic Rates
REPORT NUMBER	CHI/17/269
DIRECTOR	Bernadette Marjoram
REPORT AUTHOR	Jamie Coventry

1. PURPOSE OF REPORT:-

- 1.1 The purpose of the report is to update the Committee on the recommendations of the Barclay Review group that was set up enhance and reform the business rates system in Scotland to better support business growth and long term investment.

2. RECOMMENDATION

- 2.1 It is recommended that the committee note the recommendations contained in the report of the review group and officers' assessment of how the recommendations could impact on Aberdeen City Council as both a rating authority and a ratepayer; and also how they could impact on the local economy as a whole.

3. BACKGROUND/MAIN ISSUES

- 3.1 In 2016, the Scottish Government commissioned a review of the non-domestic rates system in Scotland. This review was led by Ken Barclay with the aim of exploring how the system could be reformed whilst ensuring recommendations were revenue-neutral. The Barclay Review report was published on 22nd August 2017. The report outlined thirty recommendations on how to reform the business rates system.
- 3.2 At the Finance, Policy & Resources committee meeting of 29th June 2017 The Committee agreed to note the Scottish Government set up the Barclay Review group to make recommendations that seek to enhance and reform the business rates system in Scotland to better support business growth and long term investment and reflect changing marketplaces which is due to report to Ministers in July 2017 and to instruct the Chief Executive to bring forward that report once published thereafter to the first available Finance Policy and Resources Committee.

3.3 This report provides an update on the recommendations of the Group. The annex contains a table with a description of each of 30 recommendations and provides an assessment from officers of their potential impact on Aberdeen City Council as a rating authority and as a ratepayer; and the potential impact of the recommendations on the local economy.

3.4 A transitional relief scheme was offered by the Scottish Government for office and hospitality sectors in Aberdeen: £7.5m (being £3.7m in the hospitality sector, including hotels, pubs, restaurants and cafés; and £3.8m for offices). The number of businesses gaining relief from the transitional relief is around 1,347 in Aberdeen city (500 in the hospitality sector and 847 offices)

3.5 In addition, the Council offered a relief scheme to those businesses that could not benefit from the two Government schemes, of £4.2m. This relief was capped at £3,500 for properties over £60,000.

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendation of this report.

6. MANAGEMENT OF RISK

6.1 There were no risks arising from the recommendations identified in any of the following categories:

- Financial
- Employee
- Customer / citizen
- Environmental
- Technological
- Legal
- Reputational

7. IMPACT SECTION

7.1 This section demonstrates how the proposals within this report impact on the strategic themes of Aberdeen City Council and Community Planning Aberdeen, as set out in the [Aberdeen City Local Outcome Improvement Plan 2016-26](#) and the [Aberdeen City Council Strategic Business Plan](#).

7.2 Economy

7.2.1 There are no economy implications as a result of this report. Potential effects from some of the recommendations from the review are highlighted in the annex to this report. Business rates can have a significant financial impact on company growth and viability, and in this sense the review, and subsequent response by Government, may have an impact on the local economy.

7.3 People

7.3.1 There are no people implications as a result of this report.

7.4 Place

7.4.1 There are no place implications as a result of this report. Within the Council's Economic Development Service, officers will continue to work with the Aberdeen & Grampian Chamber of Commerce in relation to Business Rates and the local economy.

7.5 Technology

7.5.1 There are no technology implications as a result of this report.

8. BACKGROUND PAPERS

8.1 Report of the Barclay Review of Non-Domestic Rates, 22 August 2017
<http://www.gov.scot/Resource/0052/00523643.pdf>

9. APPENDICES

9.1 Annex - Recommendations and Impact on Aberdeen City Council and the local economy

10. REPORT AUTHOR DETAILS

Jamie Coventry
Economic Adviser
Phone: 01224 522491
Email: jcoventry@aberdeencity.gov.uk

HEAD OF SERVICE DETAILS

Richard Sweetnam
Head of Economic Development
Phone: 01224 522 662
Email: rsweetnam@aberdeencity.gov.uk