

SUBMISSION TO HOLYROOD'S LOCAL GOVERNMENT & COMMUNITIES COMMITTEE

REPLACEMENT OF THE UNIFORM BUSINESS RATE IN SCOTLAND

The Scottish Licensed Trade Association counts within its membership all types of Licensed on-trade premises, in general pubs, bars and hotels, the majority of which are independent operators. The Association also represents bartenders and bar workers who hold a Scottish Personal Licence Holder's Certificate.

Following concerted efforts by the Scottish Licensed Trade Association (SLTA) and other industry bodies to have the commercial rating system in Scotland completely overhauled to bring a more consistent and fairer distribution of the rates burden, the organisation is deeply concerned at the passing of amendment 9 to the Non-Domestic Rates (Scotland) Bill by the Local Government and Climate Change Committee. This will drag businesses back more than 25 years to a time when the average local poundage rate in Scotland was 15% higher than the current UBR level. Allowing for inflation, the average local poundage rate in today's terms would be £1.37!

The Association is extremely disappointed that this opportunistic proposal by the Green Party, and supported by Conservative and Labour committee members to abolish the UBR has been passed without any meaningful consultation or due consideration of the economic impact on all businesses with any ratepayers representative bodies. We understand that there was to have been a further hearing with COSLA at the beginning of January at which this amendment was to be discussed, but this has now been cancelled. It is, in our opinion, totally unsatisfactory that this will no longer take place and no other opportunity will be available to business representatives' bodies to discuss this fundamental change in business rates with the Committee other than the submission of a "short" response.

While the overall current system has major problems, particularly for the licensed hospitality trade, progress was being made but his latest development has raised grave concerns for all Scottish businesses. Already a large proportion of Scottish businesses are disadvantaged compared with other areas of the UK and this will only add to the problem and bring more uncertainty, increased costs for businesses and a lack of further investment.

SLTA is deeply concerned that if this change is brought in and the rating system is overseen by 32 unitary local authority councils, the outcome across the country will be disastrous for all businesses, and the problems of inconsistencies of approach and vagaries already experienced by the licensed trade in respect of licensing authority charges will be exacerbated. We can only see an upward trend in the level of NDR set by each local authority as the licensed trade continues to be seen as a cash cow. Some local authorities already report 6 figure surpluses from alcohol licensing fees, despite the system supposedly meant to be cost neutral.

The SLTA also had concerns over the possible setting of local rates supplements and local rates relief, but following a useful and informative meeting with the amendments proposer, Andy Wightman MSP, at which UK Hospitality also attended, we now understand that the proposal to allow the setting of supplementary rates or levies has been dropped and any rates reliefs will continue to be set by National Government. (Further confirmation on these issues is still required).

We would also question what the effects on the current funding of councils by the Scottish Government, through aggregate external finance, would be if each local authority had control of its own non-domestic rates revenues? Would this lead to higher local business rates in more rural/poorer council areas?

The SLTA fully supports the retention of the Uniform Business Rate for Scotland as National Government has a far more overall understanding of and ability to adapt to economic and trading conditions. A fragmented scheme will only bring inconsistency, inefficiency, instability and damage business viability.