

Non-Domestic Rates Nursery Relief – Guidance from The Scottish Government

Legislative reference

The (Non-Domestic Rates (Day Nursery Relief) (Scotland) Regulations 2018

<http://www.legislation.gov.uk/ssi/2018/65/contents/made>

As amended by Regulation 7 of The Non-Domestic Rates Levying (Scotland) Regulations. This provides that a property used wholly or mainly as a nursery school can be eligible for relief under those Regulations regardless of when the entry for the property was made on the valuation roll.

<http://www.legislation.gov.uk/ssi/2018/74/contents/made>

The relief is fully funded by the Scottish Government

Background

The Barclay review of business rates published its report on 22 August 2017, making 30 separate recommendations to Ministers. One of those was to create a new 3 year relief for nurseries at a cost estimated to be around £7 million per year. When introducing the Programme for Government 2017-18 to the Scottish Parliament on 5 September 2017, the First Minister accepted this and confirmed that the Scottish Government would introduce a rate relief for day nurseries.

From 1 April 2018 to 31 March 2021 eligible day nurseries in Scotland will be able to claim up to a 100% reduction in their non-domestic (business) rates bill. This is a relief, not an exemption and therefore properties will still be valued and entered onto the valuation rolls. Other bills and utilities, such as water charges will still be payable.

The relief will be in place for 3 years and thereafter evaluated to measure what impact the relief has had on the business in terms of improving outcomes for the children.

Process of application

Relief **can only be awarded on receipt of an application form**. Where any circumstances changes e.g. if the property changes hands, changes use or additional premises are taken on, the applicant must inform the council.

Eligibility for relief

A property will be eligible for this rate relief if it is used as a day nursery. The meaning of a “day nursery” in the context of eligibility for this relief is set out at regulation 2. In essence the property in question should wholly or mainly be used as a nursery school. Where for example a day nursery

also offers out of school care, this does not mean the relief cannot be granted, but the ratepayer must be able to demonstrate to the council that the main use of the property is as a day nursery.

All day nurseries are potentially eligible for the relief, regardless of whether they are run by private companies, councils, other public bodies, charities or not-for-profit organisations.

The Assessors description on the valuation roll or categorisation of the property type does not form any element of eligibility.

In certain circumstances where a day nursery exists as part of a larger property, for example a primary school or workplace, it may be possible to split this into 2 separate properties so that relief may be awarded to the nursery element only. However, this is wholly at the discretion of the Assessor and each case will be treated on its individual merits.

State aid

This relief is capped under EU rules by de minimis and a maximum of 200,000 Euros benefit can accrue to any one business. This means that some larger chains the relief received will be less than 100%.

Where a local authority is satisfied that a service is not in completion, which for example could be a public sector provider with opening times limited to school terms, then the Council may consider on the individual merits of each case, whether de minimis rules apply.