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Document 1:

From: [redacted]@gov.scot>

Sent: 04 February 2022 16:57

To: [redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>

Cc: [redacted]@gov.scot>; Communications Finance & Economy

<CommunicationsFinance&Economy@gov.scot>; [redacted] (Comms) <[redacted]@gov.scot>;

[redacted]@gov.scot>; [redacted]gov.scot>; [redacted]@gov.scot>; [redacted]gov.scot>

Subject: RE: Policy input required: Media query - Business rates relief

[redacted] (ccing renewables/subsidy control colleagues),

Sorry for missing your deadline.

To see our lines below:

The Scottish Government values the contribution that the Hydro sector makes to the Scottish economy and to our low carbon ambitions. We deliver the most generous non-domestic rates relief for generators in this sector that offer community benefit, as well as to all small scale hydro generators.

Responding to the findings of the Tretton Review of Small Scale Hydro Plant and Machinery, the Scottish Budget 2021-22 committed to guaranteeing the existing 60% hydro relief until the end of the 2031-32 financial year, in order to provide investor certainty.

“The Scottish Government went as far as it could by delivering a Hydro relief that is compliant with the interim subsidy regime which was established by the EU-UK Trade and Cooperation Agreement, and not the Scottish Government.”

Background:

- The 60% hydro relief has been estimated by the British Hydro Association to benefit 95% of hydro operators.
- The BHA has previously written to Lesley Griffiths, the Welsh Government Minister for Environment, Energy and Rural affairs, calling on her to "follow the lead" set by Scotland, which extended a 60% business rate relief scheme until 2032.

Thanks

[redacted]

From: [redacted]@gov.scot>

Sent: 04 February 2022 16:26

To: [redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>

Cc: [redacted]@gov.scot>; Communications Finance & Economy

<CommunicationsFinance&Economy@gov.scot>; [redacted] (Comms) <[redacted]@gov.scot>

Subject: RE: Policy input required: Media query - Business rates relief

We've got it in hand.

[redacted]

Local Government & Analytical Services Division
3-G (N)
Victoria Quay
Leith
EH6 6QQ

☎️ [redacted]
Blackberry [redacted]

[redacted]

From: [redacted]@gov.scot>
Sent: 04 February 2022 16:19
To: [redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>
Cc: [redacted]@gov.scot>; Communications Finance & Economy
<CommunicationsFinance&Economy@gov.scot>; [redacted] (Comms) <[redacted]@gov.scot>
Subject: RE: Policy input required: Media query - Business rates relief

[redacted]

We have a website which we store our comms lines, I've searched all those terms/names but can't see anything. I'll keep searching.

[redacted]

[redacted] | **News: Finance and the Economy**
The Scottish Government, St Andrew's House, Edinburgh
m: [redacted]



From: [redacted]@gov.scot>
Sent: 04 February 2022 16:10
To: [redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>;
[redacted]@gov.scot>
Cc: [redacted]@gov.scot>; Communications Finance & Economy
<CommunicationsFinance&Economy@gov.scot>; [redacted] (Comms) <[redacted]@gov.scot>
Subject: RE: Policy input required: Media query - Business rates relief

[redacted]

Do you have a searchable database of Comms lines? Either by key word or possible even date? We used to keep one locally but it died a long time ago and [redacted] is best placed to remember what we said at the time but [redacted] not around this afternoon.

This is a bad penny of a story and we've dismissed it previously. And the premise of the question is simply wrong.

On that basis I'd love to be able to dig out previous lines relating to a stakeholder called Ardtornish or [redacted] or [redacted]. The lines will include "over 95%" and something which quotes [redacted] of the British Hydro Association for demanding Wales follow Scotland's lead.

I'll keep searching myself but I thought I'd check if you had something handy.

[redacted]

[redacted]

Local Government & Analytical Services Division
3-G (N)
Victoria Quay
Leith
EH6 6QQ

✉ [redacted]

Blackberry [redacted]

[redacted]

From: [redacted]@gov.scot>

Sent: 04 February 2022 15:34

To: [redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>;

[redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>

Cc: [redacted]@gov.scot>; Communications Finance & Economy

<CommunicationsFinance&Economy@gov.scot>; [redacted] (Comms) <[redacted]@gov.scot>

Subject: Policy input required: Media query - Business rates relief

Policy officials,

Apologies for the delay in sending this one over, we've received the below query from the Sunday Times, looking for a comment on business rates relief.

I'm attaching, standard lines below, I'd welcome policy views/amends please by **16:30** if possible.

Thanks,

[redacted]

PREVIOUS LINES

A Scottish Government spokesperson said:

"The 2022-2023 Scottish Budget spending plan maintains the Scottish Government's non-domestic rates reliefs package. This will save ratepayers more than £800 million and includes

the Small Business Bonus Scheme, which takes over 111,000 properties out of rates altogether including over 28,000 retail units, and provides 100% relief at thresholds that are more than twice that of Wales.

“In addition, Scotland is offering the lowest poundage in the UK for the fourth year in a row.”

[redacted] | **News: Finance and the Economy**

The Scottish Government, St Andrew's House, Edinburgh

m: [redacted]



From: [redacted]@sunday-times.co.uk>

Sent: 04 February 2022 11:35

To: [redacted]@gov.scot>

Subject:

Thanks for taking my call [redacted]. As mentioned, small Scottish hydro firms have criticised the Scottish government over its decision to continue to define business rates relief for their businesses as a subsidy under Westminster's post Brexit Subsidy Control Bill.

They claim business rates for small hydro firms valuations are between 2.5 and four times higher than equivalent sized renewables firms harvesting sunshine and wind in Scotland.

Since rates relief for small hydro firms was abandoned by the Scottish government for contravening EU state aid rules, many have been forced to make substantial job cuts in areas that are already economic blackspots.

Westminster has said the bill allows the Scottish government to determine what is deemed a subsidy.

Is it possible to get a comment?
My deadline is 19:00 today (Friday).
Best

[redacted]

[redacted]

THE SUNDAY TIMES

Tel: [redacted]

Twitter: [redacted]

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Document 2:

From: [redacted]@gov.scot>

Sent: 04 February 2022 17:09

To: [redacted]@gov.scot>; [redacted] (Special Adviser) <[redacted]@gov.scot>; [redacted]@gov.scot>

Cc: [redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>;

[redacted]@gov.scot>; [redacted]@gov.scot>; Communications Finance & Economy

<CommunicationsFinance&Economy@gov.scot>; [redacted] (Comms) <[redacted]@gov.scot>;

[redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>

Subject: RE: SpAd view: Media query - Business rates relief

Ok thanks

Thanks

[redacted]

Please note Scottish Ministers, Special advisers and the Permanent Secretary to the Scottish Government are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot for information.

From: [redacted]@gov.scot>

Sent: 04 February 2022 17:07

To: [redacted] (Special Adviser) <[redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>

Cc: [redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>;

[redacted]@gov.scot>; [redacted]@gov.scot>; Communications Finance & Economy

<CommunicationsFinance&Economy@gov.scot>; [redacted] (Comms) <[redacted]@gov.scot>;

[redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>

Subject: SpAd view: Media query - Business rates relief

SpAds,

We've received the below query from the Sunday Times re., looking for a comment on business rates relief.

Comms and officilas have discussed and have agreed the below response, grateful for a SpAd view please.

Thanks,

[redacted]

DRAFT LINES

A Scottish Government spokesperson said:

“We value the contribution that the Hydro sector makes to the Scottish economy and to our low carbon ambitions. We deliver the most generous non-domestic rates relief

for generators in this sector that offer community benefit, as well as to all small scale hydro generators.

“Responding to the findings of the Tretton Review of Small Scale Hydro Plant and Machinery, the Scottish Budget 2021-22 committed to guaranteeing the existing 60% hydro relief until the end of the 2031-32 financial year, in order to provide investor certainty.

“We went as far as we could by delivering a Hydro relief that is compliant with the interim subsidy regime which was established by the EU-UK Trade and Cooperation Agreement, and not the Scottish Government.”

Background

The 60% hydro relief has been estimated by the British Hydro Association to benefit 95% of hydro operators.

The BHA has previously written to Ms Lesley Griffiths, the then Welsh Government Minister for Environment, Energy and Rural affairs, calling on her to "follow the lead" set by Scotland, which extended a 60% business rate relief scheme until 2032.

[redacted] | [News: Finance and the Economy](#)

The Scottish Government, St Andrew's House, Edinburgh

m: [redacted]



From: [redacted]@sunday-times.co.uk>

Sent: 04 February 2022 11:35

To: [redacted]@gov.scot>

Subject:

Thanks for taking my call [redacted]. As mentioned, small Scottish hydro firms have criticised the Scottish government over its decision to continue to define business rates relief for their businesses as a subsidy under Westminster's post Brexit Subsidy Control Bill.

They claim business rates for small hydro firms valuations are between 2.5 and four times higher than equivalent sized renewables firms harvesting sunshine and wind in Scotland.

Since rates relief for small hydro firms was abandoned by the Scottish government for contravening EU state aid rules, many have been forced to make substantial job cuts in areas that are already economic blackspots.

Westminster has said the bill allows the Scottish government to determine what is deemed a subsidy.

Is it possible to get a comment?
My deadline is 19:00 today (Friday).
Best

[redacted]

[redacted]

THE SUNDAY TIMES

Tel: [redacted]

Twitter: [redacted]

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From: [redacted]@gov.scot>

Sent: 04 February 2022 17:11

To: Cabinet Secretary for Finance and Economy <CabSecFE@gov.scot>

Cc: [redacted]@gov.scot>; [redacted] (Special Adviser) <[redacted]@gov.scot>;

[redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>;

[redacted]@gov.scot>; [redacted]@gov.scot>; Communications Finance & Economy

<CommunicationsFinance&Economy@gov.scot>; [redacted] (Comms) <[redacted]@gov.scot>;

[redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>

Subject: FOR CLEARANCE: Media query - Business rates relief

PO / Cabinet Secretary for Finance & Economy,

We've received the below query from the Sunday Times re., looking for a comment on business rates relief.

Comms, officials and SpAds have agreed the below response – grateful for Ms Forbes clearance please.

Thanks,

[redacted]

DRAFT LINES

A Scottish Government spokesperson said:

“We value the contribution that the Hydro sector makes to the Scottish economy and to our low carbon ambitions. We deliver the most generous non-domestic rates relief for generators in this sector that offer community benefit, as well as to all small scale hydro generators.

“Responding to the findings of the Tretton Review of Small Scale Hydro Plant and Machinery, the Scottish Budget 2021-22 committed to guaranteeing the existing 60% hydro relief until the end of the 2031-32 financial year, in order to provide investor certainty.

“We went as far as we could by delivering a Hydro relief that is compliant with the interim subsidy regime which was established by the EU-UK Trade and Cooperation Agreement, and not the Scottish Government.”

Background

The 60% hydro relief has been estimated by the British Hydro Association to benefit 95% of hydro operators.

The BHA has previously written to Ms Lesley Griffiths, the then Welsh Government Minister for Environment, Energy and Rural affairs, calling on her to "follow the lead" set by Scotland, which extended a 60% business rate relief scheme until 2032.

[redacted] | **News: Finance and the Economy**

The Scottish Government, St Andrew's House, Edinburgh

m: [redacted]



From: [redacted]@sunday-times.co.uk>

Sent: 04 February 2022 11:35

To: [redacted]@gov.scot>

Subject:

Thanks for taking my call [redacted]. As mentioned, small Scottish hydro firms have criticised the Scottish government over its decision to continue to define business rates relief for their businesses as a subsidy under Westminster's post Brexit Subsidy Control Bill.

They claim business rates for small hydro firms valuations are between 2.5 and four times higher than equivalent sized renewables firms harvesting sunshine and wind in Scotland.

Since rates relief for small hydro firms was abandoned by the Scottish government for contravening EU state aid rules, many have been forced to make substantial job cuts in areas that are already economic blackspots.

Westminster has said the bill allows the Scottish government to determine what is deemed a subsidy.

Is it possible to get a comment?
My deadline is 19:00 today (Friday).
Best

[redacted]

[redacted]

THE SUNDAY TIMES

Tel: [redacted]

Twitter: [redacted]

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Document 4:

From: [redacted]@gov.scot> **On Behalf Of** Cabinet Secretary for Finance and Economy
Sent: 08 February 2022 14:53
To: Public Engagement Unit <CorrespondenceUnit@gov.scot>
Cc: Cabinet Secretary for Finance and Economy <CabSecFE@gov.scot>
Subject: FW: Letter to Kate Forbes MSP, Cabinet Secretary for Finance and the Economy

[redacted]

For MR, please.

Thanks,

[redacted]

[redacted]

The Scottish Government | St Andrew's House, Regent Road, Edinburgh, EH1 3DG
E: CabSecFE@gov.scot

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From: [redacted]@ardtornish.co.uk <[redacted]@ardtornish.co.uk>
Sent: 08 February 2022 13:10
To: Cabinet Secretary for Finance and Economy <CabSecFE@gov.scot>
Cc: [redacted]@gov.scot>; Kate Forbes <kate.forbes.msp@parliament.scot>;
[redacted]@british-hydro.org>
Subject: Letter to Kate Forbes MSP, Cabinet Secretary for Finance and the Economy

Please find attached a letter to the Cabinet Secretary.

[redacted]

Attachment to Document 4:

[redacted]@ardtornish.com [redacted]

8th February 2022

Kate Forbes, MSP,
Cabinet Secretary for Finance.

Dear Cabinet Secretary,

Non-Domestic Rates on hydropower and Subsidy Control

When we met in November at Ardtornish you suggested that the Subsidy Control unit at the Scottish Government might meet the British Hydropower Association (BHA) to discuss subsidy control and non-domestic rates on hydro. I am following up after discussion with [redacted] of the BHA (copied), who would appreciate such a meeting.

You also mentioned that your officials are providing input to the team at BEIS overseeing the legislation currently passing through the houses of Parliament. Given the financial distress that Scottish Government policy in limiting access to non-domestic rates relief is causing here at Ardtornish, elsewhere in your constituency, and in other businesses in Scotland, we would be grateful to be informed about the position your officials are taking.

The Scottish Government's policies, in contradiction to Ministers' commitment to achieving net zero, is having a chilling effect on further investment in hydropower (including here at Ardtornish; if you would like further information, please do let us know).

When meeting with you last year we heard from officials in the non-domestic rates division of your department that they do not accept that Scottish Government policies on non-domestic rates relief are unjust and perverse. In the light of these comments, your reassurance that they are inputting to the BEIS-led legislative process is not as reassuring as perhaps you intended. In fact rather the reverse.

It is also hard to reconcile your officials' comments – to the effect that current Scottish Government policy on NDRR is satisfactory, and not in need of reform – with your own very welcome actions in the Scottish budget, extending NDRR for a further significant period. If indeed, as your officials maintain, existing NDRR policies are not in need of reform, it's far from obvious why your rates relief scheme is needed at all. The necessity for this relief is seen as an acknowledgement that the Scottish non-domestic rates system is badly broken. Indeed it's been widely noted that it would be hard to interpret your actions in any other way.

Many of us within the hydro sector are bitterly disappointed that you have chosen not to extend this to those who exceed the artificial de minimis threshold. Scottish Government ministers are adept and highly imaginative in offering solutions to favoured sectors, as we saw recently regarding the very generous public support you have granted to one of Scotland's largest private land-owners - [redacted]. It would be extremely welcome if you were willing to use similar imagination to assist the several small businesses in your constituency who are affected by the unjust and – as you have acknowledged – unintended limits on non-domestic rates relief; limits that have cost several long-term high-quality jobs in one of the most highly fragile communities in that same district.

We also noted recently that Scottish Government officials commented that “we deliver the most generous non-domestic rates relief for generators in this sector that offer community benefit.” Ardtornish hydro, so far as we are aware, was the first private-sector hydro developer to commit to community benefit payments of £5,000 per MW installed. In the light of your spokesperson’s comments, does this mean Ardtornish is eligible for full relief?

I look forward to hearing from you.

With best wishes.

Yours

[redacted]

[redacted], Ardtornish Hydro.

cc. [redacted], British Hydropower Association

Document 5:**From:** [redacted]@gov.scot>**Sent:** 08 February 2022 13:47**To:** [redacted]@gov.scot>; [redacted]@gov.scot>**Cc:** [redacted]@gov.scot>**Subject:** RE: Business rates

Hi Both,

We propose the following response to [redacted]:

As discussed in our meeting, non-domestic rates (NDR) are a devolved tax in Scotland. Policy for NDR - the poundage (tax rate) and national reliefs – are set by the Scottish Government, but the administration of the system – Billing and relief awards – is carried out by local authorities. Local authorities do have the power to deliver their own local reliefs schemes.

Certain representatives of the small-scale Hydro sector (with capacities under 5 megawatts) have stated that they do not believe that non-domestic rates reliefs, specifically the relief for small-scale Hydro, should be a subsidy that is capped by the level of minimum financial assistance (MFA). The Hydro relief, which provides a 60% reduction in rates payable to a specific part of the renewable Hydropower sector, is only available to eligible properties in Scotland, and therefore it is not considered a universal measure in the same manner that there is a uniform poundage across Scotland for instance-

The Scottish Government position in relation to subsidy control and Hydro relief reflects the balance of risk with consideration to the subsidy control principles contained within in the TCA. We are watching the progress of the Subsidy Control Bill in Westminster with interest.

To note a recent article on this matter: [Hydro firms say they've been left high and dry on rates | Scotland | The Sunday Times \(thetimes.co.uk\)](#). BEIS is quoted as saying: “The Subsidy Control Bill provides a broad framework designed to empower public authorities — including, in this case, the Scottish government on devolved tax policy — to award subsidies flexibly and quickly that meet their policy objectives.” The sector has interpreted this as meaning that the Scottish Government could choose to consider hydro relief not to be a subsidy. As we have previously discussed, we do not feel that our interpretation of the subsidy control principles could flex to the point of deeming 60% business rates relief for the hydro sector not to be a subsidy (and this is without even considering whether there would be an implications re the NI Protocol). Nothing in the Subsidy Control Bill has so far given us an indication that this could be otherwise, notwithstanding potential ‘policy objectives’ as allegedly stated by BEIS in the article. If we have the wrong end of the stick however, please do set us right.

Best regards,

[redacted]

Non-Domestic Rates Team

Scottish Government

From: [redacted]@gov.scot>
Sent: 26 January 2022 17:11
To: [redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>
Cc: [redacted]@gov.scot>
Subject: RE: Business rates

[redacted]

Can you pick up?

[redacted]

[redacted]
Local Government & Analytical Services Division
3-G (N)
Victoria Quay
Leith
EH6 6QQ

~~Tel:~~ [redacted]
Blackberry [redacted]

[redacted]

From: [redacted]@gov.scot>
Sent: 26 January 2022 17:03
To: [redacted]@gov.scot>
Cc: [redacted]@gov.scot>
Subject: FW: Business rates

Hi [redacted]

I have been asked a few questions by the BEIS Subsidy Control Team, can you confirm the position? I thought it was a devolved tax and was set and reduced centrally but wanted to check. It also looks like this isn't going away any time soon.

Thanks

[redacted]

From: [redacted] (Consumer & Competition) <[redacted]@beis.gov.uk>
Sent: 26 January 2022 16:55
To: [redacted]@gov.scot>
Subject: Business rates

[redacted]

We have been contacted again by Ardtornish Estates. They are now claiming that business rates is a devolved tax measure in Scotland and therefore a Scotland wide tax reduction is not aid. We intend to go back again and say that this is for Scottish Government and that we cannot become involved. However, as background for my Director is this true? I can't recall which taxes were devolved. Is it also the case that these are set centrally and reduced centrally or is it done locally?

Document 6:

From: [redacted] (Consumer & Competition) <[redacted]@beis.gov.uk>
Sent: 09 February 2022 09:11
To: [redacted]@gov.scot>
Cc: [redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>; [redacted] (Consumer & Competition) <[redacted]@beis.gov.uk>; [redacted] (Business Readiness for EU Exit) <[redacted]@beis.gov.uk>; [redacted] (BEIS) <[redacted]@beis.gov.uk>
Subject: RE: Business rates

[redacted]

Thanks.

We have now gone back to Ardtornish Estates and told them that we cannot comment on this matter any further and that they must pursue this with the Scottish Government as this is entirely for you. Ardtornish have accepted this. As far as we are concerned a line has been drawn under this matter.

I cannot comment on how a particular sector has interpreted our press line but there is no hidden meaning here. It is for all subsidy givers to come to their own decision on a whether a measure meets the definition of a subsidy under the TCA and if so whether it meets the principles. This is no more than has always been the case and it will remain the case under the Bill. The policy objectives refer to the objectives of the devolved tax power – this has been devolved to you so that it can be designed to meet your needs. However it must obviously still meet subsidy control requirements.

The press line is saying no more than we have always said in this case – it is for you to decide and BEIS has no locus. Ultimately if you consider that this measure is a subsidy – and based on what you have told us this would appear to be the case – then you have to decide whether or not this can be justified under the principles. If not then you should not award it. That is really all there is to it.

From: [redacted]@gov.scot <[redacted]@gov.scot>
Sent: 09 February 2022 08:27
To: [redacted] (Consumer & Competition) <[redacted]@beis.gov.uk>
Cc: [redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>
Subject: FW: Business rates

Hi [redacted]

With thanks to [redacted] in our policy team, please see our position in regards to the points raised by Ardtornish Estates:

As discussed in our meeting, non-domestic rates (NDR) are a devolved tax in Scotland. Policy for NDR - the poundage (tax rate) and national reliefs – are set by the Scottish Government, but the administration of the system – Billing and relief awards – is carried out

by local authorities. Local authorities do have the power to deliver their own local reliefs schemes.

Certain representatives of the small-scale Hydro sector (with capacities under 5 megawatts) have stated that they do not believe that non-domestic rates reliefs, specifically the relief for small-scale Hydro, should be a subsidy that is capped by the level of minimum financial assistance (MFA). The Hydro relief, which provides a 60% reduction in rates payable to a specific part of the renewable Hydropower sector, is only available to eligible properties in Scotland, and therefore it is not considered a universal measure in the same manner that there is a uniform poundage across Scotland for instance.

The Scottish Government position in relation to subsidy control and Hydro relief reflects the balance of risk with consideration to the subsidy control principles contained within in the TCA. We are watching the progress of the Subsidy Control Bill in Westminster with interest.

To note a recent article on this matter: [Hydro firms say they've been left high and dry on rates | Scotland | The Sunday Times \(thetimes.co.uk\)](#). BEIS is quoted as saying: "The Subsidy Control Bill provides a broad framework designed to empower public authorities — including, in this case, the Scottish government on devolved tax policy — to award subsidies flexibly and quickly that meet their policy objectives." The sector has interpreted this as meaning that the Scottish Government could choose to consider hydro relief not to be a subsidy. As we have previously discussed, we do not feel that our interpretation of the subsidy control principles could flex to the point of deeming 60% business rates relief for the hydro sector not to be a subsidy (and this is without even considering whether there would be an implications re the NI Protocol). Nothing in the Subsidy Control Bill has so far given us an indication that this could be otherwise, notwithstanding potential 'policy objectives' as allegedly stated by BEIS in the article. If we have the wrong end of the stick however, please do set us right.

Regards,

[redacted]

Subsidy Control Team | European Structural Funds Division | Directorate for Economic Development | The Scottish Government - 5 Atlantic Quay, 150 Broomielaw, Glasgow G2 8LU 📠 [redacted] Mob: [redacted]

✉ [redacted]@gov.scot

[redacted]

[State Aid Scotland](#)

From: [redacted] (Consumer & Competition) <[redacted]@beis.gov.uk>

Sent: 26 January 2022 16:55

To: [redacted]@gov.scot>

Subject: Business rates

[redacted]

We have been contacted again by Ardtornish Estates. They are now claiming that business rates is a devolved tax measure in Scotland and therefore a Scotland wide tax reduction is not aid. We intend to go back again and say that this is for Scottish Government and that we cannot become involved. However, as background for my Director is this true? I can't recall which taxes were devolved. Is it also the case that these are set centrally and reduced centrally or is it done locally?

Document 7:

From: [redacted]@gov.scot>

Sent: 11 February 2022 18:27

To: Minister for Public Finance, Planning & Community Wealth

<MinisterPFPCW@gov.scot>; [redacted] (Comms) <[redacted]@gov.scot>;

[redacted]@gov.scot>

Cc: [redacted] (Special Adviser) <[redacted]@gov.scot>; [redacted]@gov.scot>;

[redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>;

[redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>;

[redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>;

[redacted]@gov.scot>; Communications Finance & Economy

<CommunicationsFinance&Economy@gov.scot>; News Desk <Newsdesk@gov.scot>;

[redacted]@gov.scot>

Subject: RE: MEDIA QUERY FOR CLEARANCE - hydro taxes - BBC Scotland

Thanks [redacted],

Issuing the line now,

[redacted]

[redacted]

Scottish Government, St Andrew's House

[redacted]@gov.scot

Tel: [redacted]

Mob: [redacted]

From: [redacted]@gov.scot> **On Behalf Of** Minister for Public Finance, Planning & Community Wealth

Sent: 11 February 2022 18:17

To: [redacted] (Comms) <[redacted]@gov.scot>; Minister for Public Finance, Planning & Community Wealth <MinisterPFPCW@gov.scot>; [redacted]@gov.scot>

Cc: [redacted] (Special Adviser) <[redacted]@gov.scot>; [redacted]@gov.scot>;

[redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>;

[redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>;

[redacted]@gov.scot>; [redacted]@gov.scot>; [redacted]@gov.scot>;

[redacted]@gov.scot>; Communications Finance & Economy

<CommunicationsFinance&Economy@gov.scot>; News Desk <Newsdesk@gov.scot>;

[redacted]@gov.scot>; [redacted]@gov.scot>

Subject: RE: MEDIA QUERY FOR CLEARANCE - hydro taxes - BBC Scotland

Thanks [redacted],

Mr Arthur is content to clear.

Kind regards,

[redacted]

“Non-domestic rates reliefs are currently administered within the Scottish Government’s best interpretation of the unclear and untested interim subsidy control regime, which is currently predicated on the EU-UK Trade and Cooperation Agreement.

"The Scottish Government is still awaiting legal clarity on the subsidy framework that the UK Government is only now seeking to establish through the UK Subsidy Control Bill."

Background

The 60% hydro relief has been estimated by the British Hydro Association (BHA) to benefit 95% of hydro operators.

Responding to the findings of the Tretton Review of Small Scale Hydro Plant and Machinery, the Scottish Budget 2021-22 committed to guaranteeing the existing 60% hydro relief until the end of the 2031-32 financial year, in order to provide investor certainty.

Between 1 April 2018 and 31 March 2032 the current relief will have offered up to £1.5 million of relief to each individual operator over that period, which includes those that hit the subsidy control cap.

The BHA has previously written to Lesley Griffiths, the then Welsh Government Minister for Environment, Energy and Rural affairs, calling on her to "follow the lead" set by Scotland, which extended a 60% business rate relief scheme until 2032.

Media query

Hi

The owner of Ardtornish hydro scheme says they’ve written to the Finance Secretary about unfair taxation on hydro schemes that sees Ardtornish facing a bill of £525,000. They’re not included in the 95% of hydro schemes that are eligible for the rates relief extension that’s in place until 2032.

They’re questioning why they have such a big tax bill, when they say the Scottish Government underwrote the business activities of [redacted], the owner of a large private land estate, by £161million.

Thanks

[redacted]

[redacted]

Scottish Government | St Andrew’s House | Regent Road | Edinburgh | EH1 3DG | [redacted]



Office of the First Minister of Scotland

FirstMinister.gov.scot

Prìomh Mhinistear na h-Alba

