

**Item: 20**

**General Meeting of the Council: 4 March 2025.**

**Notice of Motion.**

**Report by Corporate Director for Enterprise and Sustainable  
Regeneration.**

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## **1. Overview**

- 1.1. This report considers the implications of the suggested course of action contained in the Notice of Motion lodged by Councillor David Dawson, as detailed on the agenda for this meeting.
- 1.2. The Notice of Motion requests that the Leader, on behalf of Orkney Islands Council, writes to the UK Secretary of State for the Department of Environment, Food and Rural Affairs expressing Orkney Islands Council's disappointment and opposition to the Chancellor of the Exchequer's decision made in the Budget of 30 October 2024 to restrict Agricultural Property Relief and the taxation reclassification of double cab pick-up trucks and calls upon HM Government to reverse the decisions made.
- 1.3. This report provides background and sets out implications, should the Notice of Motion be supported.

## **2. Recommendations**

- 2.1. It is recommended that members of the Council:
  - i. Consider whether to support the Notice of Motion.
  - ii. Request the Leader to write to the UK Government, on the terms set out at section 1.2 above, should the Notice of Motion be supported.

## **3. Notice of Motion**

- 3.1. The Notice of Motion, detailed on the agenda for this meeting, lodged on 21 January 2025, in accordance with Standing Order 17.1, requests that the Leader, on behalf of Orkney Islands Council, writes to the UK Secretary of State for the Department of Environment, Food and Rural Affairs expressing Orkney Islands

Council's disappointment and opposition to the Chancellor of the Exchequer's decision made in the Budget of 30 October 2024 to restrict Agricultural Property Relief and the taxation reclassification of double cab pick-up trucks and calls upon HM Government to reverse the decisions made.

- 3.2. Standing Order 17.2 provides that a Notice of Motion must be received by the Chief Executive at least 14 Clear Days prior to the date of any Meeting of the Council, in order for the Notice of Motion to be included within the business of that Meeting.
- 3.3. Standing Order 17.3 states that a Notice of Motion shall be accompanied by a report by the Chief Executive or the relevant Corporate Director on the implications of any suggested course of action.

## **4. Background**

- 4.1. At the General Meeting held on 3 October 2023, the Council approved a Notice of Motion on support for the agriculture sector in Orkney.
- 4.2. The report which accompanied the Notice of Motion gave substantive background on the critical role of agriculture within the economy of Orkney.
- 4.3. Since the 2023 Notice of Motion, the Council has continued supporting the sector through its Economic Development Service, including via its own farm diversification support scheme, as well as a dairy support scheme in partnership with Highlands and Islands Enterprise and the Islands Centre for Net Zero.
- 4.4. A new Agriculture Forum has also been established, with the first meeting held on 4 November 2024 with wide representation from agriculture stakeholders. The meeting was chaired by the Chair of the Development and Infrastructure Committee.
- 4.5. Furthermore, the Council's Community Led Local Development (CLLD) Team were successful in securing collaboration funding from the Scottish Government to commission a report in partnership with Shetland Islands Council and Comhairle nan Eilean Siar to investigate the impact of the Scottish Government's agricultural policy on island communities. This report has already been used to influence development of secondary legislation following the Agriculture and Rural Communities (Scotland) Bill, which became an Act on 30 July 2024, with further supplemental work currently being commissioned for Orkney by the CLLD Team.

- 4.6. The agriculture sector is well organised and represented in Orkney through the local branch of the National Farmers Union for Scotland (NFUS), who play a key role in lobbying government on agriculture issues.
- 4.7. NFUS has been extremely active in lobbying UK Government on changes to Inheritance Tax via Agricultural Property Relief and business property relief, including a weekend of action and tractor run in Orkney in early February 2025. NFUS lobbying appears to have been focussed on inheritance tax issues, rather than taxation reclassification of double cab pick-up trucks.
- 4.8. The factual content of the Notice of Motion has been checked and has been found to be correct in terms of proposed changes in the UK Government Autumn Budget 2024. The measures set out in the Notice of Motion would have a negative impact on farmers.
- 4.9. The UK Government rationale for seeking these changes to inheritance tax is to make the inheritance tax system fairer by applying inheritance tax to unspent pensions pots and restricting the generosity of agricultural property relief and business property relief for the wealthiest estates.
- 4.10. From 6 April 2026 agricultural and business property will continue to benefit from the 100% Inheritance Tax relief up to a limit of £1 million. The limit is a combined limit for both agricultural and business property. Property in excess of the limit will benefit from a 50% relief, as will, in all circumstances, quoted shares designated as 'not listed' on the markets of recognised stock exchanges.
- 4.11. The rationale for changing the guidance on the tax treatment of double cab pick-ups is to align with case law, reflecting the Court of Appeal's judgement in 2020 that multi-purpose vehicles which are equally suited to carrying people and goods should be treated as cars. The previous Government implemented the same measure in February 2024, before rapidly withdrawing it to undertake further consultation.
- 4.12. In future the government will treat double cab pickup vehicles with a pay load of one tonne or more as cars for certain tax purposes. From 1 April 2025 for Corporation Tax and 6 April 2025 for Income Tax, double cab pickups will be treated as cars for the purposes of Capital Allowances, Benefits in Kind and some deductions from business profits. The existing Capital Allowances treatment will apply to those who purchase double cab pickups before April 2025. Transitional Benefit in Kind arrangements will apply for employers that have purchased, leased, or ordered a double cab pickup before 6 April 2025. They will be able to

use the previous treatment until the earlier of disposal, lease expiry, or 5 April 2029.

## 5. Assessment of Implication of Notice of Motion

- 5.1. This Notice of Motion is seeking that the Council Leader, on behalf of Orkney Islands Council, writes to the UK Secretary of State for the Department of Environment, Food and Rural Affairs expressing Orkney Islands Council's disappointment and opposition to the Chancellor of the Exchequer's decision made in the Budget of 30 October 2024 to restrict Agricultural Property Relief and the taxation reclassification of double cab pick-up trucks and calls upon HM Government to reverse the decisions made.
- 5.2. The above is a straightforward task. The implications of this Notice of Motion are further officer time in preparing a draft letter for consideration by the Leader.

### For Further Information please contact:

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### Implications of Report

1. **Financial.** N/A
2. **Legal.** None arising directly from the recommendations in this report.
3. **Corporate Governance.** This report is prepared in accordance with the relevant Standing Orders.
4. **Human Resources.** N/A
5. **Equalities.** N/A
6. **Island Communities Impact.** N/A
7. **Links to Council Plan.** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
  - Growing our economy.
  - Strengthening our Communities.
  - Developing our Infrastructure.
  - Transforming our Council.
8. **Links to Local Outcomes Improvement Plan.** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
  - Cost of Living.
  - Sustainable Development.

Local Equality.

9. **Environmental and Climate Risk.** N/A
10. **Risk.** N/A
11. **Procurement.** N/A
12. **Health and Safety.** N/A
13. **Property and Assets.** N/A
14. **Information Technology.** N/A
15. **Cost of Living.** N/A

### **List of Background Papers**

General Meeting of Orkney Islands Council: 3 October 2023, Item 14 – Notice of Motion on support for Agriculture sector in Orkney.

Autumn Budget 2024 – Fixing the Foundations to Deliver Change, UK Government, 30 October 2024.