

DRAFT
MINUTE OF THE SCOTTISH
RATEPAYERS' FORUM
HELD AT JAMES BARR'S
OFFICE, 226 WEST GEORGE
STREET, GLASGOW
3rd March 2010

Present: Paul Kelly (Scottish Water); D. Lonsdale, (Confederation of British Industry); K. McCormack (RICS) Stuart Mackinnon (Federation of Small Businesses); Ian Shearer (Scottish Chambers of Commerce); Marianne Cook (Scottish Government); Clark Low, **Chairman** (President SAA); Douglas Gillespie (Past President SAA); David Thomson (Vice President SAA); Joan Hewton (Secretary SAA);

1.0 Welcome & Introductions

The Chairman extended a warm welcome to all and invited members to introduce themselves.

2.0 Minutes of the Meeting of 2nd December 2009

The minute was approved subject to the removal of Gary Clark on the attendees list and the correction of spelling Stuart Mackinnon's name. Forum minutes are posted on the Assessors' Portal which can be accessed using: <http://www.saa.gov.uk>

3.0 Matters arising from the Minute of the Meeting of 2nd December 2009

No matters arising

4.0 2005 Revaluation

4.1 General Appeal Progress

C Low provided a brief update on the outstanding Revaluation 2005 appeals

The Timeshare appeals have been heard and the decision published, all properties will remain in the Valuation Roll as Timeshare units.

It is hoped that Bingo Hall appeals will be resolved. Some large industrial subjects are expected to proceed to hearing with the first appeals due to be heard in April. Other subjects are expected to be listed thereafter

Assessors continue to progress all running roll appeals which remain outstanding throughout Scotland.

4.2 Issues Arising

I Shearer raised the issue of appeals being lodged as a result of empty retail properties and falling rentals particularly for retail subjects. D Gillespie advised that assessors are expecting appeals to be lodged and if large numbers are lodged this could delay the start of hearing 2010 Revaluation appeals. I Shearer asked for an update on tram appeals that are progressing to the Lands Valuation Appeal Court, The main Princes Street appeals have been listed for 11th and 12th May. There are 3 further cases which are in the process of having final stated cases prepared and may be heard on similar dates.

5.0 **2010 Revaluation**

5.1 General views

C Low invited members for initial comments on the 2010 Revaluation.

I Shearer commented that the thresholds for small business rating reliefs and pegging of the rate poundage in line with England were welcomed by the ratepayers. He did however feel that large businesses are seeing the greatest increase in NAVs and considered that there was unfairness in not having a transitional relief scheme. He felt that as large employers at the particular time they will be severely affected by the large increases and the inability to budget far enough in advance.

K McCormack mentioned that he had heard complaints regarding the late provision of draft NAVs which he knew assessors had available more than 4 months earlier. He agreed with all the comments made by I Shearer. Some businesses have very large increases and there is real concern that businesses may not be able to keep open through this period. The short notice will prove problematic because of inability to budget appropriately for the increased rates. He further commented that the Assessor for Lanarkshire has still not published draft NAVs for some industrial subjects. Large businesses are taking the biggest hit and he made reference to an Auction Mart in the Borders increasing threefold. The lack of transitional relief will put that business at an unfair disadvantage because neighbouring marts in England will be restricted to a 12 ½ % payment increase.

S Mackinnon reported that the Federation of Small Business is delighted with the Scottish Government initiatives for rates reliefs and rates poundage. He thought his members would welcome a report on the various increases for subject categories in different locations across Scotland.

D Lonsdale supported the comments made and reiterated the concern that many ratepayers have with the late announcement and the fact that it was so close to the financial year end. The whisky industry would appear to be particularly hit with large increases, in some cases of around 50% uplift. He reported that he intends to raise the matter with the Finance Minister.

M Cook responded to the comments stating that 60% of properties will have lower bills next year - before any appeals or reliefs. She emphasised that the delay as previously

advised was because Ministers needed to wait for budget approval from Parliament before reliefs could be confirmed.

D Gillespie commented that the SRF agreed at the last meeting to delay publication of the NAVs until all the reliefs were known on the basis that ratepayers might otherwise be misled. Cost based valued subjects are the main category showing the greatest increase however the general level of increase in construction costs and the decapitalisation rate had been generally known for some time.

M Cook advised that any TR scheme could have been seen to be benefiting the public sector. K McCormack made reference to the large increases in the Utility valuations and again made reference to the comparison in rates to be paid between Scotland and England as greatly causing a disadvantage to Scottish companies. M Cook advised that the Cabinet Secretary has met with representatives from Utility companies. K McCormack commented that the Renewable Energy reliefs which have been introduced for the first time were welcomed.

5.2 Reliefs

- Rate Poundages were set in November at 40.7p with a 0.7p uplift for subjects over £35,000
- Small business bonus reliefs have been increased Thresholds now £10,000, £12,000 and £18,000 for 100%, 50% and 25% relief respectively. The scheme has also been expanded to include properties in small chains where the cumulative rateable value is under £25,000.
- Rural rate reliefs have also increased. Thresholds now £8,500 for sole retail, £12,750 for sole PFS, hotel or pub and £17,000 for up to 100% discretionary relief
- Transitional relief will not be implemented for 2010.
- Renewable energy relief has been introduced for the first time from 1st April 2010 and will offer up to 100% relief under the State aid *de minimus* rules.
- Other reliefs (Charitable, disabled persons etc.) are unchanged

M Cook advised that when working out the above reliefs the Government needs to consider state aid rules where no business can benefit by any more than £200,000 over a 3 year period.

When asked she further confirmed that the rates supplement for subjects with a value over £35,000 would not finance the entire cost of Small Business Bonus Scheme (as it does with Small business Rate Relief in England). In Scotland the costs of SBBS are largely met by Scottish Government, with the supplement contributing a small proportion of overall costs

S Mackinnon, I Shearer and D Lonsdale requested some information on bill changes for the retail sector and M Cook agreed to send him a copy of some analysis which had been sent to the Scottish Parliament Information centre a few days earlier. Comments were made about large increases in Oban and D Thomson suggested that any specific enquiries might be better directed to the appropriate Assessor to answer. D. Gillespie confirmed that some retail values in Fort William had also increased substantially.

5.3 Publication of the Formal Roll, Summary Valuations and Practice Notes

C Low advised members that the Formal Roll will be published on the SAA Portal on 15th March 2010. Assessors will commence issue of Valuation Notices that week with Finance bills being issued in early April. Summary valuations for bulk subjects will also be available on the portal from the 15th. Practice Notes which provide guidance on how the valuation is considered will similarly be available from the 15th.

In response to a query, D Thomson explained that the number of portal searches allowable per day is restricted to stop data mining of information. Some information will be available for sale through the Data Custodian, Graeme Strachan in Lothian.

S Mackinnon thought that the language on the Portal could be improved and would benefit from change to Plain English format and perhaps a focus group could consider this. Assessors explained that Practice Notes need to be technical because their purpose is to enable the technical valuation of subjects throughout Scotland. Also much of the language is in legal terms which cannot easily be simplified without losing the legal meanings.

S Mackinnon made reference to the Scottish Business gateway site not being up to date, M Cook agreed to take this forward

5.4 Appeal Guidance and Submission of Electronic Appeals

The Scottish Government has produced appeal guidance which is available on their website and also on the SAA website. The availability of the guidance will be mentioned on the acknowledgement of any appeals submitted. Paper copies can be supplied on request for those unable to access the internet.

I Shearer commented that it may be beneficial to harmonise the appeal system with England. The SAA advised that the Scottish system is thought to be better for all parties and if harmonisation was to be considered it could possibly be England adapting the Scottish model. K McCormack explained some of the main differences and the Scottish Government confirmed that they have no plans to change the current appeal system.

Appeals will be accepted by assessors via the SAA Portal, by email or by letter. D Thomson referred to the bulk submission of appeals which appellants would need to sign up to. Although bulk submission is at no cost to the ratepayer it is necessary to have some development work carried out at the Portal, thus the requirement for an agreement to be implemented.

K McCormack and S Mackinnon both made reference to variances of approach by Councils regarding repaying overpaid rates and claiming retrospective rates relief. There was no-one from Finance available to respond.

Local Authorities will be encouraged to roll over reliefs to save ratepayers needing to re-apply. However this was a matter for local authorities.

6. AOCB

C Low asked for final comments round the table.

The variance with England regarding empty property relief was raised and M Cook confirmed that there is no proposal to change the legislation, although all reliefs are kept under review.

S Mackinnon questioned some issues arising from the Licensing Scotland Act. As this does not come under the remit of the group no answers could be provided

P Kelly provided a brief update regarding Scottish Water. There will be no uplift in household charges for 2010/11. In NDR water costs are going down by 2% and dirty water by 5%. Changes to charging for roads and surface drainage are deferred at present. He confirmed that for properties charged based on rateable value in the majority of cases the 1995 roll would continue to be used.

I Shearer asked about the Climate Change Act and if there were plans for business properties. M Cook advised that currently incentives were being developed for domestic homes.

I Shearer reported that everyone is very happy with the Rates Calculator.

M Cook confirmed that new figures for the take up of rates reliefs would be published in the coming months.

7. The next meeting is currently scheduled for 2pm on Wednesday 2nd June in Victoria Quay or St Andrews House, Edinburgh