

**MINUTE OF THE SCOTTISH  
RATEPAYERS' FORUM  
Held at Atlantic Quay, Glasgow  
On 16 January 2017**

**Present**

Marshall Bain (SLTA), Andrew Cairney (Scottish Government), Garry Clark (Scottish Chambers of Commerce), Katy Dickson (Scottish Land & Estates), Cameron Gold (Petrol Retailers Association), Kevin Fraser (IRRV), Beatrice Morrice (Scotch Whisky Association), Alastair Kirkwood (SAA Secretary), Susan Love (Federation of Small Business), Claire Mack (SCDI), Ken McCormack (RSA/RICS), Alasdair MacTaggart **Chair** (SAA President), Douglas McLaren (Scottish Government), David Melhuish (Scottish Property Federation), Ian Milton (SAA Vice President), Hannah Smith (Scottish Renewables), David Smythe (Scottish Self Catering Association), David Thomson (SAA Past President).

**1. Welcome & Introductions**

The Chair extended a warm welcome to all present and invited attendees to introduce themselves.

**2. Apologies**

Hew Edgar (RICS), Philip Glenwright (UK Petroleum Industry Association), David Lonsdale (Scottish Retail Consortium), Mari Tunby (CBI), Gareth Williams (SCDI).

**3. Minute of Meeting of 20 June 2016**

The Minute was approved without change.

There were no matters arising from the previous Minute that were not on the Agenda.

**4. 2005 and 2010 Appeals Progress and Running Roll**

2005 Revaluation

A MacTaggart advised that the 2005 appeals outstanding primarily include mobile and fixed line telecommunications subjects, which have been referred to the Lands Tribunal for Scotland.

2010 Revaluation

A MacTaggart further advised that the 2010 Revaluation appeals which remain outstanding have also been referred to the Lands Tribunal. Of these, telecoms subjects (both mobile and fixed line) represent the biggest single category. However, there are also appeals outstanding for whisky subjects, industrial subjects and Ikea.

Running Roll appeals continue to be lodged on an ongoing basis although these are in relatively low numbers and appear at present to concern routine issues.

#### Lands Valuation Appeal Court

No recent decisions have been issued by the Lands Valuation Appeal Court.

### **5. 2017 Revaluation**

A MacTaggart intimated that draft Rateable Values for the vast majority of subjects for the 2017 Revaluation were published via the SAA Portal ([www.saa.gov.uk](http://www.saa.gov.uk)) on 15 December 2016, that date coinciding with the Scottish Government's announcement regarding the proposed rates poundage and proposed schemes of relief. On that date draft summary valuations were also made available via the Portal for bulk category subjects. I Milton highlighted that approximately 100 draft Practice Notes indicating the valuation approach adopted for different types of subject were published on the Portal at the same time.

It was noted that there were a small number of subjects for which draft valuations were not yet available. These included e.g. Electricity Generation and Distribution Networks, Ports etc.

A MacTaggart stressed that the draft Rateable Values and Summary Valuations are only drafts at this stage. These will continue to be amended and revised until the Valuation Roll is formally made up on 15 March 2017. Formal Valuation Notices giving details of the final Rateable Value will be issued to each Proprietor, Tenant and Occupier, by post, on or shortly after 15 March.

With regard to the lodging of appeals, A MacTaggart indicated that appeals could not be lodged in advance of 1 April 2017. Thereafter there will be a 6 month window in which appeals can be lodged and ratepayers should ensure that any appeals are lodged before 30 September 2017.

With regard to the average uplift in Rateable Values, A MacTaggart indicated that the overall average masks some significant increases/decreases on individual subjects and subject types.

In response to a question from S Love, A MacTaggart confirmed that although no national press release was planned, arrangements would be made concerning publicity at a local level. He also stressed that the SAA's objective is to ensure that the Rateable Values are as correct as possible and to that end the Association would be happy to continue to meet with industry representatives to discuss schemes of valuation and will continue to review these if additional information becomes available.

D McLaren indicated that the Scottish Government will publish an analytical report on the revaluation in due course.

In response to a question from K McCormack, A MacTaggart confirmed that restrictions continue to be placed on providing bulk data to third parties whilst investigations into the situation concerning data protection are ongoing.

M Bain indicated that there was widespread concern over the proposed levels of increase within the licensed trade industry. Examples were quoted of extremely high increases (60% - 80%) which, in his view, was contrary to the trend in the market and the difficulties facing that particular sector, e.g. rising costs, the smoking ban, the lowering of permitted alcohol levels for drink driving offences, etc. The effect of Sky TV basing their charging scheme on Rateable Values was also having a significant impact. He indicated that he considered that the valuation method, being related to the turnover achieved in the premises, was unfair to the sector.

A MacTaggart indicated that whilst some subjects may indeed have very high levels of increase, others may decrease. The anticipated average increase for public houses was around 20% and for hotels around 35 - 40%. I Milton noted that although turnover is a feature of these types of valuation, as is the case in the letting market, the primary assessment was by means of comparison with actual rents in the open market with the hypothetically achievable turnover merely being used as a measure of comparison to relate one public house to another. Nevertheless, the SAA representatives indicated that these views would be relayed back to the Association and that further meetings to discuss schemes of value were expected to take place with the industry representatives. In this regard it was highlighted that if any additional evidence of rental values were available then the SAA would welcome receipt of this so that the proposed assessments could be reviewed.

In response to a question from H Smith, A Kirkwood indicated that the proposed values for small hydro subjects were somewhat tentative at this stage given that the scheme adopted for the 2010 revaluation remained under challenge via the appeals process. Detailed discussion was ongoing with industry representatives. It was noted that a Practice Note had not been published for these subjects as yet and that work is ongoing in that regard.

### **Shooting Rights**

A MacTaggart confirmed that work was progressing with regard to the valuation of shooting rights for entry in the Valuation Roll. Questionnaires have been issued and are being analysed on receipt.

K Dickson indicated that Scottish Land & Estates will be happy to provide assistance if required – A MacTaggart expressed his thanks both for this and for previous assistance in encouraging landowners and others to return questionnaires as timeously as possible.

### **Woolway v Mazars**

A MacTaggart reminded members that following the decision of the Supreme Court in the above case Assessors were reviewing combined entries which may require to be split into several separate entries. Where details are known it is anticipated that the split entries will come into effect on 1 April 2017.

## **6 Scottish Government**

D McLaren provided an update on the work of the Scottish Government since the last meeting. In particular, he highlighted:

- The Scottish Government welcomes accurate information to inform decisions with regard to non-domestic rating and to that end, although Assessors are

entirely independent of Government, he would welcome effective engagement between Assessors and industry representatives.

- The Scottish Government also welcomes engagement directly with stakeholders.
- Revaluations traditionally have been revenue neutral, meaning that although the rates burden is re-distributed between ratepayers according to the revised Rateable Values, the overall rating burden is not increased. Within that exercise account is taken of anticipated appeal loss and decisions are made regarding policy changes and relief to be applied.
- The proposed rates poundage of £0.466 (a reduction of 3.7%) is intended to match the English rates poundage.
- The proposed large business supplement (£0.026) will apply to properties with a Rateable Value in excess of £51,000.
- It is proposed that the small business bonus scheme will be extended to include 100,000 properties.
- It is proposed that no generic transitional relief scheme is implemented.
- It is proposed that Renewables Relief is extended.
- It is proposed that the current Rural Relief of 50% is increased to 100%.
- A new relief will be proposed for broadband fibre.
- Details are being finalised regarding the proposed changes to the Non Domestic Valuation Appeal Regulations.
- The above measures are expected to be finalised in February/March 2017.
- The lower aggregate increase in Scottish Rateable Values, coupled with the proposed rates poundage will mean that this revaluation will not be revenue neutral but rather is anticipated instead to produce a net reduction in the overall rates burden applied in Scotland. If the above measures are implemented as proposed, over 50% of properties in Scotland will pay no rates at all.
- The Scottish Government would be happy to receive any enquiries about the analysis undertaken.

With regard to other matters, D McLaren indicated that from the next financial year (2018/19) the Scottish Fiscal Commission will take over forecasting of future non-domestic rates revenue.

The Barclay Review Group, which is undertaking a review of non-domestic rating, continues to meet and welcomes engagement from stakeholders. The Group is expected to report the outcome of its findings during the summer of 2017.

In response to a question from D Melhuish, D McLaren indicated that the Government is currently considering a range of potential issues including, for example the economic situation in Aberdeen. Care will require to be taken however in respect of state aid rules.

**7. AOCB**

None.

**8. Date of next meeting**

To be confirmed.