

**MINUTE OF THE SCOTTISH
RATEPAYERS' FORUM
Held at St Andrew's House,
Edinburgh
On 6 July 2017**

Present

Marshall Bain (SLTA), Gary Bennett (SAA Secretary), Marianne Barker (Scottish Government), Andrew Cairney (Scottish Government), Mandy Catterall (Scottish Property Federation), Garry Clark (Scottish Chambers of Commerce), Katy Dickson (Scottish Land & Estates), Alison Galbraith (Scottish Whisky Association), Cameron Gold (Petrol Retailers Association), Philip Glenwright (UK Petroleum Industry Association), Rosemary Greenhill (Scottish Government), Alastair Kirkwood (SAA Vice President), David Lonsdale (Scottish Retail Consortium), Stuart Mackinnon (Federation of Small Businesses), Willie MacLeod (British Hospitality Association), Ian Milton **Chair** (SAA President), Hannah Smith (Scottish Renewables), David Smythe (Scottish Self Catering Association), David Thomson (SAA Past President), Gareth Williams (SCDI).

1. Welcome & Introductions

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

2. Apologies

Ian Cass (Forum of Private Businesses), Hew Edgar (RICS), Kevin Fraser (IRRV), Roger Littlewood (BAA), Douglas McLaren (Scottish Government).

3. Minute of Meeting of 16 January 2017

The Minute was approved without change.

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

4. 2005 & 2010 Revaluation and 2010 Running Roll

4a. Appeals Update

(i) Appeals Volume and Issues

The chair advised that outstanding 2005 appeals are at Lands Tribunal and consisted mostly of telecoms appeals and that efforts were being made by the Assessor for Renfrewshire to bring a conclusion to these appeals. The chair further advised that in relation to 2017 revaluation appeals, all attendees should advise their members/ratepayers that where they believed the issued revaluation value to be incorrect, then an appeal should be lodged with the respective Assessor. This can be done via the SAA portal. In respect of appeals relating to small hydro operations the

chair advised that, in discussions with industry representatives, there is a possibility that 2017 revaluation appeals are expedited to the Lands Tribunal for Scotland in order that an early case is heard. Notwithstanding this, it was noted that dialogue continues between the Scottish Assessors' Association (SAA) and small hydro representatives. Hannah Smith of the Scottish Renewables Forum had welcomed the SAA input into the ongoing dialogue.

(ii) Lands Tribunal Update & Cases

Dealt with at 4a(i).

(iii) Lands Valuation Appeal Court Cases

The chair advised the attendees that there is a further route of appeal to the Lands Valuation Appeal Court from either a Lands Tribunal decision or a Valuation Appeal Committee decision. The chair further advised that the LVAC will be sitting on 3 October in respect of an opencast coal facility in Fife and also that the draft stated case procedure was underway relating to office appeals in Grampian.

5. 2017 Revaluation

5a. Update

The chair advised that valuation rolls were made up on 15 March 2017 and notices were issued following this, with the new values coming into force on 1 April 2017. Bills follow this, however, it was noted that there was some delay in relation to bills as a result of the implementation of rates relief schemes, which were introduced at short notice. In response to a question in relation to whether there was any Scottish Government data on delays in implementing relief schemes, Marianne Barker of the Scottish Government advised that some local authorities were experiencing issues with their software suppliers and that work was ongoing to resolve these between the local authorities and their respective software suppliers.

Several attendees expressed concern with the implementation of relief schemes and their feed through to bills. All attendees were advised to remind their members that queries should be directed to the local authority billing authorities in respect of relief schemes. In particular, where it was felt that a particular ratepayer was entitled to relief then they should indeed apply for that relief. In response to a question regards which councils are implementing local relief schemes, Marianne Barker advised that three local authorities had or were in the process of doing so. These are Perth & Kinross, Aberdeen City and Aberdeenshire councils. In response to the question as to whether distilleries were included in the SG "hospitality" transitional rates relief scheme, Marianne Barker advised that probably would not be; even though distilleries may have a cafe they would be unlikely to meet the definition of what constitutes a qualifying property as contained within the appropriate legislation.

In response to a question in relation to when draft values were with the Scottish Government, Marianne Barker advised that they arrived in batches. The chair advised that a first full draft was available at 30 September 2017, however, given that information was still coming in and thereafter analysis being carried out, values continued to be adjusted following that date. It was also noted that as returns of information in relation to some areas, and indeed certain genera of subjects, were particularly low, this led to further delay in relation to the preparation of values at the revaluation.

In response to a question in relation to what discussions took place in relation to bringing in rates relief schemes for particular sectors, Marianne Barker of the Scottish Government advised that discussions were undertaken beforehand with various industry representatives.

Marshall Bain raised the issue of some ratepayers not knowing if they should be getting 50% rather than 25% rates relief and that the form which is required to be completed in respect of such relief does not always seem to be available from local authorities. Andrew Cairney of the Scottish Government advised he could write out over the summer to ratepayers who the Scottish Government believe are eligible for rating relief in order to highlight this to them and the Scottish Government made an offer at the meeting to work with any members or indeed ratepayers to clarify this position. All attendees were advised to recommend to their members that where they felt that rates relief was due then an application should be made.

Katie Dickson raised the issue that in relation to shootings there was a lack of information in how the small business rates relief scheme would affect them given that there were no values available. Again the advice was that when entries are made in the valuation roll where it is believed that small business rates relief is due then ratepayers should make that application.

5b. Issue of Revaluation Notices

This item was covered under agenda item 5a.

5c. Dialogue/Consultation with Ratepayers

The chair advised that dialogue continues with the hospitality industry with the licensed premises representatives, with Scottish Renewables, with the Scottish Land and Estates representatives in relation to shootings, and also with the Association of Self Caterers. The chair also advised that professional agents acting on behalf of ratepayers were invited to form a group in order that material dialogue could commence with the SAA, however no indication of the formation of a group representing main rating agents has been notified to the Association thus far.

5d. Valuation Appeal Procedures

The chair advised that the Valuation Appeal Regulations have been amended, with the new procedures applying only to the 2017 revaluation appeals, not those pertaining to 2010 revaluation roll. Some of the changes included the permission of electronic exchange of documents, and the emailing of citations, both dependent on the appellants or agents expressing a preference for this revised practice. The regulations also extend the notice period for a citation from 70 days to 105 days, and cover the displaying of hearing lists and exchange of information. It was expressed further that the 105 days is to try and have the substance of appeals dealt with prior to the exchange of information. At 35 days pre hearing, it should be clear what the issues are with an appeal.

In response to a question in relation to the volume of appeals expected in connection with the 2017 revaluation, the chair advised it was too early to say. Most appeals come in towards the last date for lodging appeals, which is 30 September 2017. The bulk upload facility is again available at the SAA portal and Marianne Barker advised that the Scottish Government collate and produce data on appeals quarterly.

5e. Valuation of Shooting Rights

The Land Reform Act removed exemption in relation to shooting rights and the SAA have had extensive dialogue with Scottish Lands and Estates. Assessors were seeking advice on interpretation of the law, however, it is still a target that entries are made in the valuation roll by 30 September 2017.

In response to a question from Katie Dickson, the chair advised that communication with stakeholders will continue and that a practice note is currently being developed with a view to being available as soon as possible.

In response to a question in relation to where no return of information has been provided to an Assessor, and whether this would have any effect on an entry being made in the valuation roll, the chair advised that an entry would be made based on assumptions and comparative information available, however the chair stressed that any return of information form issued by an Assessor should be responded to and in relation to shooting rights where information is sought then that should be returned also. Alastair Kirkwood further advised that whilst the aim is to get all the shooting rights in by 30 September 2017, the Assessor can in fact make entries up until 31 March 2018.

Katie Dickson advised that when the exemption was lifted in relation to shooting rights the Scottish Government gave a commitment for the appropriate committee to consider the outcome of that. Marianne Barker advised that if it was a commitment given to parliament then that would be undertaken, however, it would be a matter for the parliament. David Thomson further advised that Douglas McLaren had updated the appropriate committee recently.

David Smythe raised the issue that some, for example, self catering ratepayers may also have a shooting right and as an entry was yet to be made in the valuation roll, there is uncertainty around eligibility for small business rates relief given that the combined values of both a self catering unit and a shooting right may exceed relief thresholds. It was advised that this would be all the more reason to make sure that the appeals were lodged for such subjects and also that rating relief applications were made where it was deemed appropriate for subjects already in the 2017 valuation roll.

It was acknowledged that in relation to shooting rights these were not simply a revaluation of an existing subject in the valuation roll. These subjects are essentially a 'start from scratch' given that they had been previously removed from the valuation roll.

5f. Activities of Rates Advisors

The chair advised that attendees should flag up to members the issue of unscrupulous agents seeking to represent ratepayers in both valuation matters and rates relief matters. It was flagged up by Philip Glenwright that some agents were asking for a fee up front which, in itself, give cause for concern. Philip Glenwright further went on to advise that the contract to be signed in relation to anyone

representing a ratepayer should be scrutinised. It was generally acknowledged that RICS members operate under the codes of conduct of a chartered surveyor, however, those who are not affiliated with RICS of course need not.

In relation to a question in connection with the Hydro Practice Note, it was advised that the Practice Note, whilst not being available at the portal at the moment, had been shared with industry representatives.

Furthermore, it had been raised that some agents are contacting ratepayers offering to secure rates relief for a fee, which the ratepayer is entitled to anyway. Andrew Cairney advised that the Scottish Government can put an alert on its appropriate website page in relation to this.

6. Barclay Review of Non Domestic Rating

Marianne Barker advised that she is acting as secretary to the review group, and thanked all who have contributed to the review. She advised that there was one further meeting of the group before the end of July, however there is no firm date yet for publication of the findings. It was further stated that part of the remit of the group is that the outcome of the review should include revenue neutrality. Recommendations will be made to the Scottish Government who will decide whether to accept (or reject) the recommendations made. She further advised that late representations had been received by the hospitality sector, and that in response to a question on when the public would get to see the report, she advised that the report would be published to all, public and Scottish Government around the same time. The Scottish Government have said that they will, where possible, act swiftly on recommendations..

In relation to a specific question on how the Barclay Review recommendations will be implemented, Marianne Barker advised that this essentially depends on what the recommendations involve; if structural change, this would take much longer than changes which would be merely administrative; if there is any requirement to change primary legislation then this could take a couple of years as it would require a bill to pass through parliament.

In response to a question raised in relation to what the review group did in response to a committee question regarding consultation with the public sector, Marianne Barker advised that further consultation was indeed undertaken following this being raised by the particular committee of the parliament. Following on from that, a question was raised as to whether the public sector should be represented at the Scottish Ratepayers' Forum and the Scottish Government advised that they would take that matter up with their colleagues, and in particular the Scottish Government's Public Sector representative.

Philip Glenwright asked if self assessment had been raised as part of the Barclay Review and Marianne Barker advised that it had indeed been raised.

7. Scottish Water – Proposed Changes to Charging Scheme

Rosemary Greenhill advised of the following: that Scottish Water operates on a 6 year review period and that the current one is 2015-21; for each review period Ministers set out their charging policies; that from 1 April 2017 all vacant property will be charged for services with the no exemptions; that current rateable values will become the basis for unmeasured charges (eg drainage) from 1 April 2018,

replacing the historic values; that the review to current rateable values is revenue neutral; that conversion to current rateable values will show that roughly 60% of ratepayers will win and roughly 40% will lose; that approximately 60% of bills will increase or decrease by less than £100 per annum, whilst approximately 25% will see an increase (or decrease) of between £100 to £200 per annum. She further advised that there will be a transitional relief scheme from 1 April 2018 to 31 March 2020, the extent of which is yet to be agreed with the regulator. She also advised that consideration is being given to the impact of appeals on rateable values and that customers will all be advised in an advance of 1.4.18 of the changes, with a FAQs document being made available. In relation to a question whether the transitional relief will be automatic, Rosemary advised that it would be. She further confirmed that water, sewage and drainage charges will be related to current valuations.

In relation to a question about whether metered properties were solely charged by reference to a meter and not rateable values, Rosemary clarified that for all properties connected to a sewer, the drainage charges are calculated by reference to the rateable value..

A question was raised in respect of whether there will be any special transitional relief such as the rates relief scheme introduced in the north east of Scotland. Rosemary advised that there will not be. Transitional arrangements will ensure that the changes in charges are phased over three years.

Rosemary further advised that Scottish Water will work with the water retailers on the scheme. She reported that the revenues relating to RV based charges is in the region of £120 million, of which approximately £20 million is effectively being reallocated between customers.

In relation to a question of when businesses will know about the calculation of the new bills, Rosemary advised that Licensed Providers/Retailers will write to individual customers once the arrangements are clear. The SG will work with business representatives to ensure that the change is well publicised.

8. Scottish Government – Policy Update

NDR & 2017-18 Budget

- On top of the government business rates package at draft budget, which delivered an overall tax cut of £155 million this year, the SG listened to businesses and further targeted support where it is most needed worth £44.6 million for particular sectors and specifically for Aberdeen and Aberdeenshire. The total rates relief package is now worth around £660million, and councils are empowered to apply further reductions to address any local issues as they see fit.
- The poundage was cut by 3.7% to 46.6 pence from 48.4 in 2016-17.
- The large business supplement remained the same at 2.6 pence, the same as 2016-17. The threshold for LBS in relation to RV was raised from £35k to £51k. (The change in threshold has resulted in reducing those liable by 8,000).
- Changes to the SBBS threshold for 100% relief in relation to RV was raised from £10k to £15k, lifting 100,000 properties out of rates altogether.

Bill Cap

- The Scottish Government decided not to implement TR across the tax base following the 2017 revaluation, as it would have largely benefitted big utility companies at the expense of many smaller businesses.
- Scottish Government has funded a real terms 12.5% cap on 2017-18 rates increase for certain properties (hotels, pubs, restaurants/cafes, small hydro and offices in Aberdeen city/shire.)
- The cap on certain rates bills must be an application-based scheme to comply with European Union State aid rules and to ensure eligibility for the relief, which is for councils to administer.
- The capping measures apply for 2017-18 and the SG will consider what further future support is required in light of the Barclay review.
- A Revaluation report for 2017 was published on Thursday 29th June by the Scottish Government focusing on the rateable value (RV) effects, with some brief narrative around NDR policy decisions.

Sector Specific Changes

- In line with the policy objective to support district heating, a 50% relief has been implemented for district heating properties.
- Other existing reliefs continue unchanged, with the exception of mandatory rural rate relief which has increased from 50% to 100%, and new-built renewables relief being extended to 25% for hydro schemes up to 1 megawatt.

Moving Forward

- Scottish Government continue to engage with stakeholders to inform the on-going policy approach on light of the revaluation.
- SG considering issuing a letter promoting SBBS to all ratepayers across Scotland whom may be eligible but as yet, are not claiming.
- Barclay review – due to conclude this summer with the Scottish Government committed to responding swiftly.

In relation to a question whether a local authority is protected if a lot of businesses within its area claim SBR, Marianne Barker advised that no local authority would lose out as it is all dealt with through a redistribution mechanism. In response to a question regarding how many local authorities are looking at discretionary relief, Marianne Barker advised that there was in the region of 3 currently. With regards to a question on why the relief scheme ended at £35,000 as a ceiling, Marianne advised that a commitment was given that approximately 100,000 properties would be looked at and a decision thereafter was taken to have the threshold remain at £35,000.

9. AOCB

Nothing raised.

10. Date of Next Meeting

It was agreed that the next meeting of the group should be after Christmas, probably in January 2018.