

**MINUTE OF INAUGURAL MEETING OF SCOTTISH RATEPAYERS' FORUM
HELD MONDAY 15 DECEMBER AT CITY CHAMBERS GLASGOW AT 10.30 am**

Sederunt: Carrie Norman, Confederation of British Industry; John Downie, Federation of Small Business; Warwick Malcolm, Scottish Chambers of Commerce; J McEwan, Glasgow City Assessor; Billy McKenzie, Scottish Executive; Sandy McConochie, SAA President; William Sommerville SAA Vice-President; Douglas Gillespie, SAA Secretary; Elinor Jayne, Scottish Retail Consortium; Simon Benison, Interbank Rating Forum; Roger Littlewood, Interbank Rating Forum.

1. Welcome; Introductions and Background As Chair for the day, Sandy McConochie, President of the Scottish Assessors' Association, opened by explaining the background to the inaugural meeting. There had been an approach to the Minister from the Scottish Chambers suggesting a forum of business organisations, trade associations etc. which would serve to improve communication concerning and understanding of the rating system in Scotland.

1.2 That there was some misunderstanding was evidenced by the fact that the VOA was often thought to have an involvement. That was not so with the fourteen Scottish Assessors being part of a line back to 1854. The valuation role of assessors was one of statutory independence which meant, essentially, that neither central government nor the local authority employer was permitted to direct the assessor as to his valuations which were subject to appeal to independent bodies.

1.3 Assessors were also responsible for Council Tax valuations and in all cases, except the City of Dundee, for electoral registration.

1.4 The SAA as the umbrella organisation looking to co-ordinate the activity of assessors having been asked by the Minister to participate, agreed. As it was felt that the process should be driven by business and assessors, the SAA also undertook to arrange the inaugural meeting.

2. The Business Organisations For the Interbank Rating Forum, Roger Littlewood explained that his organisation represented the banking industry and Royal Mail and essentially all A2 financial services organisations. Collectively they had a UK rates liability of the order of £450m which was a significant proportion of the rating tax. Their aim was to establish a fairer and more equitable system North and South of the Border. The Forum was participating fully in the English process and was involved in the Modernisation Steering Committee. The concerns of the Forum were not limited simply to valuation, but were concerned also with rate demands and other matters of general administration.

2.2 For the Scottish Retail Consortium, Elinor Jayne indicated that her organisation represented ninety percent of retailers in Scotland and was part

of the British Retail Consortium. The Consortium had met to discuss the establishment of the Forum and did have a number of suggestions as to issues for consideration once the Forum was established.

2.3 For the Scottish Chambers of Commerce, Warwick Malcolm emphasised the importance placed by his members on rating matters. Valuation was not the only concern as this cascaded through into water rates. There were other issues such as the delay in dealing with appeals. He felt there was a lack of information and knowledge of the system and that there was no clear open forum to clarify matters. With the Revaluation impending, there was a need for more information.

2.4 For the Federation of Small Businesses John Downie indicated that he had around 18,000 members and that rates was an ongoing issue. In the last round, the Small Business Relief Scheme was welcome but there were still issues such as the substantial increase in water rates. Overall, it could be presented as something being given with the one hand and taken with the other. His Federation was involved in a lot of Committees and he felt the essential point was that participation should make a difference. In the Economic Forum, building relationships with local authorities in LEC's was seen as important. In the case of this Forum, developing understanding and feeding information to individual businesses through the Federations could be good for all. On the issue of whether the National Forum should give rise to local Forums, his feeling was that the National Forum should become established before being developed locally.

2.5 Carrie Norman for the Confederation of Business Industry indicated that her organisation had around 26,500 members for whom business rates was a significant issue. One of the main concerns was that the system must be organised to provide information to members as early as possible and they would be happy to participate in the Forum to that end.

3. The Scottish Executive For the Scottish Executive, Billy McKenzie indicated that he was present in the capacity of an observer. Should any policy issues arise he would be happy to take them back for consideration. In response to a question as to whether the Executive was providing financial resources for the forum, he indicated that that was not envisaged at this stage as it was not believed that the expenses would be particularly large.

3.2 Sandy McConochie indicated that the expenses for the day were being borne by the Glasgow Assessor and SAA members were content to bear modest costs as would no doubt the business organisation if they were prepared to host some meetings. In the event that costs became burdensome, the SAA would approach the Scottish Executive.

4. Discussion Picking up on a few points mentioned in the introductions, Sandy McConochie indicated that he too had concerns concerning the water billing situation where he had been in contact both with the Commissioner and Scottish Water with a view to trying to understand the system which was in place. He was concerned that assessors were being contacted in matters

where they had no standing, seemingly in the absence of queries being properly dealt with by Scottish Water.

- 4.2** Picking up on the theme of early notification, he indicated that there was a definite intention for assessors to publish via their website in November 2004 draft valuation rolls. The Scottish Executive MGF2 funding route was being used to establish a central Assessors' Portal and work was well advanced with the appointment of contractors to establish the site. In the event that the site was not up and running in time, the rolls would be hosted through existing assessors' sites. While the values would be provisional – there would be a number of cases where physical changes which had occurred in recent times would require update of the figures - it would for most ratepayers provide details of the outturn valuation. The site would be maintained over time; initially it was likely that there would be monthly updates but much shorter update intervals would result in the medium term.
- 4.3** An associated development being looked into by the Executive was the possibility of a rates calculator which would assist ratepayers in anticipating their rate bills. The reason for the November publication of valuations was that during the month of October, the Executive would be working on figures received from assessors in order to establish the amount of the rate poundage, the amount of any transitional relief and the thresholds of small business relief bands etc.
- 4.4** The business organisations agreed that there was the need for publicity and that early indication of the bill would be welcome. It was also emphasised that for many ratepayers the process and the nuances of valuation were of limited interest with the main concern being the financial impact on the business.
- 4.5** It was emphasised that these matters would be in addition to the established procedure whereby all proprietors, tenants and occupiers received valuation notices intimating their new valuations. These would be issued in January/February 2005 in advance of the bills being issued.
- 4.6** Jim McEwan observed that the free flow of information in many respects could be said to start with the need for ratepayers to provide information to assessors. The vast majority of valuations were based on comparative rental evidence and if the information was not provided by ratepayers, then the certainty and stability of valuations was likely to be reduced.
- 4.7** Business accepted that they had a role to play in encouraging members to co-operate and make the system work better.
- 4.8** It was acknowledged by the assessors that possibly the establishment of the Forum had taken place a little too late for the 2005 Revaluation where the overwhelming majority of forms had been issued. While any encouragement the organisations could give concerning return would be welcome at this stage, it was seen that this was a matter which, for the longer term, would benefit from earlier notice and involvement of the business organisations. It was collectively recognised that what was needed in many respects was a

change of mindset, both on the part of assessors, business and also rating agents.

- 4.9** It was noted that there was a number of issues concerned with form design where over the years the assessors had attempted to improve designs. The situation still arose where complaints were made concerning the length of forms, sometimes in circumstances where this had been dictated by views of businesses as to what information should be ingathered. It was accepted however that there was room for improvement.
- 4.10** There were some improvements already established as, for example, electronic provision of information by Interbank Forum members. Cut down forms ingathering rent review information were also a way forward. It was recognised that such initiatives would be most productive in circumstances where trust was established and that there could be reasonable certainty that important information as to incentives etc. was not bypassed only to emerge at the appeal stage.
- 4.11** There were some indications that the balance of approach was changing as with the way in which some agents, for example, were focusing on the provision of advice in the form of audit and the management of liabilities.
- 4.12** It was recognised generally that given that a high proportion of appeals ended up being withdrawn, anything that could be done to reduce the automatic generation of forlorn appeals would have collective benefits.
- 4.13** So far as improving service delivery was concerned, it was intended that as the assessors' Portal developed there would be opportunities to complete returns via the site, lodge appeals etc. There were possible legal barrier such as the requirement for an appeal to be in "writing". Assessors were taking as pragmatic a view as far as they could in the electronic age.
- 4.14** In connection with appeal disposal, assessors indicated that they had tended to the view that given that there were fewer than fifty appeals outstanding for the 2000 Revaluation and that the timetable had been met, performance in this area had been rather good by way of comparison of the situation in England and Wales.
- 4.15** Warwick Malcolm indicated that while the position as against England and Wales might well be favourable, that it did not mean that appeal disposal was as fast as it could or should be. While accepting this general point of view, the assessors observed that they had been subjected to repeated complaints from agents over the past year or two suggesting that the pace of citation of appeals was too fast. Against that background there was some difficulty in further speeding up the system.
- 4.16** On the subject of appeal timetables, it was felt that there was a need for better communication as to when appeals might be disposed of. The

example was given on the English scheme where long-term programming was in place. Sandy McConochie indicated that while the position in Scotland might not be quite so formalised, the broad order of taking appeals was long established in Scotland and that there would be few agents who did not have the general sense of when particular cases would come forward. In some areas very detailed timetables were put in place and further developments could be considered with Valuation Appeal Panels. It remained that despite all the difficulties, the statutory timetable had been met.

- 5. Remit of the Forum** It was agreed that the SAA Secretary would prepare a draft remit for the Forum for circulation and comment following which a revised draft would formally be put to the next meeting.
- 6. Membership of the forum** As to the membership of the Forum, it was felt that it should be open to all business organisations that might be interested while recognising that under the umbrellas of those present, a number of sectoral interests were already represented. It was accepted that from time to time specific subject matters might arise which warranted the presence of particular specialist organisations, even if they did not routinely attend. As to the membership of rating agents, the feeling of the business organisations was that the direct contact with assessors was the most important feature of the Forum and it was not desirable that it be turned into a technical forum for surveyor specialists. Nevertheless, they felt that from time to time it would be appropriate for agent advisers to business organisations to attend.
- 6.2** In accepting this position, Sandy McConochie indicated that there was already established contact with the RICS (of which assessors were, in any event, members) and that there already existed local groups of surveyors who met with assessors to discuss assorted matters of a technical character. Indeed, indications had been given that the surveyors predominantly involved in rating appeals were hoping to refresh these arrangements looking to the 2005 Revaluation.
- 6.3** Business organisations indicated that they would value the presence of Finance Authority representatives as the process of billing and collection was a significant part of the process.
- 6.4** Assessors explained that for the inaugural meeting Glasgow finance officers had been invited to attend but due to a clash with budget meetings this was not possible. Arrangements would be made to ensure finance representation at the next meeting of the Forum with a view to establishing permanent representation into the future.
- 6.5** There was a feeling from the business organisations that some contact via the Forum with Scottish Water might be appropriate. Sandy McConochie agreed to look into this.
- 7. Name of the Forum** In light of the discussion as to membership, it was felt that the Forum should be named the Scottish Ratepayers' Forum.

- 8. The Chair & Secretariat** The SAA President, having been invited by the Minister to arrange the inaugural meeting had taken the Chair purely for that purpose. The issue of who should Chair the meeting into the future required to be decided. The business organisations indicated they were content that the SAA President continue to Chair the meeting and that the SAA Secretary attend to the minuting and other administration.
- 9. Proposed Items of Business** The agenda for the meeting contained an item relating to proposals for future business. A round table discussion provided a list as set out in the attached appendix. This would inform the drawing up of the agenda for the next meeting.
- 10. A.O.C.B.** There were no other items of business.
- 11. Date of next meeting** After discussion it was agreed that while in the medium term the Forum might move to quarterly or half-yearly meetings, the first full meeting should not be delayed over long. It was therefore agreed that the next meeting would take place in early February.
- The Secretary would arrange to ingather e-mail addresses etc and would use this medium to circulate the draft remit and also establish a consensus as to the date and venue for the next meeting.
- 12.** The meeting closed at 12.30pm.

FUTURE AGENDA ITEMS

Remit of Forum.

Revaluation publicity and programme.

Local engagement.

Water charges.

Explanation of valuations.

Summary valuations.

Production of Rate Bills.

Electronic billing.

Freedom of Information/Confidentiality/ECHR.

Ratepayer Contact Scheme.

Transparency and simplification.

Modernisation of bills.

Shopping centre car parks.

Air conditioning/Quantum in shops.

Material Changes of Circumstances.

Changes to Descriptions.