

**MINUTE OF MEETING OF SCOTTISH RATEPAYERS' FORUM**  
**9 FEBRUARY 2004 – CITY CHAMBERS, GLASGOW AT 10.30 am**

**Sederunt:** Warwick Malcolm, Scottish Chamber of Commerce; John Downie, Federation of Small Business; Simon Benison, Interbank Rating Forum; Roger Littlewood, Interbank Rating Forum; Tom Davidson, James Barr representing CBI; Ian Shaw, Scottish Retail Consortium; Andy Martin, Boots/Scottish Retail Consortium; Bill Anderson, Forum of Private Business, Billy McKenzie, Scottish Executive; Allan Traynor, IRRV Scotland/Revenues Forum; Sandy McConochie, Scottish Assessors' Association; Billy Sommerville, Scottish Assessors' Association; Jim McEwan, Scottish Assessors' Association; Douglas Gillespie, Scottish Assessors' Association

- 1. Welcome: and Introductions** The Chairman welcomed the members to the Forum and effected the necessary introductions.
- 2. Apologies** Apologies had been received from Elinor Jayne of the Scottish Retail Consortium whose place had been taken for the day by Ian Shaw and Andy Martin; Amanda Harvie, Scottish Financial Enterprise; Alan Wilson of Scottish Council for Development and Industry and Ken McCormack of James Barr for the CBI. In addition, it was noted that Roger Littlewood had been delayed.
- 3. Minute of Meeting of 15 December 2003** The Minute was agreed to be a true record subject to the correction of Elinor Jayne's name in paragraph 2.2 and Carrie Norman's name in paragraph 2.5. There were no matters arising not appearing on the agenda.
- 4. Consideration of Draft Remit** A draft remit had been circulated with the papers for the meeting. There was a short discussion as to whether it should be emphasised in the remit that the principal vehicle of the Forum would be business organisations or whether it should be left in more general form. While the expectation was that business organisations would be the principal participants, it was recognised that from time to time individual ratepayers might well wish to address the Forum and accordingly the draft remit was approved as follows:
  - 4.1 Forum Remit**
    - To ensure that business ratepayers, primarily through their representative organisations, have the opportunity for direct contact with Assessors and Finance Officers concerning valuation and rating.
    - To provide a Forum in which the implementation of the statutory regime can be considered with a view to raising awareness and understanding of the system, fostering co-operation in areas of mutual interest, and identifying and resolving problems.
    - To share information and ideas for improvement of the system.

- 5. Communications** The Chairman explained that the agenda contained all matters which had been raised as possible agenda items and these had been loosely grouped for convenience, the first such heading was communications.
- 5.1** Warwick Malcolm suggested that the main milestones of the Revaluation should be set out. Finance Departments could possibly be used to get out information. Sandy McConochie indicated that the most immediate concern was getting returns back, accepting that the creation of the Forum was a little late in this context. Bill Anderson supported the Chambers' view, and John Downie suggested that a leaflet should be put out by the Scottish Executive.
- 5.2** Billy McKenzie, for the Executive, indicated that it was likely that the same leaflet would be produced as for 2000, updated as required, and he saw it as something which could be brought to the Forum for comment once it was drafted.
- 5.3** The business organisations were prepared to make the existence of material known through their own newsletters; all present understood the difficulties which can arise from enclosures which are often never read. However, Bill Anderson emphasised that business organisations also have lead times and that the earlier information could be provided the better.
- 5.4** Sandy McConochie indicated that the support for getting information in was welcome as he apprehended that what business was after was certainty with no need to appeal. Obtaining the base information was an important aspect of this. So far as publicity was concerned, he was placing an article about the Forum and revaluation in the IRRV and RICS magazines and he agreed to the suggestion that the article might be copied to the Forum.
- 5.5** He also indicated that the draft roll would be available on a website in November and valuation notices would be issued from January 2005 onward.
- 5.6** Allan Traynor tended to the view that valuation materials should go out with the valuation notice. There was some pressure on the volume of the billing envelope which required to provide information on small business relief etc. While budgetary information was not statutory, many authorities would choose to issue it with the bill.
- 5.7** John Downie thought the business organisations could help although their own policy was only ever putting one insert in with their newsletter.

- 5.8** It was suggested that the business organisations' websites could also be used, both by providing links and also by displaying information in their own right. Bill Anderson reported that in his experience there were many "hits" from non-members and that this would also aid dissemination of information.
- 5.9** Roger Littlewood indicated that from his experience of a local forum in the South of England, there had been success with the ratepayer contact scheme where a particular individual dealt with all queries from major companies. Rental information was being provided electronically and many queries and details of information as to alterations etc were being channelled in a way which avoided appeals and resulted in the list being more accurate, more quickly.
- 5.10** Sandy McConochie indicated that the Scottish Assessors' Association site, while it would publish the new roll in November would probably come into existence in June/July using the existing roll. It was generally agreed that it would be a good idea if at all possible for business organisations to be given some access to the site to comment on its functionality and it was also agreed that the coming into existence of the site was something which deserved publicity. It was also thought that there could possibly be a link with the VOA site.
- 5.11** Warwick Malcolm reminded the meeting that from a business perspective filling in forms etc. did not add value and there was a general problem of engagement not just in rating but in relation to environmental health etc. and there was a need for the public sector to link together in efforts to communicate better.
- 5.12** John Downie pointed to the fact that there were probably opportunities through economic development units, enterprise companies and other council departments, town centre managers etc. to disseminate information.
- 5.13** It was agreed that the Secretary would draw up a schedule of milestones with possible avenues for providing the necessary information/publicity, keeping in mind the need for lead time.

**6. Valuation – General** Sandy McConochie opened by explaining that more information will be available for 2005. The Assessors' Association had agreed that its practice notes would be made available for the first time from 2005.

- 6.1** While welcoming this, the business organisations indicated that there would likely be a need for some simplified explanations to be made available that met the "tea break test" with the opportunity for deeper investigation should the need arise. There was a certain need for the use of plain English. Andrew Martin felt that in his company's circumstances, an explanation of matters such a material change of

circumstances could be of considerable assistance to store managers. What was needed was practical guidance on when valuations could be reviewed.

- 6.2** Assessors acknowledged that information should be available but on material change there was a fine line between giving examples only where the law was reasonably certain and misleading as to the potential scope of the material changes provision which in Scotland had been amended to keep it broad.
- 6.3** Roger Littlewood indicated that in the Forums in the South, VOA representatives had gone through valuation schemes giving examples. In a material change case in connection with the closure of Taymar Bridge the consultative process had led to reductions in value without the need for appeal. His experience was that explanations were well received by business representatives.
- 6.4** John Downie's feeling was what was needed in many respects was a list of checkpoints as to what it was thought business should be doing at any particular point.
- 6.5** Sandy McConochie indicated that even at this stage it was becoming clear that there was a need and a desire to have information in circulation which might previously only have been considered at the appeal stage. The information required to be produced earlier than before and in a form which could readily be understood.
- 6.6** The suggestion of summaries or executive summaries of practice notes was one which would be considered. The original Scottish Assessor's Association view was that rather than create problems with versions, full notes should simply be made available but if the feeling was that shorter versions leading into the main documents was going to be more productive, then this could be taken on board.
- 6.7** Bill Anderson emphasised as an example that the retailer had no interest in the valuation details associated with hotels. This bore on the matter of ease of navigation which was an important issue.
- 6.8** Warwick Malcolm indicated that it was also important not to view the matter as simply a one off event dealing with the 2005 Revaluation but rather that the officials and the Forum should be keeping in mind what required to be done to maintain communication in the longer term.
- 6.9** In respect of the issue of summary valuations, Roger Littlewood advised that it had been found useful in England and Wales to be involved in the way in which the VOA intended to display their summary valuations.

- 6.10** Sandy McConochie indicated that for 2005 it was not the Scottish Assessors' intention to provide summary valuations. It was not a practical proposition in the timescale available and some Assessors did not have the technology to do so. It would however be looked into for the future.
- 6.11** However, quite apart from the practical difficulties, there were issues of confidentiality etc. where the SAA was not convinced that necessarily the right approach was to publish such information on the web.
- 6.12** The meeting did recognise the incongruity of business organisations inciting their members to provide information to Assessors, often of a rather sensitive character, only to have it displayed on the web. The developments in England and Wales would be monitored and the matter could be revisited in the future.
- 6.13** It was noted that there were issues associated with the display of information in the case of properties with particular sensitivities ranging from the way in which they were described through to what information was made available as to their characteristics. Generally, it was possible to come to a position where neutral descriptions could be used and while there was a theoretical possibility of this clouding the issue of categorisation for valuation purposes, it was felt that this could be resolved.
- 6.14** Bill Anderson indicated that in relation to hotel descriptions, he felt that there was a case for an increased range of descriptions to distinguish hotels from restricted licensed hotels and guest houses. It was acknowledged that there was some difficulty in drawing the line between such categories.

**7. Valuation – specific** A number of issues had been raised in connection with retail properties. Andrew Martin indicated that in England the position had emerged where car parks associated with shopping centres such as Meadowhall were entered in the roll at a nominal pound. From a retailers perspective, there was a problem if rates were charged on parking because this resulted in increased service charges. While he had no particular cases in mind, there was a general concern in the retailing community.

- 7.1** Tom Davidson, from his private practice experience and Sandy McConochie both explained that there had been a number of cases concerning car parks in Scotland which brought about a general situation where, in most instances, if there was evidence to suggest that the car park was reflected in the rents of the retail units, then no entry or a nominal entry would be made in the roll. As a general proposition where car parks charged, these would tend to appear in the Valuation Roll at market value. There were however instances

where the Courts had upheld the view that car parks in respect of, for example, industrial estates, where no charge was made, should enter the roll because their value was not reflected in the surrounding properties.

- 7.2** So far as was known the position in Scotland was regularised and there were no significant appeals outstanding of which the Assessors present were aware. However, if a particular problem area came to mind, arrangements would be made to look into it.
- 7.3** In connection with air conditioning, the issue was raised as to what approach Assessors would take to the valuation of the air conditioning element. The signs were that in England and Wales the VOA was intending to depart a standard rate per metre addition in favour of a revised approach using costs and a decapitalisation rate other than the statutory decapitalisation rate. There were issues as to what term would be used etc. The appeal was essentially one for engagement around an issue which could affect a number of properties. It was agreed that there was already discussion between the Scottish Assessors' Association and retailing agents in this connection. This was being led by Alastair Kirkwood of Lothian and this matter could be left to that medium.
- 7.4** In respect of quantum, it was accepted that from time to time there was some difficulty in getting over the concept and some practical difficulties in relation to the provision of information. Again, it was thought this matter could be left to the discussions already in train elsewhere.
- 7.5** Bill Anderson raised the issue of hotels where his understanding was that the standard four/five star hotels were harmonised but below that practice varied with Edinburgh being lower and rural areas higher than England and Wales. This concern had been expressed to Andy Kerr the Finance Minister and had added to the existing concerns over the difference in the UBR in Scotland and England. The suggestion was that properties were being hit by a "double whammy". He was not yet getting a consistent story.
- 7.6** Sandy McConochie explained that he had already given a paper to the Executive explaining the Scottish Assessors' Association's position which was that valuations were harmonised and emphasising that there had yet to be produced by the ratepayers any hard evidence of the difficulty which was said to exist. He quite accepted that the UBR issue was one in which business placed some emphasis, but that was not a matter which Assessors could affect.
- 7.7** Despite all sorts of assertions being made, the current position in Scotland was that the only hotel with an appeal outstanding at first instance was Gleneagles. In addition, there were only two instances of litigation, one in respect of a single hotel in Dumfries and

Galloway and another in respect of a dozen hotels in Highland. The Valuation Appeal Committees in question had upheld the Assessors' position. Stated Cases were in the process of being prepared. From the Assessors' perspective, the issue was essentially concluded for 2000.

**7.8** Bill Anderson, while accepting that position, emphasised that it means that the 10% UBR difference would remain. His organisation would continue to campaign for a UK rate which he felt would be beneficial to Scotland.

**7.9** For the Executive, Billy McKenzie indicated that while such a proposal was a fit matter for lobbying, he could not give any encouragement that the suggestion would prove acceptable to Ministers.

## **8. Finance and Billing Issues**

Roger Littlewood indicated that working with the IRRV in connection with the production of rates bills and looking to best practice resulted in a wide range of standards being identified. The good authorities were customer orientated and produced clear and simple bills; TR was clearly explained and there was one year for each bill. In some instances however the billing arrangements involving several years, were of questionable legality. They were complicated and often failed to provide adequate explanations. Generally the aim was to produce best practice guidance which it was hoped would be adopted over time.

**8.1** Allan Traynor felt he had a good perspective on the matter as he participated in the Revenues Forum in which all Scottish authorities were represented. There were four main software suppliers SX3, Anite Scotland, Academy and Civica. Glasgow had in-house software. These were fairly standard products containing the same information and there was a fair degree of uniformity. The core details would be the same although the words surrounding them might differ.

**8.2** One problem of which he was aware was that bills tended to contain the most recent information as to rateable value but the billed amount might reflect changes which had arisen over time. He would be very interested to have input as to whether this was a real problem or merely a perceived one. The Revenues Forum did take seriously the matter of service but it was inevitable that if providing a desired service required software changes, that this would involve expense. He was not aware of any system or any billing in Scotland which would not show all reliefs and there were usually reasonable explanations of TR insofar as the subject admitted of an explanation. The notes, inevitably, could only provide a general description and a path to follow should more detail be required. Roger Littlewood indicated that in Leeds there was an accompanying letter, rather than a leaflet, providing explanations.

- 8.3** Allan Traynor indicated that he was not aware of significant complaint as to the character of bills in Scotland which tended these days to be expressed in plain English but he would certainly welcome identification of problems and any brought to attention would be followed up. The work with the IRRV in the South could be followed up through David Magor. His impression was that in Scotland there was more leeway by virtue of the lack of specification in the legislation and that this meant that it wasn't possible to use the legislation as an excuse for inadequate billing arrangements.
- 8.4** So far as electronic billing was concerned, Allan Traynor's understanding was that there were regulations in England and Wales allowing for this. In Scotland this could not be done without legislation and he was aware that the Executive were looking into the matter. As regards payment as distinct from billing, payment could be made over the net at many Councils. In the case of his own authority, Fife, internet payments had been introduced three years ago for Council Tax, Rates and Sundry Debtors but that the facility had been removed because take up was so small which was surprising and rather disappointing. Possibly the reason was that electronic payments through bank direct debits etc. was now in fairly widespread use and provided a satisfactory service.
- 8.5** Most authorities were also moving towards web enabled applications where forms could be completed and submitted on-line.
- 8.6** The business organisations raised the issue of extent of take up of small business relief and indicated that there was anecdotal evidence to the effect that no-one knew what the take up rate was; that there was some difficulty in gathering statistics on the part of consultants appointed by the Scottish Executive to look into the success of the arrangements. There was a concern that not enough statistical information was available. Allan Traynor made it clear that the Scottish Executive had been provided with statistics as to the number of people receiving relief. The various software suppliers had been instructed and the information had been provided. There was however a problem in answering the question as to how many people who would qualify had not applied. Quite simply authorities did not know the answer. While there was automatic application of the 5% adjustment, additional relief depended upon an application being made which met the various tests, particularly that of occupation of a single property, failing which aggregation rules applied. Because of the character of the scheme, it was impossible for authorities to provide information as to the extent of take up. There were also other intervening factors such as vacant properties, charitable relieved properties etc.
- 8.7** While accepting this position, the business organisations tended to the view that across a number of areas there was inadequate statistical



information available.

**8.8** The question was also raised by Tom Davidson as to whether bills could provide explanations as to the reason for the issue of the bill. It was agreed that while in principle this was a sound idea existing software did not generally contemplate it. There would be costs involved. Assessors in respect of valuation and appeal settlements did have some over stamping capability, for example, intimating that a notice was being issued as a result of an appeal settlement. It was acknowledged that there might be quite a considerable range of reasons for a billing change quite apart from valuation changes.

**9. Water Charges** Sandy McConochie indicated that the Scottish Executive and the Scottish Assessors' Association would be meeting with Scottish Water later in the week to discuss a range of issues. The question of attendance by Scottish Water at the Forum would be raised at that time. Bill Anderson emphasised that when he had met Scottish Water on 25 June 2003, he had been promised consultation which had yet to happen.

**10. A.O.C.B.** None

**11. Date of Next Meeting** It was agreed that circulation by e-mail of minutes, calls to meetings etc. was adequate. Members wished to continue to be offered a choice of dates and it was agreed that to suit the arrangements of a number present, a move away from Mondays was desirable. Proposed dates for a meeting in April would be circulated in due course.

The meeting closed at 13.10pm.