

**MINUTE OF MEETING OF SCOTTISH RATEPAYERS' FORUM**  
**5 MAY 2004 AT INDIA STREET GLASGOW AT 10.30 am**

**Sederunt:** Warwick Malcolm and David Lonsdale, Scottish Chambers of Commerce; Alistair Don, Scottish Licensed Trade Association; Bill Anderson, Forum of Private Business; Roger Littlewood, Interbank Forum; Ken McCormack, Confederation of British Industry; Billy McKenzie, Scottish Executive; Elinor Jayne, Scottish Retail Consortium; Sandy McConochie, President SAA; William Sommerville, Vice-President, SAA; Douglas Gillespie, Secretary, SAA; J McEwan, Glasgow Assessor.

- 1 Welcome and Introductions** The Chairman welcomed the members to the Forum and effected the necessary introductions.
- 2 Apologies** Apologies had been received from Amanda Harvey, Scottish Financial Enterprise and from Simon Benison, Interbank Rating Forum.
- 3. Minute of meeting of 19 February 2004** The Minute of the meeting of 19 February was approved subject to the insertion of the words “as an example” after the word “emphasised” in paragraph 6.7.
- 4. Presentation by Roger Littlewood** The purpose of the presentation was to give the Forum a feel for the experimental arrangements which had been put in place in England and Wales to establish local ratepayer forums. These had been established in the South West, in North Wales and in the North-East. They were organised by Tony Capp of the VOA. It was understood that there were plans to extend the scope of the forums over time.

By way of introduction, Roger Littlewood summarised the interest of his own organisation HBOS and the Interbank Rating Forum in general. They together accounted for many thousands of rateable, operational properties and a large number of non-operational properties. HBOS had a rates liability of around £60 million and the Forum accounted for the order of £400 million per annum in business rates. Aims were essentially mitigation and budgeting certainty.

The feeling was that the 2005 Revaluation offered an opportunity to effect some modernisation to a property taxation system which had been around for 400 years. This included improving communication with customers, demystifying rating valuations and committing to continuous improvement. A ‘right first time’ approach was being adopted which implied that the valuations were understandable and acceptable etc. It implied a certain co-operation between ratepayers and the VOA including improved provision of information and participation.

It was hoped that over time there could be a move away from an appeals culture which would reduce delays, introduce a greater degree of certainty and improve cash flow and budgeting.

Specifically local participation, it was hoped, would allow for greater involvement of ratepayers and also serve to foster understanding and an improved handling of changes in local circumstances. The example was given in the South East of the improved handling of a bridge closure as it affected rating valuations. It would still be necessary in appropriate cases to appeal valuations but it was so hoped that improved communication would result in a speedier resolution.

It was felt that this might over time imply a change in the role of rating consultants towards a remit which wasn't simply concerned with appeals, which it was accepted were inevitable in some cases, and might possibly involve a development into liability management and audit; advice on mitigation of liability; providing advice on the efficient and effective use of floor space etc.

The discussion did not simply involve the VOA but also sought to involve billing authorities with a view to improving the flows and exchange of information based on developments such as UPRNs and the National Land and Property Gazetteer. It could also result in best practice guidance being provided to billing authorities which would improve the quality of billing information. Improvements were also likely to result in ODPM being able to forecast the yield better than at present.

The forums were also seen as a means of providing some stakeholder involvement in revaluation issues such as transitional relief and also in connection with the proposed arrangements for Bids (see later an update of the current position in Scotland). There was also some input into the proposed small business relief scheme which the forum noted was already in operation in Scotland on a somewhat different basis to that which was proposed in England and Wales.

The rating environment was also affected by developments such as the publication by RICS/IRRV of mandatory practice statements in relation to rating work and more particularly the information which should be provided on engagement. By this means it was hoped the distinction between properly qualified consultants and the unregulated sector would be heightened with an improvement in consumer protection. One feature was the highlighting in the terms of engagement of the fact that there are a number of possible outcomes making the proposal, not simply a reduction or a refund.

It was also noted that the RICS had established a help line which would provide for some free initial rating advice being available from local firms. A promotional leaflet would also be produced. Almost a thousand firms had signed up to the scheme.

Overall it was felt the forums had provided an opportunity for ratepayers to be heard, to improve their understanding, to be able to influence the process and to mitigate, where appropriate, their liabilities.

The question was raised as to whether this operated on the scale of a town or a region. Roger Littlewood advised that it was essentially regional, focused on a town and, for example in the South West, participants in the local forum had been drawn from a good distance.

It was noted that the issue of whether local forums should be formed in Scotland had been considered at an earlier meeting without a definite conclusion. Various attempts had been made over the years to accommodate interest in rating matters through meetings of local chambers and other business organisations. These had given rise to reasonable attendance in some cases and cancellation in others. It was appreciated that there was a strong likelihood, supported by experience, suggesting that around the time of revaluation interest was greatest.

More generally, Warwick Malcolm emphasised the point that achieving engagement with business was not confined to the rating field and was a serious issue across a range of regulatory and other matters where particularly local authorities had an impact on business. His feeling was that there was an opportunity to draw together such matters to provide a central point of contact, probably local authority driven. He referred to the “enforcement code” as an example which was trying to establish such arrangements.

In thanking Roger Littlewood for his presentation, the Chairman indicated that this matter would no doubt be revisited in the run-up to the revaluation when it was likely that some local meetings would be arranged.

**5. Draft Milestones Document**

The Secretary circulated a draft listing of the main milestones for each of the organisations involved in the Forum indicating the main dates of significant events. He would be happy to correct and re-arrange matters in whatever detail was thought appropriate. He had not sought to insert fine details of internal processes but issues such as the lead times for organisations to issue material to members was clearly important if the programme was to be coherent. It was agreed that the business organisations would provide the Secretary with some indications of their lead times for issue of leaflets etc.

For the Executive, Billy McKenzie indicated that it was probably better for the assorted technical regulations to be noted as likely to be laid in mid December 2004 rather than August although precise dates were still under consideration.

He also indicated that the Executive still had the issue of a leaflet under consideration. The letter or leaflet would probably be issued in November around the time of the announcements of the poundage etc and the means of funding the circulation were still being looked into. Some discussion had taken place as to whether the local authorities would be able to issue this rather than the business organisations.

No finality was reached in the matter but it was recognised that even if the local authority route was preferred to the business organisations route there was still the possibility of generating maximum coverage by use of the business organisations e-mailing routes and websites. Bill Anderson emphasised that there was a substantial number of businesses who were not members of any business organisation and it was important that the arrangements put in place would not see them excluded.

The Assessors noted that the use of the assessment roll might be the correct one if only occupiers were to be targeted but there was the issue of whether proprietors and middle tenants should also be included. In the case of multiple occupiers, there was some potential for waste if the mailing list was not suitably edited. The same issue arose for example in connection with properties occupied by public authorities. While the finance authorities could no doubt attend to this matter, the Assessors would, if called upon, provide such assistance as they could in this connection.

Billy McKenzie noted that the local taxation website which had previously been intimated as being under construction was anticipated to come on stream over the summer.

At this point Bill Anderson mentioned an issue which he raised at the last meeting in connection with the need to distinguish in description codes between hotels which were licensed and unlicensed. This was important for his consideration of the small business relief scheme where he had been unable to identify any licensed hotels with values under £10,000. The Assessors indicated that they believed that there were certainly licensed hotels at these levels of value and they agreed to look into what could be done to provide numbers to Bill Anderson and the Forum.

In the same general connection, Roger Littlewood emphasised that in connection with summary valuations (see later agenda item) that the Interbank Forum were concerned to eliminate the use of

description codes and floor area descriptions which indicated a general and specific location of sensitive facilities from a security point of view. Sandy McConochie indicated that if Assessors could be provided with the sorts of codes in question, this could be referred to the group dealing with the harmonisation of category codes and see what could be done to meet these concerns. Similarly the issue of hotel description codes would be raised in the same forum and brought back in due course.

Mention was also being made of the progress being achieved in establishing the Assessors' Portal. Roger Littlewood asked whether the Minutes of the Forum could be displayed on the site and Sandy McConochie indicated that this seemed possible and would be looked into. At the same time the question was raised as to whether or not the Minutes of the meetings that Assessors were having with the "Cabals" of rating agents could also be posted. Sandy McConochie indicated that from the SAA point of view this was not a difficulty but likely that the permission of the agents would be necessary.

Ken McCormack indicated that as he was Chairman of the agents he would raise this matter at the next meeting of the group.

**6. Business Improvement Districts**

This matter had been raised as an agenda item by Warwick Malcolm who noted that the consultation had now been underway for some time and an expert group had been set up. He particularly wondered if the Assessors had views as to the effect the creation of Bids might have in a valuation context and also as to progress on policy in general.

In the first connection it was recognised that material changes of circumstances and general improvements in an area could affect value and could give rise to increases or possibly decreases in value for property affected by a Bid by virtue of their proximity to it. Possibly the main issue was whether any changes would be reflected only at a revaluation or whether inter-quinquennial changes would result.

Sandy McConochie indicated that while in a general way of speaking it was more likely to be a revaluation matter, much would depend on the individual character and impact of whatever schemes were put in place.

There then followed a more general discussion as to the way in which Bids would become established. Warwick Malcolm indicated that business was concerned both about the scope and the mechanisms which would be put in place for voting on the establishment of Bids.

Billy McKenzie for the Executive indicated the sorts of issues raised were those which the expert group was expected to investigate in detail. Bids would not include Council Tax payers and it was anticipated that the earliest legislation would be put in place would be 2007.

There seemed to be a range of views as to the scale of development which would emerge from Bids. For example, whether they would operate at a level of activity which would see relatively small environmental improvement schemes or whether they would take place on a grander scale. There was some evidence from England and Wales that some local authorities were actively promoting the Bid concept with a view to effecting significant improvements but it was by no means clear that as a general rule Bids would emerge as large scale projects.

In connection with environmental improvements, Ken McCormack inquired as to whether security systems were in the Scottish roll at the present time and he also had in mind the issue of subject types such as speed cameras. Sandy McConochie indicated that at the present time while the matter had been looked into no publicly operated security systems had been entered in the roll in Scotland and there was no present intention of changing that arrangement. It was noted that the VOA were looking into the issue of speed cameras. More generally, in terms of the Plant and Machinery Order, security systems in individual properties were plainly rateable but there was no current appetite to change the existing arrangements as to public facilities. Cases such as the Orange mast case in England and Wales, which was proceeding to the House of Lords, would be watched carefully to see whether any change of approach was required. It was observed that the details of the Bids arrangements might deal with rateability of such facilities.

**7. Summary  
Valuations**

Bill Anderson raised this issue as one having been put to him by his rating advisers who drew attention to the fact that in England and Wales the intention was to send summary valuations to ratepayers and make them available more generally and he wondered if Assessors would be prepared to do the same. Roger Littlewood also asked after this possibility on the basis that he felt it would improve discussions with ratepayers.

Sandy McConochie referred to the Minute where it had been indicated already that in Scotland at the present time the technology simply did not exist to carry out such an exercise although it could be looked to for the future. Assessors also had real concerns as to the possible breach of confidentiality that might be involved and of course there was an incongruity in encouraging organisations to have their members provide information and then making it widely available to third parties.

It was worth noting that it was understood at this point that the intention was to issue simple summary valuations for the main bulk classes only – shops, offices and industrial/warehouse properties. It was not clear that ratepayers would necessarily understand zoning, for example, and in many instances the agents already had full records of the Assessors' areas which had been built up over the years of discussions.

Alistair Don indicated that his members would be very concerned if, for example, turnover information was ever to be disclosed. It was confirmed that Assessors had no intention of making such information available but that it was arguably no different to disclosing matters such as floor areas. It was understood that the same view was taken of turnover information in England and Wales.

The issue was raised as to whether, if not initially, valuations could be disclosed at the appeal stage to aid discussion. Assessors felt that rating agents required no assistance in arriving at their valuations and were well able to decide whether or not an appeal was merited on the basis of the application of their own expertise. Discussion with agents normally followed a process of exchange which had proved satisfactory in the past

The principal difficulty was the lack of the technical means at this time to proceed as suggested. As had already been indicated it was on the agenda to clear the way for this to be done by the next revaluation. While Assessors were not persuaded that such an arrangement would reduce the number of appeals lodged, or improve disposal times, they would follow the developments of the scheme in England and Wales with keen interest. If the arrangements demonstrated that there were real beneficial effects, then that would naturally require to be taken into account.

More generally there was discussion as to the advice that should be given to ratepayers as to whether or not to appeal. Bill Anderson indicated that he had been criticised for advising his members – “if in doubt appeal”. Sandy McConochie indicated that he could not take strong exception to such a suggestion where there was genuine doubt concerning a valuation.. Douglas Gillespie indicated that his practice was as quickly as possible to deal with inquiries from ratepayers acting on their own behalf in order that they could be given the fullest possible explanation.

Sandy McConochie indicated too that he did appreciate the difficulties which agents faced as regards professional indemnity and related matters if they did not lodge a “protective appeal”. Ken McCormack indicated that because of the appeal opportunities which existed in Scotland, which were different from those in England and Wales, there was arguably a stronger incentive to appeal in Scotland. He felt however that the main determinant of the level of appeal would be the increase in valuation and the rate poundage, in other words, the bill which the individual ratepayer faced. More generally it was common currency that the culture of all those participating in the system required to undergo some change.

- 8. Membership of Forum – RICS** Bill Anderson had raised this matter where the view of his organisation and his rating adviser would be that it would be best for the RICS to be involved in the forum as they were a significant stakeholder.

Sandy McConochie explained that the view had been taken that the purpose of the forum was to give business, through the representative organisations in the main, a direct line of contact with Assessors and Finance Officers. It had not been intended that it develop into a forum where the specialist professionals would engage. Separate arrangements had been put in place to meet this requirement. Nevertheless it was not for Assessors to determine the composition of the forum.

It was agreed that the Secretary would write to the RICS inviting the organisation to be represented at the next meeting. It was noted that the IRRV was already represented through the finance officers.

- 10. A.O.C.B.** Jim McEwan drew attention to the fact that he was experiencing significant difficulties in ingathering information from licensed premises in Glasgow. Alistair Don agreed to encourage members to make the returns.

- 11. Date of Next Meeting** The next meeting would be called in due course offering a selection of dates. The question was raised as to whether the venue should be changed, for example, to allow a meeting to take place in Edinburgh. It was agreed that the availability of Victoria Quay would be looked into; Canon Ball House was another possibility. The availability of a suitable room and car parking were thought to be the main pre-requisites.

The meeting closed at 1.15pm.