

**MINUTE OF THE SCOTTISH
RATEPAYERS' FORUM
HELD AT VICTORIA QUAY,
EDINBURGH ON
4TH SEPTEMBER 2007**

Present: Roger Littlewood (Interbank Rating Forum); Niall Stuart (Federation of Small Businesses); Ken McCormack, (James Barr representing CBI/RICS); Paul Kelly (Scottish Water); Robin Benn (Scottish Government); Jim Gilmour (Scottish Government); Jonathon Davidson (Scottish Government) (from item 8); Douglas Gillespie, **Chairman** (President SAA); William Sommerville (Past President SAA); Clark Low (Vice President SAA) David Thomson (Secretary SAA); Les Walker (SAA Portal Project SRO)

1.0 Welcome & Introductions

The Chairman extended a warm welcome to all and invited members to introduce themselves. He also gave some background to the reasons for time lapsed since the previous meeting.

2.0 Apologies

Allan Traynor (IRRV); David Watt (Institute of Directors); Matt Henderson (Forum of Small Businesses); Andrew Jackson (Scottish Council for Voluntary Organisations); Fiona Moriarty (British Retail Consortium)

3.0 Minutes of the Meeting of 14th November 2006

The minute was approved without amendment. Forum minutes are posted on the Assessors' Portal which can be accessed using: <http://www.saa.gov.uk>

4.0 Matters arising from the Minute of the Meeting of 14th November 2006

There were no matters arising which were not included in the agenda.

5.0 2005 Revaluation

5.1 General Appeal Progress

W Sommerville reported that the early appeals 'log jam' had been overcome through working with ratepayers and their agents and that the vast majority of shop and office, and a significant number of general industrial, appeals had been dealt with across Scotland. Some agents had cleared up to 80% of their appeal portfolios. A significant amount of 'appealed value' and a number of more complex appeals were, however, still outstanding. The requirement to cite these by the end of June 2008, for hearings prior to December 2008, was noted. K McCormack suggested that some appeals might require referral to the Lands Tribunal, though it was agreed that 'warehousing' appeals in this manner was to be avoided.

5.2 Issues Arising

The SAA saw no major issues preventing ongoing progress and there were no recent case decisions that would fundamentally change anything.

6.0 **2005 Update Issues**

6.1 Smoking Ban

The SAA reiterated that the advice previously provided to the SLTA in respect of the smoking ban was that turnover information for affected properties should be collated over the first year of the ban prior to submission of any 'material change of circumstances' appeals. A relatively small number of such appeals had in fact been made to date and it was understood that the ban had had varying effects across the public house sector. Further, any effects of the ban could be masked by other changes to the market.

K McCormack advised that the Bingo Halls trade had been adversely affected and he hoped to pursue appeals at an early opportunity. He also reported that this Practice Note for this category of subject had been amended in England and that he was in discussion with the SAA Practice Note author to review guidance in Scotland. The SAA confirmed that the Revaluation and the smoking ban were two separate issues that would require individual attention. In the meantime, agents would ingather trade figures from these subject categories.

K McCormack claimed that a further category of subject which had been affected was Licensed Social Clubs, but it was noted that these were not valued with reference to their turnover.

The SAA agreed to refer consideration of the effects of the ban to its Commercial Subjects Committee.

6.2 Annual Returns for Public Houses

The SAA reported that despite previously agreeing with the SLTA that members would submit annual returns to Assessors, the response rate had been very poor. They urged completion of these returns as they would increase the accuracy both of the schemes of valuation and in the Net Annual Values of individual subjects, thereby reducing the need for appeals to be made.

K McCormack suggested that there might be a concern that Assessors would use the later information in connection with appeal work on the 2005 valuation.

6.3 Others

There were no other 'Update' issues reported.

7.0 SAA Portal Update

L Walker provided background on the portal, which provides single point access to Assessors' information across Scotland. The overall aim of the project was to provide business benefits for Assessors and their stakeholders, including government departments. It was being used by citizens, property professionals, local authorities, Government Agencies and Assessors' staff. In total there were around 25,000-30,000 page requests per working day.

The site currently provides searches of all-Scotland Valuation Rolls and Council Tax Lists and valuation Practice Notes, and provides on-line forms for the submission of rating appeals, council tax proposals and rental information returns. Government users were using the facility to download data relevant to their areas of interest and to access data archives.

The intention was to increase the functionality by providing the facility for large property users to provide rental and other data in bulk, to further extend the transactional services available and to provide summary valuations for certain categories of properties. The overall design of the site may be reviewed.

Cash releasing, time releasing and customer satisfaction benefits were being realised by the above users, with one firm claiming to have made over £500,000 worth of savings for their clients through using the site. GROS have reported annual savings of £50,000. R Littlewood confirmed the usefulness of the site and advised that he looked forward to working with the SAA to assist with the development of the bulk rental return facility. He was glad to hear the Summary Valuations would be provided. P Kelly reported that Scottish Water found the site invaluable and advised that they could identify additional revenues that had been achieved by comparing the valuation roll entries at the portal against their chargeable properties database. K McCormack advised of a minor problem with input to the appeal submission form and the SAA agreed to investigate this further.

8.0 2010 Revaluation

8.1 Information Gathering

D Gillespie reiterated that the submission of relevant information on request was vital to the success and accuracy of the 2010 Revaluation and, whilst efforts would be made to develop data gathering mechanisms at the portal, the SAA would accept information in any format. The important matter was the data not the format of provision.

R Littlewood confirmed that the move to collective ingathering of information mirrored efforts both within the VOA and within the Interbank Rating Forum, the latter having plans to create a data warehousing system for information sharing. The SAA advised that they were aware of the VOA's initiatives and that they would be considering adoption of their standard data transfer format.

R Littlewood also referred to the VOAs Ratepayer Contact Scheme which had also been successfully piloted in Glasgow. He reported that the scheme works to the benefit of all parties by allowing early notification of change to relevant parties and early, accurate revaluation of altered properties.

The SAA confirmed that information gathering for the Revaluation would commence shortly after the 'Tone Date' of 1st April 2008, and that they would be willing to talk to any large ratepayers regarding the bulk collection rental information. It was reiterated that small businesses could make rent returns via the portal or by paper return.

8.2 Prior Agreement of Schemes

D Gillespie invited views on the possibility of pre-agreeing schemes or final values before the Revaluation took effect.

R Littlewood reported that IBRF members have a variety of views, with some wishing to pre-agree values for bulk category subjects such as shops. As large ratepayers, their aim was to achieve generally fair and accurate values from the outset and certainty of payments was, within certain tolerances, more important to them than the absolute value of each property. The progress in pre-agreeing ATM valuations was noted. He felt that the Contact Scheme referred to above would support this aim. He reported that the British Retail Consortium was also generally supportive of pre-agreements.

K McCormack was doubtful that values could be pre-agreed and voiced concern about the possibility of Assessors or their staff diverging from pre-agreed schemes, though he did recognise the usefulness in agreeing schemes. The SAA suggested that any such scheme must have a degree of flexibility to take account of local markets.

D Gillespie felt that the aim of agreeing values of bulk category subjects may be complicated by the involvement of multiple agents/ratepayers. In any event, the SAA would meet again with the Scottish Business Rating Surveyors Association in January 2008 to consider the matter further.

8.3 Summary Valuations

This matter was discussed above under item 7.0, SAA Portal Update.

8.4 Interbank Rating Forum Issues – Assessor Contact Scheme

This matter was discussed above under items 8.1 and 8.2. D Gillespie agreed that the SAA would pick up on the suggestion of a Contact Scheme separately; Joan Hewton, Chairman of the SAA Commercial committee would be the point of contact.

8.5 Impact of possible abolition of Council Tax

D Gillespie referred to the current Scottish Government's announced intention to replace the Council Tax system with a Local Income Tax, possibly by 2010. The manifesto commitment included a proposal that second homes would be brought into the non-domestic rating regime. If these proposals are enacted they might have an affect on preparations for the 2010 Revaluation and restrict opportunities for pre-agreements.

It was confirmed that the SAA had committed to providing final values to the Scottish Government by the end of August 2009.

9.0 BIDS

J Gilmour confirmed that the necessary legislation was in place and it was now a matter for local businesses to take up the opportunities available. Six pilot schemes were progressing and they intended to hold ballots in Spring 2008.

R Littlewood confirmed that this was indeed the case in the Edinburgh new town 'Pathfinder' project. Identification of owners and occupiers was still proving to be an issue.

10.0 Finance Issues

10.1 Concerns of Charities Sector

A note on the above concerns had been submitted by the Scottish Council for Voluntary Organisations. The note, which had been circulated prior to the meeting (enclosed) identified issues relating to the timing of Revaluation, water charge exemptions, application of charitable rates relief and the administration of various reliefs. K McCormack confirmed that the reported inconsistency in applying discretionary relief schemes also applied to other forms of rates relief.

A Traynor had provided a reply (also enclosed) confirming that the discretionary element of rates relief schemes had been designed specifically to provide local authorities with options to apply as they see fit. R Benn confirmed this position. A Traynor also explained that charitable relief was dependent on factors relating to both the occupier and the particular property so relief could not be deemed to be totally transportable.

The timing of the 2010 Revaluation was known and there were no plans to alter this.

P Kelly advised that the concerns raised in respect of water charge exemptions were to be incorporated into a wider consultation on water charges which the Scottish Government were about to commence.

It was agreed that D Thomson would reply to the SCVO and noted that they might wish to follow up any issues at a future meeting of the Forum.

10.2 Small Business Rates Relief

R Benn confirmed that the Scottish Government remained committed to their manifesto proposals to extend the scheme of small business rates relief, though the details would be dependent on the Scottish Spending Review. An announcement was expected in late autumn, though current proposals were for a banded system of relief of up to 100% with applications being required once every 5 years.

10.3 Empty Property Rates Relief

In response to an enquiry from K McCormack, R Benn confirmed that there were no plans at the moment to replicate, in Scotland, the changes to empty property rates relief that are being implemented in England and Wales in April 2008. He further confirmed

that such changes would require primary legislation and that Parliamentary time was already restricted.

R Littlewood confirmed that the IBRF are opposed to the proposed changes and are encouraged to hear that there were no such proposals for change in Scotland.

K McCormack advised that the business sector remained concerned about the possibility of other issues, such as changes to the block grant to Scotland, having knock-on effects on business rates or relief schemes. In reply, R Benn confirmed the Scottish Government's commitment to not raise business rates above those in England for the lifetime of this administration.

10.4 Scottish Water Charges

P Kelly advised that Scottish Water are looking at moving away from charging on the basis of rateable value to more measured methods based, perhaps, on surface drained area or building area. These had previously been piloted by West of Scotland Water, but would require measurement of relevant areas. Several English authorities use such a basis for broadly banded charges.

K McCormack enquired if there was any likelihood of moving away from the current system of using historic, 1995 rateable values for some properties and current rateable values for new or amended properties. P Kelly confirmed that, whilst this approach did create anomalies, any change of approach was unlikely as most new properties would be metered.

It was unclear what form domestic charging would take should Council Tax be abolished, though R Benn confirmed that the Scottish Government was considering alternatives.

10.5 Educational Subjects

K McCormack reported the concerns of several colleges of further and higher education that, it is understood, may lose their charitable status, and therefore their entitlement to mandatory rates relief.

11.0 Newsletter

It was noted that A McConochie (SAA) had issued a newsletter following the previous Forum meeting. It was agreed that it would be appropriate to issue a second edition around December 2007, and a request for articles for inclusion was extended to all members of the Forum.

12.0 AOCB

There were no matters of competent business.

13.0 Dates for Next Meeting

Details to be advised, but likely to be in Glasgow in February 2008.