

**MINUTE OF THE SCOTTISH
RATEPAYERS' FORUM
HELD AT VICTORIA QUAY,
EDINBURGH ON
18TH SEPTEMBER 2008**

Present: Tom Ironside (British Retail Consortium); Paul Kelly (Scottish Water); Roger Littlewood (Interbank Rating Forum); Stewart McKinnon (Federation of Small Businesses); Andrew Martin (British Retail Consortium); Fiona Moriarty (British Retail Consortium); Steve Mudie (The Scottish Licensed Traders Association); Robin Benn (Scottish Government); Jim Gilmour (Scottish Government); Laura Sexton (Scottish Government); Allan Traynor (IRRV); Douglas Gillespie, **Chairman** (President SAA); William Sommerville (Past President SAA); Clark Low (Vice President SAA); David Thomson (Secretary SAA).

1.0 Welcome & Introductions

The Chairman extended a warm welcome to all and invited members to introduce themselves.

2.0 Apologies

David Watt (Institute of Directors).

3.0 Minutes of the Meeting of 4th September 2007

The minute was approved subject to minor 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 4th September 2007

Previous item 10.4 Scottish Water Charges

P Kelly confirmed that Scottish Water were continuing with preparations to move towards property area rather than a rateable value basis for property and roads drainage charges and that delivery of this project was scheduled for December 2008. They were also engaged in a programme of installing water meters with 40,000 – 50,000 meters having been installed recently. Outstanding properties included those 'difficult' properties where supplies were shared and may need to be separated. P Kelly agreed to supply a list of such properties. The Assessors' portal and local CAGs were proving to be very useful in identifying new and previously uncharged properties.

5.0 2005 Revaluation

5.1 General Appeal Progress

D Gillespie advised that all Revaluation 2005 appeals would, unless they had been referred to the Lands Tribunal (LT), need to be disposed of by Valuation Appeal Committees by 31st December 2008 and that Committees would be sitting throughout

the autumn/early winter to ensure that was the case. A number of appeals had been referred to the LT, whilst other applications to the LT had been refused by Committees. Appeals against such refusals had been submitted in a number of cases. Where appeals were refused by the LT the cases would be passed back to VACs for disposal within 6 months of the date of referral back.

Categories of subjects which had been subject to referrals included Mobile Telecommunications subjects, some Public Houses, Large Industrial Subjects, the Water and Gas Utilities and Healthcare subjects. Despite the referrals, it was likely that a number of these categories would be dealt with by ongoing negotiations and would not require formal hearings.

The majority of 'bulk class' subject appeals had been disposed of with little recourse to litigation.

5.2 Issues Arising

S Mudie reported concerns amongst licensed traders that their appeals seemed to be 'shelved' until towards the end of the appeal cycle. The SAA representatives advised that it had become the 'norm' for Committees to deal with general class subjects in the early stages of the appeal cycle but this was something which could be looked at for 2010. In the meantime, traders should be aware that they can approach assessors at any stage to discuss appeals and that they can make a request to VAC Secretaries to have their cases heard. The SAA did caution however that unrepresented traders might be best advised to wait until any professional challenges to schemes of valuation had been dealt with before proceeding with their appeals. There were also capacity issues to be considered as it would be impossible for either assessors' staff or rating agents to deal with all appeals at once.

In response to a question it was confirmed that the administration of appeal hearings is ultimately a matter for VAC Secretaries but attempts had been made to agree scheduling of appeals in consultation with rating agents following the 2005 Revaluation. This had been only partially successful and it was agreed that the SAA would reconsider their approach for 2010.

6.0 **2005 Update Issues**

6.1 Smoking Ban

S Mudie reported on the effects of the smoking ban on the licensed trade in general. Trade had been lost and where businesses had benefited from replacement trade it had been insufficient to make up the shortfall. He advised that a significant number of properties had closed since the ban and that a number did not intend to renew their licenses.

The SAA reported that the number of appeals received as a result of the ban from licensed properties had been lower than expected and that appeals were being disposed of. They did accept that Bingo Halls had suffered as result of the ban and advised that appeals in respect of the effect of the ban would be dealt with once the 2005 Revaluation base line had been established.

6.2 Annual Returns for Public Houses

The SAA sought the licensed trade's co-operation in completing these returns. The development of the valuation schemes and accuracy of valuations at the 2010 Revaluation were dependent on complete returns.

6.3 Other Revaluation 2005 Issues

6.3.1 Revaluation Appeal Statistics

In response to a query regarding the ratios of 2005 Revaluation appeals withdrawn, settled etc, the Scottish Government confirmed that they would be happy to provide the statistics ingathered by them. The SAA would try to break this down by subject type if that were required. In the meantime it was estimated that ~60% of appeals had been withdrawn to date, though that percentage was likely to fall towards the end of the cycle. It was also noted that the number of appeals received had fallen at the 2000 and 2005 Revaluations. R Messenger suggested that such statistics indicated that there must be better ways of completing the process and he proposed prior-agreement of values.

6.3.2 Effect of Public Works on Rateable Value

In light of the proposed NAV/RV adjustments to affected retail properties during the tram installation works in Edinburgh, A Traynor sought clarification on the SAA's policy on making adjustments to value for such temporary nuisances. D Gillespie confirmed that this was a matter on which the SAA could not formulate a policy as any allowances would need to be considered in light of the facts and circumstances in each case and, in particular, the character of the works and the length of time any/each property was affected by them. It was reported anecdotally that landlords in Edinburgh had, in fact, reduced rents in some cases where there were works being carried out substantiating the action proposed by the Lothian Assessor in what were understood to be extreme circumstances.

The SAA representatives were unable to confirm if such allowances would be applied to other subject types, such as licensed properties, but agreed to confirm the situation and report back.

(It was subsequently confirmed to The SLTA that affected public houses in Edinburgh would benefit from temporary reductions to Rateable Values.)

7.0 2010 Revaluation

7.1 General Timetable

The SAA confirmed that their timetable was to provide final values to the Scottish Government by August 2009. Values would be made available on the Assessors' Portal from October/November 2009 to coincide with the announcement of the rate poundage(s) and any schemes of relief. Revaluation notices would be issued to all ratepayers in early 2010. A Traynor confirmed that bills were issued during April.

L Sexton confirmed that the package to be announced in October/November 2009 would include all reliefs and that the Scottish Government were working on a 'rates

calculator' which would be made available at that time. In response to questions on the relief schemes which were likely to be available, she advised that such decisions had not been made and that they were dependant upon the outcomes of the general spending review due in autumn 2009. She did however, reaffirm the existing Scottish ministerial commitment not to increase the rate poundage in Scotland above that in England for the currency of this Scottish Parliament and the current priority to reduce the tax burden on small businesses through the Small Business Bonus Scheme. The former commitment effectively tied the timetable to that in England where the rate poundage would not be announced until after the September 2009 RPI was published.

The ratepayers' representatives reiterated the need to have as much information as possible as early as possible to allow them to plan financially. A Traynor also confirmed the need for finance departments and their system suppliers to know the terms of any relief schemes well in advance to allow schemes to be implemented timeously. L Sexton confirmed that the Scottish Government would make every effort to keep all parties advised of progress in these regards. A Martin was keen that indications of intention should precede any formal announcement as significant changes to rating liabilities would have a large effect on business planning. These concerns were noted.

In relation to the process of Revaluation itself, the SAA confirmed its commitment to harmonisation of values with England and Wales and would make every effort to avoid cross-border anomalies. They would be discussing approaches to valuation with their colleagues in the VOA in England as well as rating agents who were aware of practice in both countries. In response to a request from S Mudie, the SAA agreed to include the SLTA in discussion of the valuation schemes being developed for licensed properties.

7.2 Information Gathering

The SAA advised that the collection of rental and other information was well under way and D Gillespie invited the co-operation of all members and their partner associations through this part of the process. Accurate valuations were dependent upon full information, including 'hidden' incentives etc. The SAA accepted that the process could be onerous on ratepayers and their agents and advised that they had made a variety of mechanisms available for submission of information. Bulk supply of rental information could be facilitated and F Moriarty advised that she was willing to encourage her members to engage in such initiatives. Rental Questionnaires were available at the portal for individuals who preferred that method of return.

Licensed trade operators who had been making annual returns would only have to provide their most recent trade figures, but where gaps existed in the information held by Assessors, previous years' data would also be requested.

F Moriarty advised that her members had not reported any particular problems with completing forms issued but A Martin emphasised the need for a contact name to be provided on them.

In relation to cost questionnaires, it was noted that that the forms ask for a lot of detailed information but D Gillespie reiterated that the forms had been designed to mimic the cost splits which were understood to be the norm in the construction industry.

A pilot scheme to provide rents in bulk via the portal was likely to be built on for the future but D Thomson reported that initial matching of addresses and data extract fields had proved to be resource intensive and that Assessors had yet to review the pilot outcomes report. The SAA agreed to reflect on the suggestion to incentivise ratepayers to become involved in this scheme.

7.3 Prior Agreement of Schemes

D Gillespie reported that the SAA was engaged in prior agreement at a variety of levels, though they were aware of the commercial sensitivities in the involvement and instruction of professional rating agents. It was hoped, however, that final values, rates to be applied and or broad valuation principles could be agreed across a variety of sectors.

R Littlewood endorsed the benefits of co-operation in advance of the revaluation and confirmed that the IBRF would be appointing an agent with the intention of pre-agreeing valuation schemes.

F Moriarty advised that she would advise the Consortium's members that direct contact with the SAA was an option and it was agreed that The SLTA would be invited to attend meetings to address the development of valuation schemes for licensed properties.

7.4 Summary Valuations

The SAA confirmed their intention to make summary valuations available on the SAA web portal for bulk category subjects.

8.0 **BIDS**

J Gilmour reported that 5 of the original 6 applicants' schemes were under way and that one in Glasgow would move to a ballot in November. With up to £15,000 of start-up funding available, a number of 'second generation' BIDs with local authority support were now being developed. The Bid Scotland web site (www.bids-scotland.com) was a good source of information. Most BIDs were related to town centres but some were in respect of business parks, and there was a move towards more rural/tourism focused schemes.

It was understood that a conference on the subject of town centres to be held in Stirling University on 19th November would be pertinent.

R Messenger advised that an accreditation scheme had been devised which provided assistance in identifying the operational requirements of a BID scheme. Thanks were relayed to the Assessor in Grampian for information which had been provided in the preparation of an application in Aberdeen. The 'Essential Edinburgh' scheme had changed governance but was continuing and a scheme in Inverness had pulled together previously disparate organisations.

9.0 Newsletter

The ratepayers' representatives reported that the newsletter was a useful means of disseminating information and the SAA agreed to issue a further edition in the near future. D Gillespie invited contributions and the Scottish Government officials agreed to provide some narrative which would be useful in promoting the Small Business Bonus Scheme.

10.0 AOCB

10.1 Small Business Bonus Scheme Applications

Scottish Government officials advised that unscrupulous individuals had been approaching small businesses advising that they could submit Small Business Bonus Scheme applications in return for a disproportionate fee. Businesses were reminded that such third party applications were unnecessary and that any approaches should be reported. The Scottish Business Crime Centre had been made aware of the practice and F Moriarty offered the Retail Consortium as a conduit for reporting any further incidences.

10.2 Microgeneration Plant & Machinery

The Scottish Government officials confirmed that a Statutory Instrument was being drafted which would exempt from rating valuation any plant and machinery used for the purposes of microgeneration. It was likely to be laid in Parliament in time for it to come into effect on 1st January 2009 and its effect would not be retrospective. The threshold for generation would be 50KW and, unlike in England, the exemption would apply beyond future Revaluations. F Moriarty indicated that the Retail Consortium were 'delighted' and that they would support any press release or promotional activity.

In order to avoid breaking European 'State Aid' rules, Assessors would provide certificates confirming the extent of any 'relief' at affected sites.

10.3 Forum Membership

In noting the improved attendance at the meeting, D Gillespie thanked all attendees and extended an invitation to partner or other associations or groups who might properly be represented in the Forum. Any suggestions should be supplied to D Thomson.

11.0 Dates for Next Meeting

Details to be advised, but likely to be in Edinburgh early in 2009.