

**MINUTE OF THE
SCOTTISH RATING SURVEYORS'
FORUM (SRSF)**

Held at Victoria Quay,

Edinburgh EH6 6QQ

On 16 November 2018 at 2 pm

Present

Gary Bennett (SAA Secretary), Andy Boal (Shepherds), Colette Brough, (Whitelaw Baikie Figes), Gordon Fettes (Knight Frank), Kevin Fraser (IRRV), Moira Gordon (FG Burnett), Lorna Greig (Ryden), Neil Hemings (Scottish Water), Graham Howarth (Gerald Eve), Derek Kidd (GL Hearn), Alastair Kirkwood (SAA Vice President), Roger Littlewood (Tesco), Stephen McIntosh (Scottish Water), Gordon Martin (GVA) Ian Milton **Chair** (SAA President), Mike Rose (CBRE), Ian Storrie (Scottish Government), David Thomson (SAA Past President).

1. Apologies

Louise Daly (Colliers International), Hew Edgar (RICS), Brian Rogan (CBRE), Peter Wilkinson (Savills).

2. Minute of Previous Meeting of 22 June 2018

2a. Accuracy

The minute of previous meeting was approved without any amendments. It was noted that the approved minutes are published on the SAA Portal.

2b. Matters Arising not on Agenda

No matters were raised.

3. 2005 & 2010 Revaluation and 2010 Running Roll

3a. Appeals Update

I. Milton advised that the 2010 Running Roll appeals are due to be disposed of by the end of December this year. No significant issues were anticipated in resolving these.

3b. Lands Tribunal Update and Cases

I. Milton advised that there are currently 386 telecoms appeals and circa 100 non telecom 2005 and 2010 appeals outstanding. The position has been discussed with the Clerk to the Tribunal and it is clear that these require to be progressed as soon as possible. He encouraged all parties to engage with a view to seeking resolutions at the earliest possible date.

3c. Lands Valuation Appeal Court Cases

I. Milton advised that a case concerning an error appeal in relation to a canal is due to be heard by the LVAC on 11 December 2018. The cases concerning small hydro subjects are due to return to the LVAC on 15 January 2019.

4. 2017 Revaluation

4a. Appeal Progress

I. Milton advised the meeting that similar progress in respect of appeal disposal is being made to that of the 2005 and 2010 Revaluations in that circa 35% of properties under appeal have now been resolved, and this is on target for completion by the Statutory disposal date of 31 December 2020.

4b. Scotvac Website

It was acknowledged that some VAC decisions were beginning to appear on the Scotvac website however, a number have not, as yet, been uploaded. G. Howarth advised that he has been in contact with A. Beattie, Convener of the Scottish Valuation Appeal Committees Forum, who has undertaken to remind each Panel Secretary of the requirement to do so. It was agreed that agents should write to Panel Secretaries directly (with a copy to the Scottish Government's Non-Domestic Rates mailbox - ndr@gov.scot) to seek clarification as to why any substantive cases had not been uploaded.

5. Barclay Review of Non Domestic Rating

5a. SAA Action Plan

I. Milton advised that the SAA Action Plan in relation to the Barclay Review of Non Domestic Rating is available on the SAA Portal. There are two issues outstanding which relate to items 4.63(g) and item 4.63(h) of the Barclay report.

In respect of item 4.63(g), I. Milton advised that Assessors are currently researching indemnity issues and are monitoring the demand for such a service.

In respect of item 4.63(h), I. Milton noted that commercial confidentiality issues required to be addressed and that concern has already been expressed by ratepayers in relation to information being displayed on a public platform. Notwithstanding, he invited comments from the group as to what information they considered might be provided. A number of possibilities were discussed including the addresses of comparable properties, the summary valuations of comparable properties and the rental evidence available for comparable properties. It was suggested that rental information relating to comparable properties could be anonymised to help maintain commercial confidentiality. In response to a query from I. Milton regarding rural areas where rents may be sparse and drawn from a very wide geographic area, M. Rose indicated that it should be sufficient to highlight that rates were based upon "valuer's opinion"

I. Storie commented that he would encourage parties to engage at an early date to seek consensus on what was undoubtedly a difficult issue. However, the window of opportunity for feedback is narrow as legislation will be drafted in early 2019.

5b. Barclay Implementation Advisory Group

I. Storrie advised the meeting that he now has a full team in place to deal with non-domestic rating that consists of himself as head of the team, Carol Sibbald, Anouk Berthier and James Messis. I. Storrie expressed his thanks to Marianne Barker and Dougie McLaren for their extensive input over the years to the Non Domestic Rating Team, both of whom had moved on to other roles. I. Storrie further advised that Kate Forbes MSP, as new minister for Public Finance and Digital Economy, is responsible for taking forward the new Bill which will be introduced as a result of the Barclay Review Recommendations. He went on to advise the meeting that the consultation in relation to the Barclay Review is now closed and circa 150 responses had been received, analysis of which is being undertaken. He advised that generally the results of that analysis will be published within 12 weeks of receipt of the final report.

I. Storrie advised that the Barclay Implementation Appeals Sub Group had met 6 times and that a final report is being prepared. He acknowledged the difficulties in finding an appeal system which deals with the more frequent Revaluations and a one year tone date and work was still ongoing to find a way forward in respect of this. He also advised that there is a Billing Sub Group which has met 4 times and is looking at matters such as standardised billing, and that advice is being given to ministers as a result of the discussions of the Barclay Implementation Group and Sub Groups. He advised that the next stage is to finalise advice to ministers who will seek Cabinet agreement within the next 6-7 weeks and the intention is that the Bill will be prepared for March 2019 with it expected to be enacted following due process in January/February 2020. I. Storrie advised that moving the growth accelerator into primary legislation had received strong support in the responses to the consultation, however there was some resistance from national ratepayers to the proposed out of town levy. There was also strong support for dealing with outstanding debt and standardised billing. There was also general support for further information gathering power for Assessors and support for stronger anti rates avoidance measures. He further advised that consideration was being given to second homes, a matter raised in the Barclay Non Domestic Review, with consideration being given to Local Authority discretion in respect of these subjects.

In respect of standardised billing, I. Storrie advised that a lot of work has been undertaken and that, hopefully, for the forthcoming financial year (2019/2020) standardised billing will be in place in some areas and would be rolled out elsewhere thereafter. He further advised that he was particularly keen on spatial based information being available in respect of Assessors data and the provision of more information for ratepayers in respect of their calculated rateable values as produced by Assessors.

With regard to appeals, I. Storrie indicated that the culture of bulk appealing at revaluations presented an issue in respect of moving to shorter revaluation cycles with a one year tone date. He noted that the current arrangements were perceived to be inadequate but that there was no consensus on how to modify the system. He expressed the view that, in addition to more information being provided by Assessors in respect of their calculated rateable values, there required to be more information provided by ratepayers. Consideration is being given to a variety of measures to ensure that, moving forward, the appeals system is a workable model and these may include, for example, the requirement to provide additional information when an appeal is lodged, the appropriate measures for public sector appeals and a possible requirement to lodge fees with appeals.

G. Martin expressed a concern that changes to the appeals system could produce a very bureaucratic system similar to the check, challenge and appeal system recently introduced in England. I. Storrie indicated that the intention was to adopt some of the principles of the English system but not the method of implementation. Specifically, any new system should encourage constructive discussions to take place before an appeal is lodged with the result that formal appeals are only required where there is a clear issue to be addressed. All present agreed that it is of critical importance that unnecessary appeals do not enter the system.

A number of members of the group expressed concerns about the possible impact of the out of town levy. I. Storrie indicated that legislation would require to be implemented before any pilot exercise could be undertaken. M. Rose indicated that the additional overhead of the levy could conceivably reduce rental levels and generate material change of circumstance appeals.

In respect of the small business bonus scheme, I. Storrie advised that an external evaluation of the scheme will commence in the New Year.

In respect of the review of small hydros, I. Storrie advised that conclusions are in the process of being finalised however, in the light of the Tayside cases being called for hearing before the Lands Valuation Appeal Court in January 2019, the group had determined that it would be better to await the outcome of these cases before finalising the report. The Chair of the Group, D Tretton, would write to K. Forbes, MSP, to that effect. In the meantime it is proposed that the 60% rates relief introduced for hydros will remain for the next financial year. The wider review into plant and machinery is awaiting the conclusion of the hydro review.

I. Storrie advised that the Scottish budget will be published on 12 December 2018 and that transitional relief will remain in place until the next revaluation. He further advised that no decisions have, as yet, been made by ministers in respect of the Barclay Recommendations given that a number of the groups are still discussing these issues.

In response to a query from M. Rose regarding the future of state aid rules post Brexit, I. Storrie indicated that current advice is to assume that state aid rules will continue to apply until specific provision is made otherwise.

G. Martin highlighted a concern regarding the application of the growth accelerator to premises entries and greenfield sites where, although there was a standing entry in the Valuation Roll, there was no building on site prior to development. He considered that there were a number of different interpretations of the regulations between Councils and that some Councils were applying state aid rules to the relief. He noted that a significant number of applications may be made towards the end of the financial year as Assessors drew running roll changes to a close. I. Storrie confirmed that state aid rules should not apply to this relief and requested that examples of any problems be passed to Anouk Berthier.

6. Scottish Water

S. McIntosh highlighted that little had changed since the last update. A small number of issues concerning matching subjects to the Assessors' databases had been identified and these were being addressed. So far relatively little feedback had been received.

7. Scottish Government

7a. Policy Update

I. Storie advised that he had covered matters under item 5b.

K. Fraser advised that following the Barclay Report Councils should be refunding any overpayment of rates more quickly and that this should take place without prompting. The issues with the growth accelerator relief were recognised and any queries should be addressed to Anouk Berthier.

7b. Valuation Roll P/T/O Address Information

A. Kirkwood advised that there was no change in relation to the matter of P/T/O address information.

8. AOCB

R. Littlewood drew attention to a decision concerning sites for ATMs recently issued by the Court of Appeal in England and queried whether Scottish Assessors would follow that decision. I. Milton noted that the decision may yet be appealed to the Supreme Court, however, in any event, the Lands Valuation Appeal Court has previously expressed its opinion in these matters and Assessors are comfortable with that position.

I. Milton advised that a finalised Premises Guidance Note will be published shortly. In addition a draft Valuation of Land Practice Note is being developed by Assessors and is part of a consultation exercise. A link will be sent to SRSF members.

M. Rose raised a query concerning the number of additional entries made by Assessors following the decision in the Mazars case. I. Milton indicated that whilst these figures were not to hand he would confirm whether they could be identified.

I. Storie indicated that he would write via this group to update members on the proposed changes arising from the forthcoming budget statement.

9. Date of Next Meeting

22 January 2019.