

**MINUTE OF THE SCOTTISH
RATEPAYERS' FORUM
Held at Victoria Quay,
Edinburgh EH6 6QQ
On 6 March 2020 at 11am**

Present

Marshall Bain (Scottish Licensed Trade Association), Gary Bennett (SAA Vice President), Colin Campbell (Scottish Chambers of Commerce), Cara Dalziel (Scottish Renewables), Marcelina Hamilton (Scottish Land & Estates), Alastair Kirkwood (SAA President), Stuart Mackinnon (Federation of Small Businesses), Willie MacLeod (UK Hospitality), Stephen McIntosh (Scottish Water), Thomas McMillan (Solar Trade Association), David Melhuish (Scottish Property Federation), George Porteous (Scottish Valuation Appeals Committees), Robbie Robertson (Lothian Valuation Appeal Committee), Ian Storrie (Scottish Government), Pete Wildman (SAA Secretary).

1. Apologies

Linda Battison (Scottish Self Catering Association), Alastair Beattie (Scottish Valuation Appeal Committees), Fiona Campbell (Scottish Self Catering Association), Marc Crothall (Scottish Tourism Alliance), Kevin Fraser (IRRV), Philip Glenwright (UKPIA), Ian Milton (SAA Past President), Beatrice Morrice (Scottish Whisky Association), Gareth Williams (Scottish Council for Development of Industry).

2. Minute of previous meeting of 17 May 2019

2a. Accuracy

The minute of previous meeting was approved without any amendments. The minute will now be published at the SAA Portal.

2b. Matters arising not on agenda

In response to a question on the progress with appeals for Licensed Premises, Alastair Kirkwood advised that there had been positive discussions with industry representatives and that progress was ahead of the same time period at the last revaluation.

3. 2005 & 2010 Revaluation and 2010 Running Roll

3a. Appeals Update

Alastair Kirkwood provided an update on 2005 & 2010 valuation rolls outstanding appeals, whereby some 122 mobile telecom appeals, 80 fixed line appeals, and circa 80 non telecom appeals remained outstanding. He further advised that the hydro appeal heard by the Tayside appeal committee is still under consideration by the committee following a further decision on it by the Lands Valuation Appeal Court (LVAC). Alastair Kirkwood advised that there has been no recent LVAC decisions, although a number of stated cases are currently being prepared.

3b. Lands Tribunal Update and Cases

A Kirkwood advised that there have been no reason decisions by the Lands Tribunal for Scotland nor has the Lands Tribunal cited any other cases to be heard.

3c. Lands Valuation Appeal Court Cases

It was noted that no cases are scheduled to be heard, however a number of stated cases are being prepared.

4. 2017 Revaluation

4a. Appeal Progress

A Kirkwood advised that circa 56,500 2017 revaluation appeals have been resolved to date, which is around 75% of all appeals received. This compared to around 80% at the same period for the last revaluation. He further advised that those appeals resolved amounted to approximately 54% of rateable value, compared to 55% at the last revaluation. A. Kirkwood highlighted the challenges of appeals resolution in a shorter time period which three yearly revaluations will bring. He further advised that there are some appeals already referred to the Lands Tribunal for Scotland, and that it is likely that more will be as we move closer to deadlines for such requests. In response to a question on whether there is a breakdown of what appeals had been resolved to date, A Kirkwood advised that most shops, offices and industrial properties had been resolved, generally referred to as bulk classes. A Kirkwood advised, following a question on the matter of resolving appeals, that ideally all appeals would be resolved before a new revaluation, however that is not always possible and that such appeals are referred to the Lands Tribunal. He further advised that it is imperative that requests for information from Assessors should be responded to with full and accurate information to allow for as accurate as possible valuations to be set. It was noted that the statutory disposal date for the 2017 revaluation appeals, those referred to the Lands Tribunal apart, is 31/12/20.

A. Kirkwood advised that the Non Domestic Rating (Scotland) Bill is due to come into force in the next couple of weeks. He highlighted that key matters of the new legislation included three yearly revaluations, the introduction of a valuation roll marker for new and improved properties as part of the business growth accelerator initiative, the inclusion of certain subjects within parks within the valuation roll which were previously exempt, changes in respect of self-catering units, a new system for appealing values, and new information gathering powers for Assessors. Ian Storrie advised that the Barclay Implementation Advisory Group has helped inform changes to the appeals system in Scotland.

5. Barclay Review of Non Domestic Rating

5a. SAA Action Plan & Issues Log

A Kirkwood advised that the updated versions of both the SAA action plan and issues log are currently at the SAA portal. He advised that an issue relating to the valuation of District Heating systems has been added to the Issues Log.

A Kirkwood invited representations to be emailed to him on SAA Practice Notes, as these were about to be reviewed in preparation for the 2022 revaluation. Representations should be sent to him by 31 May 2020. In response to a question, A Kirkwood advised that representations are not restricted to the content of current

Practice Notes, and can include anything which is believed to be appropriate by those making representations.

It was noted that the SAA are constantly trying to improve the content at the SAA website, and new initiatives include the provision of spatial data via GIS functionality, as well as the continual drive to display more summary valuation information. In response to a question in respect of a change to current Practice Notes, A Kirkwood advised that this was usually as a result of appeal discussions, generally due to the provision of new information from agents at those appeal discussions. He further advised that whilst plain English was adopted wherever possible within the Practice Notes, that there generally was a requirement to provide technical guidance within them, otherwise they lose their usefulness in terms of providing guidance and assistance. In response to a further question re the availability of summary valuations for all subjects, A Kirkwood advised that, whilst the SAA aspired to achieve that, not all summary valuations lend themselves so readily to Summary Valuations, including those where turnover was considered when undertaking the valuation.

5b. Barclay Implementation Advisory Group

I Storrie advised that the group met recently and will be covered under item 7.

5c. Civil Penalties

The meeting noted the level of fines under the new legislation. A Kirkwood advised that the provision of information is key in setting values correctly, before running through the proposed legislative timetable and penalty escalation associated with civil penalties. The SAA representatives advised that Assessors are not looking to serve penalty notices, nor do they keep monies raised by fines, but that they seek the required information to carry out their statutory duties ensuring accuracy and completeness in the valuation roll. A Kirkwood advised that the SAA were currently considering procedures associated with the new penalty regime to ensure consistency across Scotland.

Concerns were raised from the Valuation Appeal Committee representatives about the requirement of VACs to deal with appeals on Civil Penalties. I Storrie advised that consultation will be undertaken on proposed appeal regulations which all interested parties will be invited to make representations on. Discussions will also continue at the Barclay Implementation Appeal sub group in this regard. In respect of further concerns expressed about informing ratepayers of potential fines, and other aspects of the new NDR Bill, I Storrie advised that a letter from the Scottish Government minister is being issued in the coming weeks to all proprietor, tenant and occupiers covering the key elements of the new Act. I Storrie advised that the first appeal on a Civil Penalty notice will be to the Assessor, and not to VACs. Concern was also expressed in respect of other information requests to ratepayers alongside those requested from Assessors, such as from Revenue Scotland. In light of this, it was suggested that a schedule of when Assessors were intending to issue information requests would be helpful. SAA representatives advised that work was underway with industry representatives for information to be sent to Assessors without the need for Assessor Information Notices, and in turn negate the requirement for the issue of Civil Penalty Notices.

6. Scottish Water

S McIntosh advised that transitional arrangements are coming to an end this month, and that charges will be based fully on live rateable values with effect 1 April 2020. He further advised that the new charging regime should be cost neutral.

7. Scottish Government

7a. Policy Update

I Storrie advised that the budget had been agreed in the Scottish Parliament yesterday. He further advised that the new Cabinet Secretary dealing with non domestic rates is likely to be Ben McPherson MSP. I Storrie ran through a number of changes including; new relief for reverse vending machines at 100% relief; that there would be a cap on rates due for district heating systems until 2032; that with effect from 1 April 2020 only where a property was in active occupation would SBBS apply; there will be the introduction with effect from 1 April 2020 of an intermediate property rate of 1.3 pence in the pound extra for properties with a rateable value of between £51,000 and £95,000, and an extra 2.6 pence in the pound above £95,000 RV; that the Scottish Government continue to work with councils on standardised billing however due to differing software systems consistency across Scotland will not be achieved in the short term; that the programme to digitise non domestic rating across the board continues.

In response to a question on whether the relief on district heating systems is to be rolled over at its end in 2032, I Storrie advised that the matter is likely to be revisited nearer that time. He further advised that the purpose of the relief scheme being over 10 years is to incentivise developments to start in the near future, that the relief is set at 50%, and that it is not aggregated over differing schemes in operation by the same operator.

7b. NDR Bill Update

I Storrie advised that a letter is to be issued by Kate Forbes over the coming weeks to all proprietor, tenant and occupiers across Scotland advising of the main changes to non domestic rating. He clarified that the issue of rates income being devolved to local authorities is not part of the Bill but remains a live matter. He also advised that the matter of 'phoenix' companies, used for essentially tax avoidance, was still being considered, and the issue of how to deal with private sector student accommodation used for holiday lets when not being used by students was under consideration. I Storrie highlighted the main changes contained in the Bill, including; three yearly revaluations; the Business Growth Accelerator; strengthening information gathering powers for Assessors; more information being provided by Assessors at revaluations to assist ratepayers understanding as to how values are arrived at; stronger debt recovery procedures; that empty property rates will be devolved to local councils with effect from 1 April 2022; that there will be a two stage appeal process with draft regulations hoped to be developed soon, with a 12 week consultation period to follow; that the Bill allows for the introduction of fees when lodging a proposal/appeal; that potential for Assessors/Valuation Boards to provide progress updates to Parliament; that an independent review of SBBS will be carried out; that consideration is being given to publishing non payees of rates; that the Tretton review into the valuation of Hydro subjects has been published and that ministers have still to review; that it is hoped that the review into the valuation of Plant and Machinery will begin soon; that Assessors will have the ability to raise civil penalties for the non return of information; that this change is not for revenue raising purposes but to ensure that Assessors obtain the information required to carry out their duties; that there will be an appeal right against a civil penalty, in the first instance to the

Assessor, and thereafter to the Valuation Appeal Committee; and that there is a change to the definition to material change of circumstances. I Storrie further advised that potential tax avoidance in connection with self-catering accommodation is still under consideration.

A Kirkwood advised that whilst there is the strong possibility of businesses and ratepayers receiving multiple copies of the letter from Kate Forbes MSP, it is better than not receiving the communication at all.

7c. Digitising NDR

I Storrie confirmed the desire to digitise Non Domestic Rating as much as possible, and advised that the digitising initiative extended to areas like Revenue Scotland.

8. AOCB

In response to a question regarding whether any wholesale changes in the non domestic rating system for England will affect Scotland, given that a review is to take place, I Storrie advised that this would really depend on what those changes were, although given that Scotland had just undertaken a comprehensive review any further changes would require detailed consideration.

9. Date of Next Meeting

It was noted that the next meeting is likely to be in the early autumn, to follow on from the Government spending review.