

**Full Business and Regulatory
Impact Assessment**

**Non-Domestic Rates
(Scotland) Bill 2019**

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Scottish Government
Riaghaltas na h-Alba
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Purpose and intended effect

Background

In 2016, the Scottish Ministers commissioned Ken Barclay to carry out an independent review of the non-domestic rates system in Scotland (“the Barclay Review”) with the following remit:

- “*To make recommendations that seek to enhance and reform the non-domestic rates (also sometimes referred to as business rates) system in Scotland to better support business growth and long term investment and reflect changing market places, whilst still retaining the same level of income to deliver local services upon which businesses rely.*”

The 2017 *Report of the Barclay Review of Non-domestic Rates*¹ (“the Barclay Review Report”) contained 30 individual recommendations on how the rates system could be reformed in Scotland. In September 2017, the Cabinet Secretary for Finance and the Constitution made a statement² in the Scottish Parliament outlining substantive responses to a majority of the Barclay Review recommendations. In December 2017, the Scottish Government published the *Non Domestic Rates: Implementation plan in response to the Barclay review*³ which set out the Scottish Government’s response to all of the Barclay Review Report recommendations. A number of these recommendations can be implemented administratively and a number require legislation (a mixture of primary and secondary).

The Non-Domestic Rates (Scotland) Bill (“the Bill”) was introduced to the Scottish Parliament by the Cabinet Secretary for Finance, Economy and Fair Work, on 25 March 2019 and published⁴ on the Scottish Parliament website the next day. The Bill sets out the legislative framework which underpins the implementation of a number of the Barclay Review recommendations.

Objective

The policy objectives of the Bill are to:

- deliver a non-domestic rates system better designed to support business growth and long-term investment and reflect changing marketplaces;
- improve ratepayers experience of the rating system and administration of the system; and
- increase fairness and ensure a level playing field amongst ratepayers by reforming rate reliefs and tackling known avoidance measures.

¹ <https://www.gov.scot/publications/report-barclay-review-non-domestic-rates/>

² <https://www.gov.scot/publications/barclay-review-report-ministerial-response/>

³ <https://www.gov.scot/publications/barclay-review-of-non-domestic-tax-rates-implementation-plan/>

⁴ <https://www.parliament.scot/parliamentarybusiness/Bills/111337.aspx>

Rationale for Government intervention

As outlined in *Delivering for today, investing for tomorrow: the Government's programme for Scotland 2018-2019*⁵, the Scottish Government firmly believes that a strong economy with growing, competitive and innovative businesses is essential to supporting jobs, incomes and our quality of life. The Scottish Government will continue to drive forward work that will make Scotland, the most competitive place to do business, delivering a strong, dynamic and productive economy which creates wealth and employment across Scotland.

As Scotland's second largest revenue raising power, the non-domestic rates system has a key role to play in delivering sustainable economic growth through the direct impact on the operating costs of businesses and on the totality of resources available to fund public services.

Consultation

Within Government

The Local Government Finance and Analytical Services Division has worked closely with the following Scottish Government policy areas during the Bill development phase.

- Active Scotland Division
- Civil Law and Legal Division
- Culture and Historic Environment Division
- Equality, Human Rights and Third Sector Division
- Improvement, Attainment and Wellbeing Division
- More Homes Division
- Property Division
- Social Justice and Regeneration Division
- Workforce, Infrastructure and Reform Division

Public Consultation

Whilst the strategic direction of the reforms to the rating system has been set by the Barclay Review, the Scottish Government also ran a three month public consultation, *Barclay Implementation: A consultation on non-domestic rates reform*⁶ from 25 June to 17 September 2018 to seek views on the specific details of how the legislation underpinning several of the Barclay Review Report recommendations will work in a

⁵ <https://www.gov.scot/publications/delivering-today-investing-tomorrow-governments-programme-scotland-2018-19/>

⁶ <https://consult.gov.scot/local-government-and-communities/non-domestic-rates/>

number of areas. Just under 150 responses were received and copies of non-confidential responses can be accessed through the Scottish Government Consultation Hub⁷. ERS Newcastle carried out an independent analysis of all the responses received and their report has been published on the Scottish Government website.⁸ Following the public consultation, the Minister for Public Finance and Digital Economy undertook a more focussed consultation with key stakeholder groups including, amongst others, business representative organisations, independent schools, sports clubs, councils and built heritage bodies.

Business

To inform delivery of the Scottish Government's response to the Barclay Review Report, the Scottish Government convened a Barclay Implementation Advisory Group (BIAG) which includes representatives from key stakeholder groups including the Confederation of Scottish Local Authorities (COSLA), the Scottish Assessors Association (SAA), the Federation of Small Businesses (FSB), the Confederation of British Industry Scotland (CBI Scotland), the Scottish Property Federation (SPF), the Royal Institution of Chartered Surveyors (RICS), the Rating Surveyors Association, the Institute of Revenues Rating and Valuation (IRRV), the Scottish Chambers of Commerce (SCC) and the Scottish Retail Consortium (SRC).

BIAG met on six occasions between January and September 2018 to advise on the implementation details including the development of the legislative proposals. At its first meeting BIAG agreed to establish two sub-groups to consider non-domestic rates billing and non-domestic rates appeals. As at January 2019, the appeals sub-group and the billing sub-group had met eight and four times respectively. Both groups will continue to meet ahead of the next non-domestic rates revaluation which takes effect on 1 April 2022. BIAG will continue to meet at key stages throughout the Barclay Review implementation process.

Policy Options

This section contains an assessment of the likely costs, benefits and risks of implementing the Barclay Review Report recommendations. An understanding of the "business as usual", or "status quo", position provides the basis for evaluating the impact of an intervention (Option 1). It is prudent to assess what the consequences of inaction would be, as it allows for comparison with the alternative option(s) (Option 2) for delivering the recommendations of the Barclay Review Report.

The SAA provided aggregate estimates of the cost to deliver on the Barclay Review Report recommendations the Scottish Government is progressing. It is therefore not possible to attribute these costs to individual proposals and no attempt has been made to do so. 21 local authorities provided cost estimates to COSLA who collated this information prior to sending the data on to the Scottish Government.

The Scottish Fiscal Commission (SFC) did not produce revenue forecasts to accompany this Bill. The rationale being that a number of the Bill provisions relate to enabling powers

⁷ <https://consult.gov.scot/rates-review/barclay-review-of-business-rates/>

⁸ <https://www.gov.scot/publications/analysis-responses-barclay-implementation-consultation-non-domestic-rates-reform/>

with the specific details to be set out in future secondary legislation (e.g. operational matters relating to the revised appeal system). The Scottish Government has therefore produced its own internal forecasts of the Barclay Review Report recommendations it is progressing, drawing on estimates initially made for the Barclay Review Team, and further developed in the partial BRIA.⁹ Further information on these costs is presented in the Financial Memorandum¹⁰ published on the Scottish Parliament website as one of the accompanying documents to the Bill.

Proposals have been numbered according to the recommendation numbering order in the Barclay Review Report.

1. A Business Growth Accelerator – to boost business growth, a 12 month delay should be introduced before rates are increased when an existing property is expanded or improved and also before rates apply to a new build property.

Options

Option 1 – Do nothing option.

Option 2 – Facilitate the identification of properties which may be eligible for rates relief (BGA) by requiring an assessor to include a mark in the entry in the roll to show that it relates to newly built lands and heritages or to improved lands and heritages. Thus enabling local authorities to identify properties which may be eligible for rate relief (BGA) under regulations made under section 9 of the Bill.

Sectors and Groups Affected

Both options have an impact on:

- Ratepayers. The occupier or tenant of a non-domestic property is typically liable for rates. Where there is no occupier/tenant to pay rates, liability for the rates bill would normally fall to the proprietor of the property.
- Scottish Government. The Scottish Government has responsibility for setting non-domestic rates policy (including rates, reliefs and exemptions) and the legislative framework for this tax (such as the Non-Domestic Rates (Scotland) Bill). Additionally the public sector is also a significant ratepayer.
- Local authorities. Local authorities are responsible for the day to day administration of the non-domestic rates system including the billing and collection of the tax. Local authorities are also a significant ratepayer. Each of the 32 local authorities within Scotland is a valuation authority and responsible for appointing an assessor. There are however only 14¹¹ assessors in Scotland, four are appointed directly by a single local authority and the remaining ten are appointed by valuation joint boards comprising elected members appointed by two or more local authorities.
- The assessors. The assessors are responsible for the valuation of all heritable properties for local taxation purposes within their respective valuation areas.

⁹ <https://www.gov.scot/publications/partial-bria-business-regulatory-impact-assessment/>

¹⁰ <https://www.parliament.scot/parliamentarybusiness/Bills/111337.aspx>

¹¹ <https://www.saa.gov.uk/assessors-links/>

Currently all rateable non-domestic properties are entered in the valuation roll (“the roll”).

Context

The Scottish Government accepted the Barclay Review recommendation to create a Business Growth Accelerator (BGA). The policy rationale being this will encourage development and investment by providing a twelve-month delay before non-domestic rates are increased when an existing property is expanded or improved and also before a new build property incurs a non-domestic rates liability. In the Scottish Government Implementation Plan discussed above, the Scottish Government went beyond the Barclay recommendation and outlined that a new property would only be entered on the valuation roll only once it was first occupied, meaning the new property would not be liable for rates until it becomes occupied.

Where practical, the Scottish Government wished to respond quickly to the Barclay Review recommendations and that is why it introduced The Non-Domestic Rates (New and Improved Properties) (Scotland) Regulations 2018¹². These regulations enabled a BGA relief to be available to qualifying non-domestic properties with effect from 1 April 2018 for one year.

With the aim of offering greater certainty and better encouraging investment elements of the BGA have been provided for within the Bill, but detailed elements of the relief will continue to be set out in subordinate legislation. The Bill provides that an assessor is required to identify an entry in the roll which is made or altered in relation to one or more new buildings, or as the result of the refurbishment or extension of one or more existing buildings.

The assessor must do this by including a mark in the entry in the roll to show that it relates to newly built lands and heritages, or to improved lands and heritages. Entries in the roll are shared with the local authority when they are made or altered. The local authority will be able to use this mark to identify properties which may be eligible for relief under regulations made under section 9 (*New or improved properties: rates relief*) of the Bill.

After further reflection and in order to maintain the integrity and transparency of the roll, the Scottish Government has decided that new property should be entered on the roll when it comes into existence. 100% relief will therefore be made available on new properties for 12 months after the non-domestic properties are first occupied.

A statutory instrument entitled “The Non-Domestic Rates (New and Improved Properties) (Scotland) Regulations 2019”¹³ has been laid before the Scottish Parliament effective from 1 April 2019. This instrument provides 100% relief on new properties until twelve months after they are first occupied and 100% relief for twelve months on property improvements.

¹² SSI 2018 No.75 <http://www.legislation.gov.uk/ssi/2018/75/contents/made>

¹³ SSI 2019 No. 40 <http://www.legislation.gov.uk/ssi/2019/40/contents/made>

Options

Option 1 – Do Nothing.

Benefits

This approach provides no net additional benefits.

Costs

This approach provides no net additional costs.

Option 2 – Facilitate the identification of properties which may be eligible for rates relief (BGA) by requiring an assessor to include a mark in the entry in the roll to show that it relates to newly built lands and heritages or to improved lands and heritages. Thus enabling local authorities to identify properties which may be eligible for rate relief (BGA) under regulations made under section of the Bill

Benefits

The inclusion of a marker on the roll to indicate that an entry is a newly built or improved property, or that it has been improved (which would indicate to the local authority they should continue to bill on the basis of the previously entered rateable value), will assist local authorities in determining eligibility and thus administering the relief. This will result in an administrative saving to local authorities albeit in financial terms these benefits are likely to be negligible and have been absorbed in the aggregate cost estimates in Table 4. It will also mean that, where relief is refused on the basis that there is no marker, the ratepayer will require to take this up with the relevant assessor, with recourse to the Valuation Appeal Committee who are best placed to make a decision on matters of property valuation (as opposed to local authorities). This will also minimise the risk of the relief being abused, with relief applicants claiming that changes to the rateable value of their property for example are due to improvements, when they may be due to another material change (e.g. reorganisation).

Ministers will have the power to make provisions through secondary legislation about the definition of a building, relevant for the definition of a newly built land and heritage to which the marker will be applied; as well as “relevant increases” which is tied to the definition of a property “improvement”.

Costs

Requiring assessors to add marker flags to the valuation roll, indicating the status of the entry in the valuation roll to levying authorities (and potential or actual occupiers) is unlikely to result in significant additional administrative costs to assessors. As assessors will already be amending the roll to reflect a newly built or improved property, the added costs are expected to be negligible but has been included in the SAA’s cost estimates of their overall package of work resulting from the implementation of the Barclay Review recommendations. These aggregate costs are presented in Table 1.

Table 1: Assessor costs, 2019-20 to 2024-25, cash terms, £ million

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Staffing	2.07	3.95	4.52	4.86	5.12	5.46	26.0
ICT	0.26	0.46	0.46	0.23	0.22	0.28	1.9
Portal	0.12	0.12	0.12	0.13	0.12	0.12	0.7
Other	0.05	0.07	0.08	0.09	0.08	0.09	0.5
Total	2.50	4.60	5.18	5.31	5.54	5.95	29.1

2. There should be three-yearly revaluations from 2022 with valuations based on market conditions on a date one year prior (the 'tone date').

Options

Option 1 – Do nothing.

Option 2 – Move to a three-yearly revaluation cycle after the next revaluation on 1 April 2022 with one year between the tone date¹⁴ and the revaluation.

Sectors and Groups Affected

Both options have an impact on:

- Ratepayers;
- Scottish Government;
- Local Authorities; and
- Scottish Assessors.

Context

The roll is a public document which contains an entry for all non-domestic properties in an assessor's valuation area except those specifically exempt by law. Each entry in the roll includes such things as the names of the proprietor, tenant and/or occupier as appropriate and the rateable value set by the relevant assessor. New properties are added to the roll as they come into existence or are occupied and entries are deleted when, for example, properties are demolished.

The rateable value of all non-domestic properties are re-assessed usually (but not always) every five years by the assessors – this is referred to as a revaluation. The rateable value of a property is generally based upon its estimated open market value on the tone date were it to be vacant and to let. The "tone date" is 1 April two years before the date of the revaluation. For the 2017 revaluation (the most recent revaluation) this was 1 April 2015. The tone date determines the level of value to be applied throughout the period of the revaluation (for the 2017 revaluation that period is 1 April 2017 to 31 March 2022) by the assessors.

¹⁴ Changes to the tone date will be dealt with in secondary legislation.

A revaluation results in the production of a new roll which contains revised values for existing rateable properties and rateable values for new rateable properties in an assessor's valuation area. Following a revaluation new values will generally remain unchanged until the next revaluation, unless the property is altered or other changes take place. This new roll comes into force on the first day of the revaluation. For the 2017 revaluation, there were 233,386 entries in the roll on 1 April 2017 with a total rateable value of £7,358M.

Revaluations are intended to redistribute the tax base to reflect shifts in market values that have taken place since the last revaluation. They are not intended to increase the overall tax burden and are generally revenue-neutral as any increase in total rateable value is accompanied by a fall in the tax rate, known as the poundage.

The Bill provides for a standard three-year revaluation cycle to ensure rateable values better reflect prevailing market conditions. This Barclay Review recommendation overlaps significantly with other Barclay Review recommendations which seek to improve the administration of the system, particularly around the appeals process. The costs and benefits below are therefore to some extent contingent on the successful implementation of other Bill provisions.

Option 1 – Do nothing

Benefits

There are no material benefits to this approach.

Costs

The cyclical nature of the rental market, the length of the revaluation cycle and lag period between the tone date and the revaluation date can lead to significant changes to rateable values at a revaluation. This creates uncertainty for ratepayers and can also mean that the bills which businesses pay may not necessarily reflect current economic conditions and can create genuine or perceived unfairness in the system.

At revaluation, rateable values are adjusted to reflect relative movements in property values since the previous revaluation. Properties whose notional rental value has increased since the previous tone date will typically get a higher rateable value while those properties that have underperformed in the property rental market will generally see a lower rateable value.

Everything else being equal, the longer the revaluation period, and the longer the tone date at each revaluation, the more rateable values are likely to diverge from the underlying indicators that were used to calculate them such as actual rental evidence. Equally, the longer the revaluation period is, the greater the change in rateable value for a given property will tend to be. Both of these factors cause dissatisfaction amongst ratepayers.

Further, the Barclay Review Report identified that it was not necessarily clear to ratepayers how their rateable values are derived. Fluctuations in rateable values can therefore create confusion for ratepayers and may increase the risk they will perceive their valuation to be inaccurate or unfair.

One consequence of a system where rateable values are perceived not to reflect current open market values is that it creates an incentive for ratepayers to appeal their rateable value. 30% of properties appealed their rateable value at the 2010 and 2017 revaluations. Evidence from these revaluations suggests however that the majority of appeals result in no change to rateable values (for instance, 76% of revaluation appeals against the 2017 revaluation resolved as at 31 December 2018, or 24% of the total appealed volume, have resulted in no change in rateable value) implying that the original valuations were generally accurate.

Retaining a five-year (or longer) revaluation is likely to maintain the high level of appeals seen at the 2010 and 2017 revaluations, resulting in costs to all stakeholders. Ratepayers (including public authorities) and the assessors will continue to face the costs of resourcing the statutory appeals system even where evidence confirms the majority of initial valuations are concluded to be accurate.

Having a large number of appeals also introduces financial uncertainty for the Scottish Government (through the Scottish Fiscal Commission's non-domestic rates income forecasts).

Option 2 - Move to a three-yearly revaluation cycle after the next revaluation on 1 April 2022 with one year between the tone date¹⁵ and the revaluation.

Benefits

Revaluations are designed to maintain rateable values that reflect changes in the property rental market. Business rate bills are calculated using specific valuations based on evidence gathered by the Assessors. More frequent revaluations and a shorter period between the tone date and revaluation date should result in rateable values which better reflect prevailing market conditions and are therefore perceived to deliver greater fairness for ratepayers.

The Barclay Review Report recommended the introduction of three-yearly revaluations after the 1 April 2022 revaluation with valuations based on market conditions on a date one year prior i.e. the tone date. There is a broad view that shorter revaluation cycles improves the fairness of the non-domestic rates system by producing rates liabilities that more accurately reflect current rental values. Shorter revaluation periods should also reduce volatility of rateable values between revaluations, and thus the risk of shocks to ratepayers e.g. cash flow impact.

Additionally, more frequent revaluations will lead to greater economic efficiency - by keeping bills in tune with local economic performance, thereby aiding business survival and encouraging investment.

An indirect benefit could be accrued by the wider society and government as having a revaluation cycle that is responsive to local rental market conditions could lead to the attraction of investment to underperforming towns and cities aiding the Scottish Government's ambition of inclusive and sustainable economic growth.

¹⁵The change in tone date will be dealt with through secondary legislation.

This option could also have benefits for the assessors as it may reduce the number of appeals lodged over time as ratepayers see smaller changes in their rateable values, and concurrently rates bills. Stakeholder consultation responses support the view that the introduction of a three-yearly revaluation would better align rateable values to market conditions with fewer significant fluctuations in the valuations. Evidence gathered through the consultation process has highlighted that this benefit may not accrue in the early years of this change, but is likely to improve over successive revaluations as ratepayer trust in the valuation system improves.

While international comparisons are complex and may be misleading, international evidence supports the idea that shorter revaluation cycles lead to a reduction on the number of appeals lodged by businesses. Countries like the Netherlands, Denmark and Hong Kong experienced a large reduction in the number of appeals after they reduced the length of their revaluation cycles.

The introduction of a three-yearly revaluation cycle will be accompanied by further reforms to the appeals system designed to reduce the need for appeals and to speed up the appeals process - see proposal 19 below. Further measures are also being introduced through secondary legislation and administrative routes. It is difficult to robustly estimate and attribute the impact of a three-year revaluation on the volume of appeals and distinct from the impact of other Barclay Review recommendations.

Costs

Reducing the revaluation cycle will compress the time available for the assessors to carry out revaluations, and deal with appeals in a given revaluation period. This will result in additional administrative costs for assessors. Under the current five-year system, assessors are effectively able to resource the two-year tone date and the three-year appeals process consecutively. Following the implementation of the Barclay Review recommendations, these discrete tasks will be required to operate concurrently.

Illustratively, with a five-year revaluation, over a period of 15 years, assessors will carry out three revaluations with approximately 760,000 discreet values assessed. Introducing a three-yearly revaluation cycle will mean that over the same period assessors will carry out five revaluations increasing the number of discreet values assessed to over 1.2 million. This is an increase in workload of almost 60%.

The assessors informed the Scottish Government that in order to implement this provision (alongside other related Bill provisions), they will need to increase the number of valuation staff, and need to start a recruitment exercise in 2019-20. The assessors have estimated that they will need to recruit an extra 25 surveyors, 61 trainee surveyors, 36 IT and administrative personnel and have provided costs for these over a six-year period 2019-2020 to 2024-25 totalling over £29 million. These aggregate figures are provided in Table 1.

The assessors also informed the Scottish Government that in order to assist staff implementing the changes resulting from this Bill they will need to invest in IT systems. They have provided an estimate of costs which over the six-year period will amount to over £1.9 million. These estimates do not take account of any Scottish Government investment in national IT infrastructure to support the non-domestic rates system. Any national investment would be expected reduce these costs.

The assessors collect evidence from ratepayers, so an increase in the frequency of revaluations will also have an impact on ratepayers who will need to provide information to the assessors more frequently. Whilst the Scottish Government recognised that there will be additional administrative work for ratepayers, this is expected to be small and offset by the benefits of more contemporaneous valuations, which should in turn reduce the need for appeals. Any costs incurred will take place after the next revaluation on 1 April 2022.

The introduction of the three-yearly revaluation cycle – i.e. a tone date of 1 April 2024 with a revaluation on 1 April 2025 - will be accompanied by further reforms to the appeals system designed to reduce the need for appeals and to speed up the appeals process - see proposal 19 below. Further measures are also being introduced through secondary legislation and administrative routes. It is difficult to robustly estimate and attribute the impact of a three year revaluation on the volume of appeals and/or to attribute any changes to each individual component.

However, each revaluation leads to a new right of appeal for ratepayers. Therefore, everything else being equal, increasing the frequency of revaluations effectively increases the opportunities for ratepayers to appeal. This could potentially increase administrative costs for local authorities e.g. changes to bills and repayments, or an extra amount billed, following an appeal and change in rateable value for a given property.

The Scottish Government has consulted with local authorities who have confirmed that the anticipated costs of this proposal will be minimal and any costs incur will take place after 2025.

There will be a cost to the Scottish Government in communicating the proposed legislative (primary and secondary) and the administrative changes to implement the Barclay Review recommendations to relevant stakeholders. The cost of this information campaign will be determined in due course as part of a wider communication exercise.

13. The current criminal penalty for non-provision of information to assessors should become a civil penalty and assessors should be able to collect information from a wider range of bodies.

Options

Option 1 – Do nothing option.

Option 2 – To give assessors powers to collect information from whomever they deem it reasonable to do so for the purposes of valuation; and to replace the criminal penalty for non-provision of information requested by the assessor with a civil penalty.

Sectors and Groups Affected

Both options have an impact on:

- Ratepayers;
- Scottish Government;
- Local Authorities; and
- Scottish Assessors.

Context

At each revaluation the assessors undertake a valuation of all non-domestic properties unless expressly exempted by law. Ensuring a valuation is correct from the outset is of benefit to all parties. This gives ratepayers certainty over rates that will be due, provides the Scottish Government with more certainty over income levels and reduces the administration on ratepayers, assessors and the appeal system.

The purpose of the information an assessor requires will vary depending on the nature of the lands and heritages being valued. For example the lease details of a small workshop which has a rateable value of less than £1,000; or the total throughput, development costs and commercial transport agreements for a national hydrocarbon products line where the assessment could be in excess of £1 million.

The Barclay Review Report commented that “*Considerable evidence was presented to us to indicate that the provision of information by ratepayers to assessors to enable assessors accurately to calculate rateable values was often poor and that this happened for various reasons, including where ratepayers were advised to do so by a professional rates advisor (who stood to gain a portion of any reduction in rates paid following a successful appeal)*”.

Current legislation provides that where an assessor has requested information in writing from a person and this information has not been received within 14 days then that person may be liable on summary conviction to pay a penalty not exceeding level 3 on the standard scale. This provision is repealed by the Bill and replaced by a civil penalty (starting at £100) combined with an increase in the time period (from 14 to 56 days) allowed to respond to an assessor’s request for information. The “maximum penalty” which a person will require to pay shall not exceed the greater of the value of the land and heritages concerned on the day the notice is served or £500. The civil penalties are on a par with those which are currently applied by Valuation Office Agency officials (the assessors equivalent in England).

Assessors have to value a wide range of non-domestic properties, for example from public toilets through to defence infrastructure or telecommunications networks. Assessors may need information not held by proprietors tenants or occupiers of the finished building or plant but by design and build developers, turnkey project contractors or PPP solution providers and as such the relevant information is held confidentially from the subjects’ proprietor, tenant or occupier. The Bill therefore provides that the assessors may seek information not just from “the proprietor, tenant or occupier” but from “any other person whom the assessor thinks has information which is reasonably required for the purposes of assigning an accurate valuation to the lands and heritages under consideration.

Option 1 – Do nothing option

Benefits

Those failing to provide information on request within the statutory deadline or intentionally withholding information until a case is before a Valuation Appeal Committee may well continue to benefit from a reduced rates bill as the rateable value assigned to the lands and heritages they occupy is based on incomplete information.

Costs

Maintaining the current criminal penalty for non-provision of information to the assessors and only enabling the assessors to seek information from “the proprietor, tenant or occupier” would not assist the assessors in deriving an accurate valuation from the outset. In turn, ratepayers would not have certainty over rates that would be due and the Scottish Government would have less certainty over income levels. Additionally, this approach would increase the administrative burden on ratepayers, assessors and the appeal system.

Option 2 – To give assessors powers to collect information from whomever they deem it reasonable to do so for the purposes of valuation; and to replace the criminal penalty for non-provision of information requested by the assessor with a civil penalty.

Benefits

Introducing a civil penalty regime whilst at the same time increasing the time period (from 14 to 56 days) for the requested information to be submitted to the assessors should encourage the flow of information to the assessors, resulting in a more accurate valuation at the outset which is of benefit to ratepayers, assessors and the appeals system both in terms of a reduction in costs and in the administrative burden of preparing for an appeal. Local authorities and the Scottish Government will benefit from more certain income levels. Widening the category of persons an assessor may seek information from to help determine an accurate rateable value at the outset is likely to result in similar benefits.

Costs

Initially broader information gathering powers may result in additional costs to the assessors but this is expected to be more than offset by the benefits the increased quality and quantity of information delivers in terms of being able to derive more accurate valuations at the outset thus reducing the need to pursue proprietors, tenants and occupiers for information that they might not hold. The assessors have provided cost estimates of all the measures in this bill. Those costs are provided in Table 1.

The imposition of a civil penalty for failing to provide information to the assessors could initially lead to additional costs for the assessors from an administrative viewpoint. However the availability of a civil penalty regime – and it being utilised - should encourage compliance with the assessors’ information requests. The benefits that will accrue from achieving a right first time valuation will far outweigh any administrative costs.

There may be an additional notional cost to ratepayers in providing the information requested. However, the duty to provide this information already exists so any costs reflect improved compliance with existing legislation rather than a genuinely new cost to ratepayers. Where ratepayers continue to fail to provide information as requested then costs will be incurred by way of the civil penalty regime.

There are expected to be additional administrative costs for those other than the proprietor, tenant or occupier (for example design and build developers) should an assessor seek information from them to assist in deriving an accurate valuation at the outset. These costs are expected to reflect the provision of information which is already readily available and are not therefore considered to be material.

Local authorities have confirmed that they will not incur any material costs as a result of these provisions.

There will be a cost to the Scottish Government in communicating the proposed legislative (primary and secondary) and the administrative changes to implement the Barclay Review recommendations to relevant stakeholders. The cost of this information campaign will be determined in due course as part of a wider communication exercise.

16. A new civil penalty for non-provision of information to councils by ratepayers should be created.

Option 1 – Do nothing.

Option 2 – Introduction of a civil penalty for non-provision of information within 21 days of being asked for said information by a local authority; introduction of a civil penalty where a ratepayer fails to notify their local authority of a change in their circumstances within 21 days of the change; and introduction of a criminal penalty where a person knowingly provides false or misleading information when complying with the aforementioned requests for information

Sectors and Groups Affected

Both options have an impact on:

- Ratepayers;
- Scottish Government; and
- Local Authorities.

Context

It is important that, as far as practical, local authorities have up-to-date information on occupiers of non-domestic property. This is important to ensure that rates bills not only go to the correct person but are also accurate and any relief entitlement is correctly applied. The latter point is important to minimise the possibility of fraud.

The Bill provides that a local authority can issue an information notice to a person seeking, for example, information to ensure the non-domestic rates liability has been correctly calculated. Failure to comply with the notice within 21 days will result in the local authority issuing a “penalty notice” to the person. The penalty notice will advise the person that they have failed to comply with a local authority information notice within the required timescale and that they are liable to a £95 penalty (or, if the penalty is in respect of a failure to comply with a further local authority information notice issued after the initial notice was not complied with, a £370 penalty).

The Bill also provides that a person must notify their local authority within 21 days of any change in their circumstances e.g. that they are vacating the premises or that they are no longer eligible for a relief currently being applied to their premises, rather than wait for a local authority to write to them seeking information. Failure to comply will result in the issue of a civil penalty notice which will result in a £370 penalty.

In each scenario described above the penalty notice must also advise the person that they have a right of appeal to a Valuation Appeal Committee against the amount of the penalty imposed within 28 days beginning from the day the penalty notice was served. Additionally, an “authorised officer” (from within the local authority) may mitigate or remit any penalty under these provisions.

The Bill also provides that a person will have committed an offence if they knowingly provide false or misleading information when complying with a local authority information notice or when notifying a local authority of a relevant change in their circumstances. A person who commits such an offence is liable on summary conviction to a fine not exceeding level 3 (£1,000) on the standard scale.

Option 1 – Do nothing.

Benefits

Those failing to provide the necessary information within the required timescale will continue to benefit from the lack of enforcement powers available to local authorities which may result in these persons benefitting from paying less rates than they should.

Costs

This approach will not help to improve the administration of the rating system as incorrect rates bills will be issued in some instances and nor will it address potential fraud. Tax avoidance can undermine public confidence in the rating system leading to reduced compliance and thereby a drop in non-domestic rates income and thus a reduction in the overall resources available to the Scottish Government through the Budget.

Option 2 – Two new civil penalties can be imposed by local authorities (by an “authorised officer”); one where a ratepayer fails to notify their local authority of a change in circumstances and one where a ratepayer fails to respond timeously to an information notice(s) issued by their local authority.

Benefits

The administration of the rates system will improve, with more accurate billing and more accurate application of reliefs. There will be parity of enforcement treatment between non-domestic ratepayers and council tax payers. Introducing a system for non-domestic rates akin to that which currently exists for council tax will reduce the administrative burden on local authorities given they have existing systems in place and experience of using these procedures.

The implementation of this recommendation is about disincentivising non-compliant behaviour rather than raising revenue. Any income generated will depend on a number of factors: whether the authorising officer chooses to mitigate or remit any penalty; whether or not a ratepayer chooses to exercise their right of appeal against the level of penalty imposed to a valuation appeal committee; and whether or not a valuation appeal committee mitigates or remits a penalty. Given the uncertainty around the magnitude of these impacts it has not been possible to robustly quantify these benefits although we

expect them to be in the region of between £3.3 and £4.6 million over a revaluation period. Further information is available in the financial memorandum¹⁶ associated with the Non Domestic Rates (Scotland) Bill.

Costs

The main costs of this will fall on ratepayers who fail to inform their local authority about a change of circumstances within 21 days or who fail to timeously respond to an information notice(s) issued by their local authority. This could lead to them being refused a relief and/or paying a penalty notice served by the local authority. Based upon discussions with local authorities the Scottish Government illustratively estimates that around 6% of ratepayers may be affected by this legislation, with a cost in the region of £3.3 to £4.6 million over a revaluation period. The aforementioned financial memorandum provides further detail.

There will be some costs of implementing these provisions for local authorities although these will be reduced by the fact that local authorities will be able to apply the current council tax regime procedures to non-domestic rates cases and offset by the revenue raised through the application of civil penalties.

There could be additional costs to the Valuation Appeal Committee as a result of ratepayers exercising their right to appeal to the VAC against the level of penalty set. It has not been possible to quantify this cost.

There will be a cost to the Scottish Government in communicating the proposed legislative (primary and secondary) and the administrative changes to implement the Barclay Review recommendations to relevant stakeholders. The cost of this information campaign will be determined in due course as part of a wider communication exercise.

18. Councils should be able to initiate debt recovery at an earlier stage.

Options

Option 1 – Do nothing.

Option 2 – Councils can pursue enforcement action for non-payment of rates from the first missed instalment (where payments are made in instalments as provided for in section 8(1) of the Local Government (Scotland) Act 1975).

Sectors and Groups Affected

Both options have an impact on:

- Ratepayers;
- Scottish Government; and
- Local Authorities.

¹⁶ <https://www.parliament.scot/parliamentarybusiness/Bills/111337.aspx>

Context

Local authorities will generally issue rates Bills in March/April. Rates are normally payable in 10 instalments commencing in May and ending in February. However, local authorities may offer alternative payment arrangements. Under current rating legislation¹⁷, local authorities cannot take enforcement action in relation to outstanding non-domestic rates monies until after 30 September in any year. If the ratepayer is in arrears by two or more instalments on or after 30 September, the balance of the rates becomes payable in full.

Just as ratepayers should expect prompt payments from local authorities, so local authorities should expect the same from ratepayers. The Bill therefore brings the enforcement position for non-domestic rates broadly into line with that which pertains under council tax. This means that a local authority will be able to commence recovery action against a non-domestic ratepayer as soon as payment of any instalment is missed. This applies where payments are made in instalments as provided for in section 8(1) of the Local Government (Scotland) Act 1975, and not to any alternative payment plans

Option 1 – Do nothing.

Benefits

This will continue to benefit those ratepayers who intentionally delay payments either for no good reason or due to their experiencing cash flow problems.

Costs

Operating two distinct debt recovery systems – one for non-domestic rates and one for council tax is neither administratively effective or efficient for local authorities. The potential for bad debt to levels to rise and ultimately be written off increases the longer the period between a payment being “missed” and the local authority being able to initiate debt recovery procedures. In the interests of fairness non-domestic rate payers should – as far as debt recovery procedures go – be treated no differently to council tax payers.

Option 2 – Councils can pursue enforcement action for non-payment of rates from the first missed instalment (where payments are made in instalments as provided for in section 8(1) of the Local Government (Scotland) Act 1975).

Benefits

Local authorities are likely to be the main beneficiary of being able to initiate debt recovery action more timeously. This may contribute towards improved collection rates. Replicating, as far as practical, the debt recovery system in operation under the council tax regime means that local authority staff already have systems and procedures in place which they are experienced in using.

The risks of rates avoidance will be reduced as the likelihood of significant rates liabilities being accrued by ratepayers before a local authority can intervene is reduced.

¹⁷ Local Government (Scotland) Act 1975

There will be some indirect benefits resulting from the increased fairness and guarantee of a level playing field amongst taxpayers – i.e. council and non-domestic rates taxpayers.

Costs

For the majority of ratepayers, these changes are unlikely to have any impact. Those ratepayers who are experiencing genuine difficulties in meeting their rates liability will have an opportunity to discuss their situation with their local authority and an alternative payment plan may be put in place. Ratepayers who simply choose not to pay their rates liability as it falls due will incur costs – either through having to pay the remaining balance of their rates liability for the year in full or through costs incurred as a result of a local authority taking debt recovery action.

19. Reform of the appeals system is needed to modernise the approach, reduce appeal volume and ensure greater transparency and fairness.

Options

Option 1 – Do nothing.

Option 2 – Reform the appeals system.

Sectors and Groups Affected

Both options have impacts on the following sectors and groups:

- Ratepayers;
- Scottish Government;
- Local Authorities; and
- Scottish Assessors.

Context

Owners and occupiers of non-domestic property currently have a period of 6 months (30 September 2017 for the 2017 revaluation) to make an appeal against the revaluation rateable value. There were 73,867 appeals made by 30 September 2017 (up from 66,975 appeals against the 2010 revaluation). Appeals can also be made in case of material change in circumstances.

As at 31 December 2018, there were 43,425 outstanding appeals against the 2017 revaluation, representing £4,169 million of appealed rateable value. Over three quarters of appeals resolved as of December 2018 (22,989) did not result in any change in rateable value. However, while only 24% of appeals resolved to date have resulted in a reduction in rateable value, these appeals accounted for almost 54% of the total rateable value that has been resolved so far.

The reasons for the large volume of appeals are many and varied but could include amongst other reasons:

- there had not been a revaluation in seven years at the 2017 revaluation;
- the principles underpinning the valuation system and associated rateable values are complex and not widely understood;
- ratepayers currently receive limited information on how rateable values are calculated;
- there are no risks to appealing as the appeals system is free to access and easy to access (appeals can be submitted at the press of a button by sending an email to an assessor saying little more than “*I appeal my rateable value*”), and rateable values either go down or stay the same;
- ratepayers are unable to benefit from systemic adjustments to rateable values to equivalent properties unless they have also appealed, which can lead to speculative or “protective” appeals; and
- the last two revaluations have taken place during exceptional economic circumstances which has led to volatility in rateable values.

This Barclay Review recommendation overlaps significantly with other Barclay Review recommendations which seek to improve the administration of the system, for example increasing the assessors’ information gathering powers. The costs and benefits below are therefore to some extent contingent on the success of other Bill provisions.

Option 1 – Do nothing

Benefits

All ratepayers will continue to benefit from the current risk-free appeals system - . appealing is administratively simple and initially attracts no costs.

Costs

The existing appeals system results in a large proportion of rateable values being appealed. This adds significantly to the administrative costs of the assessors who have to process tens of thousands of appeals each year. Some ratepayers incur costs under the current system by electing to appoint rating agents and or legal advisors to deal with their appeals. The sheer volume of appeals can result in delays before an appeal is held and as a ratepayer is required to continue to pay their rates in the meantime this means that any repayment - should an appeal be successful - will also be delayed.

Option 2 – Reform the appeals system

The Bill provides: that ratepayers are required to lodge a proposal with the assessor in the first instance if they disagree with the rateable value that is entered against their property on the roll; that rateable values can increase as well as decrease following an appeal; that appeals cannot be withdrawn unless this is agreed by the Valuation Appeal Committee or court; the Scottish Ministers with an enabling power to levy a fee to appeal (lodging a proposal will be free), and to set out in regulations what information assessors are required to provide when they enter or amend an entry on the roll. Further detail on these provisions can be found in the policy memorandum¹⁸ associated with the Bill.

¹⁸ <https://www.parliament.scot/parliamentarybusiness/Bills/111337.aspx>

Benefits

The primary benefit would be quicker resolution of appeals due to a streamlined process and a lesser volume of appeals following the reduction in those made as a matter of course rather than because of a genuine disagreement with the valuation.

The risk of rateable values going up on appeal and the option for fees to be levied would be anticipated to introduce some disincentives for speculative or poorly-evidenced appeals. The Scottish Government does not however envisage this resulting in a significant increase in revenue.

Even if the reforms do not extract any cash releasing savings, it is anticipated that any reduced appeal volume would allow ratepayers, assessors and Valuation Appeal Committees/Scottish Tribunal Service to prioritise resources on the cases where there is genuine disagreement thus improving the speed with which appeals are resolved. This should improve the speed of access to justice for ratepayers.

There is a consensus amongst key stakeholders that the legislative reforms, particularly around sharing of information and the move to a three year revaluation cycle will reduce the current levels of distrust in the system and reduce the volume of appeals over time. There is however less certainty over the level of immediate benefit in the 2022 Revaluation.

The Scottish Government therefore conservatively estimates there will be a minimum 25% reduction in the number of revaluation appeals over the 2022 revaluation cycle. Should the Scottish Ministers choose, subject to the Bill (in its current form) successfully completing the parliamentary process, to levy a fee it is not unreasonable to estimate that the volume of appeals could reduce by 50% or more. The main beneficiaries of any reduction in the volume of appeals will be the assessors and ratepayers.

The SAA has estimated that a 25% reduction in appeals over a revaluation cycle would decrease their annual costs by over £2.6 million relative to no reduction in appeals over the period 2019-20 to 2024-25 through a decrease in staffing requirement. These savings are incorporated in Table 1 on page 7.

The financial benefit to ratepayers is likely to be lower. By formalising current practice, it is likely that the reforms will have limited impact on the most complex and contentious (and therefore highest cost) appeals.

In the event that Ministers decide to levy a fee for appealing, there would be an increase in the resources available to resource the administration of the non-domestic rates system and/or fund public services. These resources would represent a transfer from ratepayers to the public sector and some potential estimates are provided in Table 4 on page 35.

Costs

The SAA has estimated the total cost of the Barclay Review recommendations and it has not been possible to attribute the additional costs or savings from the appeals reforms in isolation. The total net cost to the assessors of implementing the Bill provisions are provided in Table 1.

Subject to the Bill (in its current form) successfully completing the parliamentary passage and the Scottish Ministers deciding to levy a fee for appealing, there would be an increase in the cost to ratepayers involved in the appeal system where the proactive provision of additional information and the proposal stage have failed to resolve the ratepayers' concerns.

Using the 2017 Revaluation appeals volume as a baseline, Table 2 provides scenario analysis of the potential ratepayer costs from various potential fee levels. These estimates reflect the direct revenue raised from the ratepayer (including public sector ratepayers) based upon the fee levied – it makes no attempt to estimate the dynamic causality where a higher fee might be expected to have a greater impact on any reduction in the volume of appeals.

Table 2 – Possible fee-raising scenarios

Rateable Value	Potential Appeal Fee	% reduction in appeals relative to 2017			
		0%	25%	50%	90%
Scenario 1					
Below 15,000	£150	£5.5	£4.1	£2.7	£0.5
Above 15,000 & up to 51000	£300	£6.1	£4.6	£3.0	£0.6
Above 51000	£300	£5.1	£3.8	£2.6	£0.5
	Total (£ millions)	£16.7	£12.5	£8.3	£1.7
Scenario 2					
Below 15,000	£150	£5.5	£4.1	£2.7	£0.5
Above 15,000 & up to 51000	£300	£6.1	£4.6	£3.0	£0.6
Above 51000	£500	£8.6	£6.4	£4.3	£0.9
	Total (£ millions)	£20.1	£15.1	£10.1	£2.0
Scenario 3					
Below 15,000	£150	£5.5	£4.1	£2.7	£0.5
Above 15,000 & up to 51000	£150	£3.0	£2.3	£1.5	£0.3
Above 51000	£150	£2.6	£1.9	£1.3	£0.3
	Total (£ millions)	£11.1	£8.3	£5.5	£1.1
Scenario 4					
Below 15,000	£0	£0.0	£0.0	£0.0	£0.0
Above 15,000 & up to 51000	£150	£3.0	£2.3	£1.5	£0.3
Above 51000	£300	£5.1	£3.8	£2.6	£0.5
	Total (£ millions)	£8.2	£6.1	£4.1	£0.8

Additionally, by providing that rateable values can increase in an appeal ruling, this could introduce an element of risk to some ratepayers by creating the possibility of a negative financial return for the ratepayer concerned. However, such a situation would only occur where the evidence justified an increase and would reflect the fact that the original value was incorrect rather than act as a direct disincentive for ratepayers.

In consultation with the Scottish Government, local authorities have confirmed that they do not foresee any substantial costs associated with this legislative provision.

There will be a cost to the Scottish Government in communicating the proposed legislative (primary and secondary) and the administrative changes to implement the Barclay Review recommendations to relevant stakeholders. The cost of this information campaign will be determined in due course as part of a wider communication exercise.

20. A General Anti-Avoidance Rule should be created to reduce avoidance and make it harder for loopholes to be exploited in future

Options

Option 1 – Do nothing.

Option 2 – Introduce anti-avoidance regulations to counteract tax avoidance arrangements which are artificial.

Sectors and Groups Affected

Both options have impacts on the following sectors and groups:

- Ratepayers;
- Scottish Government; and
- Local Authorities.

Context

Tax avoidance – in the context of non-domestic rates – takes place where a ratepayer seeks to reduce, delay or avoid the tax liability by taking action which the ratepayer believes is legal, but which is not in keeping with the spirit of or the intention behind the non-domestic rates legislation. Tax avoidance often involves artificial mechanisms for which the sole or main reason, or one of the main reasons, is to reduce the tax due. Tackling this avoidance is important because: it reduces public revenues, and can lead to lower spending on vital public services; there is a risk to the non-domestic rates pool if other ratepayers behave in the same way; it is unfair to ratepayers who continue to meet their liabilities as intended by the law; and tax avoidance can undermine public confidence in the rating system.

Option 1 – Do nothing

Benefits

This would mean that ratepayers who enter non-domestic rates avoidance arrangements which are artificial to reduce or completely negate their rates liability will continue to do so.

Costs

There is an unquantifiable loss of non-domestic rates income as a result of the avoidance activity discussed above which will result in a reduction in the overall resources available to fund public services through the Budget.

We do not have robust information on the likely instances of the aforementioned avoidance activity in Scotland. In 2015 a Local Government survey in England estimated that around 1% of total rates payable was being avoided every year. In the same year HM Treasury and the Department for Communities and Local Government published responses to a consultation on this issue where the Local Government Association estimated that around £230 million non-domestic rates income is lost in England to avoidance every year¹⁹.

This is in line with the costs presented in the Barclay Review Report in relation to the tax avoidance recommendations. Barclay estimated that £22 million in 2020-21 in tax avoidance could be saved through anti-avoidance powers (combined with Barclay Review Recommendations 21 and 22 relating to empty property relief and second homes tax avoidance). This costing assumes a total non-domestic rates income avoidance in the range of 1% to 2% could be reduced by 50% as a result of the introduction of General Anti-Avoidance Regulations.

Option 2 – Provide the Scottish Ministers with a power to make provision, by regulations, with a view to preventing or minimising the avoidance of a non-domestic rates liability.

Benefits

The Scottish Government views this enabling power to make regulations as an additional tool that can be utilised in those cases where abuse cannot be tackled through refinement of existing legislation under existing powers. Utilising this enabling power where appropriate should lead to an increase in non-domestic rates income which will result in more monies being available through the Budget to fund public services.

There will be indirect benefits resulting from the increased fairness through the creation of a more level playing field for ratepayers. Public confidence in the rating system will be increased by seeing, where it is within the legislative competence of the Scottish Parliament, tax avoidance activity being addressed.

As discussed above we do not have robust information on the proportion of businesses which are involved in a form of tax avoidance in Scotland. The Barclay Review Report estimated that the combined tax avoidance recommendations could lead to a 50% reduction in the level of avoidance. The Scottish Government estimates that Barclay Review recommendations 20, 21 and 22 combined could increase in revenue of £14.25-28.5 million (as at 2018-19). These figures are shown in Table 4 (Page 35).

Costs

There may be additional administrative costs for local authorities in alerting Scottish Government to anti-avoidance tactics and additional costs on the Scottish Government in regulating to address such tactics. The power will allow for additional individual measures to be introduced to remove any new avoidance schemes which emerge.

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/442614/business_rates_avoidance_summary_of_responses.pdf

It is not possible at this stage to quantify any additional administrative costs from utilising these enhanced powers. The extent of the costs will depend on whether additional investigation and enforcement arrangements are established in each Council.

The main costs of this provision will fall on ratepayers who currently employ artificial mechanisms to reduce or negate their non-domestic rates liability.

There will be a cost to the Scottish Government in communicating the proposed legislative (primary and secondary) and the administrative changes to implement the Barclay Review recommendations to relevant stakeholders. The cost of this information campaign will be determined in due course as part of a wider communication exercise.

22. To counter a known avoidance tactic for second homes, owners or occupiers of self-catering properties must prove an intention to let for 140 days in the year and evidence of actual letting for 70 days

Options

Option 1 – Do nothing.

Option 2 – Provide Local Authorities with discretion to vary the requirements for lands and heritages to fall into the category of dwellings in prescribed circumstances.

Sectors and Groups Affected

All options will impact the following sectors and groups:

- Ratepayers;
- Scottish Government;
- Local Authorities; and
- Scottish Assessors.

Context

Under current legislation self-catering holiday accommodation is subject to non-domestic rates if, broadly speaking, it is not someone's sole or main residence and is made available for let (on a commercial, "for profit" basis) for at least 140 days per financial year. Otherwise it is liable for council tax and entered on the council tax valuation list.

An avoidance tactic used by some property owners, brought to the attention of the Barclay Review Team, is to avoid the payment of council tax on second homes by claiming the property has moved from domestic use (liable for council tax) to non-domestic use as a self-catering property (and liable for non-domestic rates). A subsequent application is then made for relief under the Small Business Bonus Scheme and no rates are payable. Thus the contribution of this owner to the cost of local services – which they will use - is nil. The current criteria to switch from domestic to the non-domestic use is fairly loose – i.e. an intention to let for 140 days.

The Scottish Government considers it is important to tackle tax avoidance and intends to address this loophole by requiring a property owner to demonstrate that a property has been actually let for 70 days in any financial year (1 April to 31 March) and also is actually available to let for 140 days in the same period before the property can be moved from the council tax valuation list onto the roll (in the case of a new property) or remain on the roll (in the case of a property already on the roll). If the owner of the property is unable to evidence this activity then the property will remain on the council tax valuation list or be deleted from the roll and entered on the council tax valuation list. These changes can be implemented through secondary legislation.

The Scottish Government acknowledges that there may be occasions where through no fault of the owner of the property in question, an owner is not able to actually let it for 70 days. The type of scenario envisaged here could be, for example, where a property is located in the outer islands and the ferry service is not operational; other examples could be weather related issues such as flooding or a landslide.

In these specific types of situations the Scottish Government considers it appropriate for local authorities to be able to exercise a degree of discretion with regard to the 70 day actual let criterion and thus whether or not a property should be entered on/remain on the non-domestic rates roll.

Option 1 – Do nothing.

Benefits

Maintaining the status quo will enable some taxpayers to continue to deploy the avoidance tactic outlined above and thus their contribution to the public services they use will continue to be nil.

Costs

There will continue to be a loss of rates income through the granting of rates relief to those taxpayers who continue to deploy the avoidance tactic discussed above. Tax avoidance can undermine public confidence in the rating system leading to reduced compliance and thereby a drop in non-domestic rates income.

Option 2 – Amend an existing regulation-making power in section 72 of the Local Government Finance Act 1992, which allows Ministers to set out classes of property which are not to be regarded as “dwellings” (making them liable to non-domestic rates instead of council tax). The Bill provides for such regulations to also set out circumstances where local authorities have discretion to decide whether particular properties can continue to be regarded as falling within a class set out in the regulations, despite not meeting the criteria for inclusion in the class.

Benefits

In certain prescribed circumstances, property owners may benefit from their local authority having discretion as to whether their property is classified as a dwelling or not. If the property is allowed to remain on/or be entered in the roll then the property may attract rate relief and thus a reduced rates Bill.

Costs

There may be a minimal increase in the costs of relief payable in the case of properties where a local authority has exercised discretion in terms of the 70 day criterion being met or not and the property is entered in the roll and may therefore be eligible for rate relief.

There will be a cost to the Scottish Government in communicating the proposed legislative (primary and secondary) and the administrative changes to implement the Barclay Review recommendations to relevant stakeholders. The cost of this information campaign will be determined in due course as part of a wider communication exercise.

24. Charity relief should be reformed/restricted for a small number of recipients

Options

Option 1 – Do nothing

Option 2 – To remove the eligibility of mainstream independent schools – entered on the Scottish Charity Register - to claim for 80% mandatory charity rate relief; and to remove the discretionary power local authorities have to grant relief from the remaining 20% of the rates payable.

Sectors and Groups Affected

Both options have impact for the following sectors and groups:

- Ratepayers;
- Scottish Government; and
- Local Authorities.

Context

In Scotland, an organisation can only call itself a charity if it is entered in the Scottish Charity Register, published and maintained by the Office of the Scottish Charity Regulator (OSCR). Existing legislation provides that all independent schools who are registered as a charity are eligible for 80% mandatory rates relief. Local authorities have a discretionary power to “top up” this relief, up to 100%. Local authority schools do not qualify for charitable relief and generally will pay rates. Whilst the Scottish Government agreed with the Barclay Review Report that this is unfair and that this inequality should end by removing eligibility for charity relief schools from independent schools, the Scottish Government considers this change should apply to mainstream independent schools only.

The Scottish Government considers that due to the importance of the services they provide and the lack of alternative provision, independent special schools (which cater for children with specific or complex needs and provide a range of services that are usually not available in mainstream schools) and specialist independent music schools should continue to be eligible for charity rate relief.

Option 1 – Do nothing.

Benefits

This would mean that all mainstream independent schools that are on the Scottish Charity Register would continue to be eligible for charitable rate relief (mandatory and discretionary). Independent Schools benefitted from £6.7 million in charity relief in 2018-19.

Costs

This would not address the Barclay Review Report comment that it is unfair that qualifying independent schools can benefit from charitable rate relief but local authority schools receive no such benefit. In 2018-19 the relief reduced the overall resources available to fund public services through the budget for Scottish Government and local authorities by £6.7 million.

Option 2 – To remove the eligibility of mainstream independent schools – entered on the Scottish Charity Register - to claim 80% mandatory charity rate relief; and to remove the discretionary power of local authorities to grant relief from the remaining 20% of the rates payable.

Benefits

It was estimated for the Barclay Review Team that removing the eligibility of independent schools to apply for charity rate relief would result in savings of around £5 million, but updated modelling now estimates this to be £6.7 million. This will have a positive impact on the overall resources available through the budget for Scottish Government and local authorities.

This change will remove the inequality between mainstream independent and state schools as regards rates liabilities.

Costs

This proposal removes charity relief for mainstream independent schools in Scotland - excluding independent special schools and specialist music schools. As at February 2019 there were 58 mainstream independent schools in Scotland. 56 of these schools are entered in the Scottish Charity Register and 53 of those schools were in receipt of charity relief worth approximately £6.7 million (2018-19). The independent school sector is a diverse and varied sector with schools differing significantly with regards to size, rateable values and levels of financial support offered.

A 2016 report into the economic impact of Scottish Independent Schools²⁰ estimated that turnover for the sector in 2015 was £403 million. Ignoring inflation since 2015, a £6.7 million cost increase would represent around 1.7 per cent of turnover. CPI inflation between 2015 and 2019 averaged 2.9 per cent per annum. This report does not include

²⁰ <http://www.scis.org.uk/assets/Uploads/PDFs/Economic-Impact-of-the-Scottish-Council-of-Independent-Schools-final-report-13Apr16.pdf>

information from all independent schools in Scotland with around 20 of the 90 independent schools (mainstream and specialist) not captured.

The report estimated that 29,814 were educated in the mainstream independent education sector with a further 427 educated in independent special schools. Financial assistance worth £29.3 million was provided to over 3,000 pupils on a means tested basis and a further £18.1 million of support was provided to 5,021 pupils on a non-means tested basis. Ignoring inflation since 2015, £6.7 million would represent in a 14 per cent of the funding available for financial assistance. Fully reducing financial assistance may not be an immediate option for schools since many will have multi-year commitments in place (i.e. such assistance may be offered for the duration of a child's education) so savings could only be realised on a phased basis.

Alternatively, assuming all 8,085 pupils receiving financial assistance received 100 per cent funding, £6.7 million would represent a fee increase of £302 per fee paying pupil. This estimate is likely to be higher than the reality as a large number of the 8,085 pupils will receive less than 100 per cent support. If means testing support remained at 100 per cent and average non-means tested support was 50 per cent, the impact on fees would be around £271 per fee paying student. If average non-means tested support was 20%, the fee impact would be £256 per fee paying student.

With basic day fees ranging from £3,600 to £26,790 per annum and an average of around £13,700, the above estimates would imply an average fee increase as a consequence of removing charitable relief of between 1.8 per cent and 2.2 per cent.

The independent schools sector is also facing increasing teacher pensions costs. These costs result from changes in UK Government policy and are not a direct consequence of this Bill so are not considered further in this impact assessment.

Note, these figures represent an either/or and are not summative. In practice schools might be expected to adopt a balance of reducing financial assistance and fee increases since reducing financial assistance might impact a school's charitable status.

There will be a cost to the Scottish Government in communicating the proposed legislative (primary and secondary) and the administrative changes to implement the Barclay Review recommendations to relevant stakeholders. The cost of this information campaign will be determined in due course as part of a wider communication exercise.

25. To focus relief on economically active properties, only properties in active occupation should be entitled.

Options

Option 1 – Do nothing

Option 2 – Empower local authorities to address tax avoidance activity by putting the onus on the ratepayer to provide evidence to demonstrate they are in receipt of the correct relief.

Sectors and Groups Affected

Both options have impact for the following sectors and groups:

- Ratepayers;
- Scottish Government; and
- Local Authorities.

Context

Current legislation²¹ provides for the rates payable in respect of rateable properties which are unoccupied to be reduced. However, it was suggested to the Barclay Review Team that a well-known avoidance tactic to reduce a property's rates liability when it is empty is to occupy only a small part of the property for storage to either qualify for another relief (for example charitable rate relief or relief under the Small Business Bonus Scheme) which may be more advantageous to the ratepayer or to allow a new period of empty property relief to begin after a set period (currently 42 days but subordinate legislation will be brought forward to increase this period to 6 months). Section 12 of the Bill deals with the first of these aspects (the second aspect will be dealt with through subordinate legislation)

Option 1 – Do nothing option.

Benefits

Ratepayers who are currently employing avoidance tactics resulting in the level of relief applied to their rates bills being greater than it should be will continue to benefit from this activity.

Costs

The status quo will mean that the Barclay Review Report estimated £17 million cost of empty properties claiming relief under the Small Business Bonus Scheme or charitable rate relief (as at 2018-19) will continue into the future. These costs reduce the overall resources available to fund public services through the budget for Scottish Government and local authorities.

Under the status quo ratepayers have less financial incentive to occupy their empty properties. This may have a negative impact on economic growth in the area and on the tax base for non-domestic rates in the future.

A further potential cost could be that ratepayers who currently pay their rates are discouraged from doing so when it appears that no action is being taken to address known avoidance activity. This could result in a reduction in the tax base.

Option 2 – Empower local authorities to address tax avoidance activity by putting the onus on the ratepayer to provide evidence to demonstrate they are in receipt of the correct relief.

²¹ Sections 24 to 25 of the Local Government (Scotland) Act 1966

Benefits

This may lead to an increase in non-domestic rates income by around £18 million from 2020-21, equivalent to the receipts foregone as a consequence of the current relief.

The number of properties which were vacant as at June 2018 and in receipt of a relief is presented in Table 3. It shows that the majority of these (60%) only claim empty property relief, however up to 36% may also be claiming Small Business Bonus Scheme relief.

Table 3 – Property flagged as vacant on the Roll and/or in receipt of empty property relief, and estimated additional NDR income generated from removing reliefs

Properties where majority of relief is delivered through:*	Number of Vacant Properties**	Potential additional NDR (£ millions)***
Small Business Bonus Scheme	6,700	14
Mandatory Charity Relief	600	5
Other Relief	200	2
Total	7,500	21

* Some properties are in receipt of multiple reliefs.

**Property either listed as vacant on the Valuation Roll as at June 2018 and/or in receipt of Empty Property Relief as well as the relevant other relief listed in the Table. All figures rounded to nearest 100.

***Cost of relief here excludes the cost of Empty Property Relief.

The potential forgone non-domestic rate income from these properties amounts to around £21 million per year. It was assumed by the Barclay Review Report that around 75% of these relief costs could be saved as a result of implementing the active-use rule, resulting in an estimated £17 million of net additional revenue (as at 2018-19). These figures are based on the total cost for relief (other than empty property relief) to properties that are either in receipt of a relief other than empty property relief, or flagged as vacant on the roll. All the properties in receipt of empty property relief on the Billing Snapshot were assumed to not be in active economic use, however only 75% of those flagged as “vacant” on the roll were assumed not to be in active use as these flags are not always up-to-date (given for instance there is no requirement that ratepayers notify the assessors when a property becomes vacant).

Some of the potential savings may not be realised as some properties will be moved away from a current relief to empty property relief and the cost of this will partially offset savings in other reliefs. Ratepayers may also choose to convert their properties into dwellings (becoming liable for council tax as opposed to non-domestic rates) or in the extreme, demolish the property to avoid paying rates altogether as the entry may then be deleted from the roll, or be eligible for unlimited empty property relief on the basis there are no buildings on the site.

The increase in the overall receipts available from non-domestic would increase the overall level of resources available to Scottish Government to fund public services.

Additionally this option could have a positive impact on the wider economy as it would allow empty property relief to act as an incentive to bring empty properties back into active economic use by raising the opportunity cost of unused property. It also creates a financial incentive for owners of empty properties to find new occupants by, for example, reducing rent, allowing pop-up or community uses, redeveloping the site for an alternative use or by selling the property. This could in turn increase the supply of business property, reducing rents and benefiting occupiers and ratepayers. It could also lead to a fall in property values, which would be a benefit to future purchasers. The resulting indirect impacts might be felt as social and economic benefits resulting from more vibrant town centres and business districts. These benefits have not been possible to quantify.

There will be some indirect benefits resulting from the increased fairness and introduction of a level playing field amongst rate payers.

Costs

This option will most likely result in increased non-domestic rates bills for ratepayers currently taking advantage of the tax avoidance tactic.

There will also be lost income for individuals and companies that have set up with the intention of matching owners of empty properties with charities and other bodies willing to take up occupation of empty properties with the sole intention of reducing the rates liability. Where charities and other bodies have benefitted financially from this tax avoidance tactic, they would also be expected to lose out.

There may be increased administration costs incurred by local authorities in terms of serving a notice on a ratepayer which requires the ratepayer to provide evidence that they are in receipt of the correct relief. Any costs would be offset by the likely increase in rates income that could result from the local authority intervention.

There will be a cost to the Scottish Government in communicating the proposed legislative (primary and secondary) and the administrative changes to implement the Barclay Review recommendations to relevant stakeholders. The cost of this information campaign will be determined in due course as part of a wider communication exercise.

27. Sports Club relief should be reviewed to ensure it supports affordable community-based facilities, rather than members clubs with significant assets which do not require relief

Options

Option 1 – Do nothing.

Option 2 – Give the Scottish Ministers a power to issue guidance to local authorities (as the rating authority) about the exercise of local authority discretion to grant relief under section 4 of the Local Government (Financial Provisions etc.) (Scotland) Act 1962 and require local authorities to have regard to the guidance.

Sectors and Groups Affected

Both options have impact for the following sectors and groups:

- Ratepayers;
- Scottish Government; and
- Local Authorities.

Context

Sports club relief is not a mandatory rate relief. Local authorities grant this relief using the discretion available to them under section 4 (Reduction and remission of rates payable by charitable and other organisations) of the Local Government (Financial Provisions etc.) (Scotland) Act 1962 (the “62 Act”). The Scottish Government wishes to continue to support, and encourage local authorities to support, affordable community based facilities that give people the chance to take part in sporting activities thus contributing to (amongst other aims around an active Scotland) the Scottish Government aim to cut physical inactivity in adults and teenagers by 15% by 2030.

Option 1 – Do nothing

Benefits

The Barclay Review Report commented that “*sports club relief should be reviewed to ensure it supports affordable community-based facilities, rather than members clubs with significant assets which do not require relief*”. Retaining the status quo will not address this point and thus some large and prestigious sporting organisations will continue to benefit from being awarded a relief, the purpose of which, is to support affordable community based facilities.

Costs

The Barclay Review Report commented that the cost of maintaining the status quo to the Scottish Government is around £3 million per year in foregone non-domestic rates income (as at 2018-19). It is worth noting that the cost of this specific discretionary relief is funded entirely by the Scottish Government.

The lack of fairness amongst ratepayers (due to some sporting organisations who are currently in receipt of this relief levying significant joining or membership fees yet competing with other sporting organisations which the local authority has chosen not to award this relief to) will remain.

Option 2 – Give the Scottish Ministers a power to issue guidance to local authorities (as the rating authority) about the exercise of local authority discretion to grant relief under section 4 of the Local Government (Financial Provisions etc.) (Scotland) Act 1962 and require local authorities to have regard to the guidance.

Benefits

While there is no benefit from the power to issue statutory guidance *per se* and thus no savings from the Bill itself, the Barclay Review Report estimated that by refocussing the granting of discretionary rate relief to community based sports clubs could provide savings of up to £3.1 million in 2020-21. These savings will accrue through the removal of the

discretionary rate relief currently applied by local authorities to some sporting organisations within their authority area. It is expected that by targeting this relief at affordable community based organisations will have no impact on the majority of sporting organisations currently in receipt of this specific relief. Any savings are likely to accrue from the removal of discretionary rate relief from a small number of current recipients. These “savings” will increase the overall receipts available from non-domestic rates, thus increasing the resources available to the Scottish Government to fund public services.

There will be some indirect benefits resulting from the increased fairness and creation of a level playing field amongst rate payers.

Costs

Those affected by this change will be the sporting organisations clubs who no longer benefit from this discretionary rate relief. The size and nature of this group will in essence be determined though the statutory guidance (which will outline the factors a local authority should consider in reaching a view as to the appropriateness or otherwise of granting this discretionary rate relief) considered by local authorities. The Scottish Government will develop this guidance with input from representatives from: local authorities, sporting organisations and OSCR.

Subject to the content of the guidance, this may result in a slight increase in administrative costs for local authorities. In consultation with the Scottish Government, local authorities have confirmed that the additional costs of this proposal will be minimal.

There will be a cost to the Scottish Government in communicating the proposed legislative (primary and secondary) and the administrative changes to implement the Barclay Review recommendations to relevant stakeholders. The cost of this information campaign will be determined in due course as part of a wider communication exercise.

30. Commercial activity on current exempt parks and Local Authority (council) land vested in recreation should pay the same level of rates as similar activity elsewhere so as to ensure fairness.

Options

Option 1 – Do nothing option.

Option 2 – Make provision for non-domestic properties within such parks to be entered in the roll; and local authority parks which do not have free and unrestricted public access will also now require to be entered in the roll.

Sectors and Groups Affected

Both options have impact for the following sectors and groups:

- Ratepayers;
- Scottish Government;
- Local Authorities; and
- Scottish Assessors.

Context

Currently parks under the control of, or vested in, a local authority are not entered in the roll, unless the local authority derives a net profit from the park. Similarly, parks under the control of, or vested in, a Minister of the Crown, Government department or other body exercising Crown functions are not, provided the public has free and unrestricted access to the park, entered in the roll. No rates are payable in respect of parks which are not entered in the roll. The Barclay Review Report commented that commercial activity on such land currently receives a competitive advantage over other properties not located on parks or land vested in recreation. It recommended that where commercial activity takes place, the park or part of park on which it is carried out should be rated, and thus become liable for rates.

Option 1 – Do nothing.

Benefits

Due to changing lifestyles over recent years, considerably more commercial activity is now undertaken on the aforementioned land. Retaining the status quo would result in proprietors, tenants or occupiers of property on said land who carry out some form of commercial activity from their property continuing to benefit from their properties not being entered in the roll and thus facing a rates liability.

Costs

The cost of retaining the status quo means that there would continue not to be a level playing field amongst ratepayers which is unfair. As these properties are currently not entered in the roll, no robust information is available as to the number of such properties or what their respective rateable values might be - needed by the local authority to calculate a rates bill - and therefore the potential non domestic rates income foregone. The Barclay Review report estimated a cost of around £1.5 million per annum based upon an average of five properties with a rateable value of £20,000 in each local authority in 2018-19, equal to £1.6 million in 2022-23. This means a loss for local authorities and the Scottish Government in terms of forgone non-domestic rates income, and a reduction in the overall resources available through the Budget.

Option 2 – amend the current exemption such that currently exempted parks are rated if they are occupied by a party other than the public sector body in control of it, or not available for free and unrestricted access.

Benefits

This will increase the fairness of the non-domestic rates system by ensuring that lands and heritages undertaking commercial activity on and outwith these types of parks are treated in the same manner from a rating perspective. Thus any lands and heritages newly entered on the roll as a result of this change may have access to rate reliefs – if the property is eligible. The Scottish Government and ultimately local authorities (through the distribution arrangements) will benefit from any increase in non-domestic rates income. For the reasons mentioned earlier this is difficult to quantify, the Barclay Review Report estimated this income could be in the region of £1.6 million from 2022-23. This figure may

be reduced if any of the land and heritages newly entered in the roll were to be eligible for a rate relief.

Costs

For the reasons mentioned earlier this is difficult to quantify, but using the Barclay Review Report estimate then the cost to the proprietors, tenants or occupiers of the lands and heritages newly entered in the roll could be in the region of £1.6 million from 2022-23. This figure may be reduced if any of these lands and heritages were to be eligible for a rate relief.

The workload of the assessors will increase due to increased activity in identifying and assessing the rateable value of these lands and heritages and thereafter entering them in the roll. The assessors have provided the additional administrative costs of these activities as part of their overall estimated costs (Table 1).

Very few local authorities have identified any material costs as a result of this proposal although it is possible that there may be downward pressure on aggregate local authority rental income from properties that are currently benefiting from the rates exemption. One council did raise specific concerns over the impact on one property.

Summary table

Table 4 below summarises all the impacts discussed above and outlined in further detail in the Financial Memorandum.

Table 4: Summary of financial implications of the Bill , 2020-21 to 2024-25

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Administrative cost							
Local authorities		0.5	0.6	0.4	0.4	0.6	2.6
Scottish Assessors	2.5	4.6	5.2	5.3	5.5	6.0	29.1
Scottish Government	0.2						0.2
Sub-total	2.7	5.1	5.8	5.7	5.9	6.6	31.9
Cost to ratepayers							
Impact on non-domestic rates liabilities		7.0	7.2	9.0	9.2	9.5	41.9
Penalties		9.0	3.9		9.0	3.9	25.8
Sub-total	0.0	16.0	11.1	9.0	18.2	13.4	67.7
Total	2.7	21.1	16.9	14.8	24.2	20.0	99.6
Increase in non-domestic rates income		7.0	7.2	9.0	9.2	9.5	41.9

Scottish Firms Impact Test

Overall, the package of Barclay Review recommendations were well received by the business community and the associated legislation will have a range of impacts on Scottish firms and the rating community more widely. Due to the nature of the reforms, there will inevitably be winners and losers amongst ratepayers but overall the aim of the Bill is to increase fairness amongst ratepayers through the creation of a level playing field and to improve the administration of the non-domestic rates system.

The Scottish Government's "*Barclay Implementation: A consultation on non-domestic rates reform*" document was endorsed by BIAG which includes representation from Scottish businesses. The Scottish Government has continued to consult with the business community through BIAG, the Scottish Ratepayers Forum, the Scottish Rating Surveyors Forum and through regular bilateral engagement with a variety of business and third sector representative bodies.

While the Barclay Review's remit was one of fiscal neutrality, subsequent policy decisions have reduced the aggregate net revenues raised from non-domestic rates compared with the original Barclay Review estimates. By design, a number of the Bill provisions will increase the costs to Scottish Firms by closing known tax avoidance loopholes. The funding raised from these policies has already been allocated to other Barclay Review recommendations for example the introduction of a new day nursery relief - available to qualifying nurseries from 1 April 2018.

Competition Assessment

As non-domestic rates are a universal measure, the majority of these proposals will affect all stakeholders equally and result in no material competition issues. A wide range of business interests are represented on the BIAG and the associated sub-groups and competition issues have not been raised.

As outlined in the Barclay Review Report the recommendations are "*not about penalising particular sectors*" but rather are about "*removing anomalies*" and "*creating a level playing field*" and "*reducing avoidance*".

Test run of business forms

In parallel with the Bill, the Scottish Government has established working groups to deliver the administrative Barclay Review recommendations for example to deliver standardised non-domestic rates bills and a national list of non-domestic rate relief recipients. These groups have worked closely with the business community through the FSB and the SCC to user test forms prior to introduction. It is planned that the same consultative process will be adopted for any new forms such as valuation notices or information gathering templates.

Legal Aid Impact Test

It is not envisaged that there will be any greater demands placed on the legal aid system by the implementation of these Barclay Review recommendations. Accordingly it is not considered that there will be any effect on individuals' right of access to justice through the availability of legal aid or on possible expenditure from the legal aid fund.

Enforcement, sanctions and monitoring

The BIAG will continue to convene at key stages to monitor implementation progress and evaluate the effectiveness of all the Barclay Review reforms including those delivered by this Bill.

Local authorities are responsible for the day to day administration of the non-domestic rates system and have independent enforcement and monitoring systems in place.

Individual local authority non-domestic rates income returns are monitored at key points in the year by the Scottish Government and audited annually by Audit Scotland. The overall non-domestic rating account is prepared by the Scottish Government and audited annually by Audit Scotland.

Implementation and delivery plan

The legislative framework underpinning these proposals is set out in the Non-Domestic Rates (Scotland) Bill 2019 which was introduced to the Scottish Parliament on 25 March 2019. Subject to the Bill successfully completing the parliamentary process, the intention is to commence a number of provisions a day after the Bill receives Royal Assent. These are provisions relating to the assessors increased information gathering powers to enable the assessors to utilise these powers for the 2022 revaluation which has a tone date of 1 April 2020.

Post-implementation review

With the agreement of the membership, the BIAG will evolve now the Non-Domestic Rates (Scotland) Bill has been introduced to the Scottish Parliament and the BIAG will continue to meet at key stages to monitor implementation progress and evaluate the effectiveness of the Barclay Review recommendations.

The Barclay Review led to the creation of the Scottish Ratepayer Forum (SRF) and the Scottish Rating Surveyor Forum (SRSF). The remit of the SRF is to provide an opportunity for ratepayers and representative industry bodies to meet directly with representatives from the SAA, government, finance and related bodies. The purpose of the forum is to provide an opportunity for the exchange of ideas, improve understanding and facilitate dialogue between stakeholders. The forum is chaired by the SAA. Membership of the SRF is open to trade and industry bodies. The remit of the SRSF is to provide an opportunity for rating surveyors to meet directly with representatives from the SAA, government, finance and related bodies such as the water industry. The purpose of the forum is to provide an opportunity for the exchange of ideas, improve understanding and facilitate dialogue between stakeholders. This forum is also chaired by the SAA. Membership of the SRSF is open to rating surveyors who represent trade/industry bodies and individual ratepayers.

Summary and recommendation

The recommended policy option(s) is to introduce primary legislation as set out under Option 2 under each of the proposals. This will achieve the Scottish Government's aim of implementing the accepted recommendations of the Barclay Review Report.

Declaration and publication

I have read the Business and Regulatory Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options. I am satisfied that business impact has been assessed with the support of businesses in Scotland.



Signed

Derek Mackay

Cabinet Secretary for Finance and Constitution

Date: 23 June 2019

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