

Non-Domestic Rates (Scotland) Bill

Financial Memorandum

Introduction

As required under Rule 9.3.2 of the Parliament's Standing Orders, this Financial Memorandum is published to accompany the Non-Domestic Rates (Scotland) Bill, introduced in the Scottish Parliament on 25 March 2019. It sets out:

- best estimates of the administrative, compliance and other costs to which the provisions of the Bill would give rise;
- best estimates of the timescales over which such costs would be expected to arise; and
- an indication of the margins of uncertainty in such estimates.

The following other accompanying documents are published separately:

- Explanatory Notes (SP Bill 44–EN);
- a Policy Memorandum (SP Bill 44–PM); and
- statements on legislative competence by the Presiding Officer and the Scottish Government (SP Bill 44–LC).

The Financial Memorandum should be read in conjunction with the Policy Memorandum, which sets out more fully the reasoning behind the Bill and a range of non-financial benefits associated with it.

The Financial Memorandum has been prepared by the Scottish Government to set out the costs associated with the measures introduced by the Bill. It does not form part of the Bill and has not been endorsed by the Parliament.

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Background

The non-domestic rates system

Non-domestic rates, also called business rates, are a property-based tax paid on rateable non-domestic properties which are entered in the Valuation Roll (“the Roll”). All non-domestic properties are rateable except where they are specifically exempt by law. Non-domestic properties are properties such as shops, offices, warehouses and factories, and any other property that is not classed as domestic property, whether in the private, public or third sector. Generally, it is the proprietor, tenant or occupier of a non-domestic property who is liable for the payment of rates.

The Scottish Government has responsibility for setting non-domestic rates policy (including rates, reliefs and exemptions) and the legislative framework for the tax (such as this Bill). Responsibility for the day-to-day administration of the non-domestic rates system, including the billing and collection of rates due, rests with each of Scotland’s 32 local authorities.

All non-domestic rates income collected by a local authority is retained by that authority to help fund local services, including those benefiting non-domestic properties. The Scottish Government then distributes additional central government grants to each local authority according to a needs-based formula which has been agreed by the Convention of Scottish Local Authorities (COSLA) on behalf of Scotland’s 32 local authorities. This protects local authorities from volatility in rates income and ensures that each local authority budget is not solely determined by its revenue-raising capacity (non-domestic rates, council tax and various fees and charges for services provided by the authority). The amount of non-domestic rates income distributed to local authorities in 2019-20 is £2,785 million.¹

Each non-domestic rates property has a rateable value (RV) upon which its gross rates liability is calculated, by multiplying the RV with the tax rate, known as the “poundage”. Properties with an RV over £51,000 are also liable for a Large Business Supplement on top of the poundage. Properties

¹ Scottish Budget 2019-20:

<https://www.gov.scot/binaries/content/documents/govscot/publications/publication/2018/12/scottish-budget-2019-20/documents/scottish-budget-2019-20/scottish-budget-2019-20/govscot%3Adocument>

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may also be liable for reliefs, such as the Small Business Bonus Scheme (SBBS), charity relief and empty property relief. Some of these, such as SBBS, are mandatory, while others, such as charity relief, have both mandatory and discretionary elements. Finally, local authorities have the power to put in place local reliefs.

RVs are determined independently of Scottish Government by Scottish Assessors (“assessors”). There are fourteen assessors in Scotland² and each is responsible for the valuation of non-domestic properties within one or more local authority areas.

All non-domestic properties are re-assessed usually (but not always) every five years. This is referred to as “revaluation”. The RV of a property at revaluation is based on its notional level of rent prevailing at the tone date, which is set two years before revaluation (1 April 2015 for the most recent revaluation in 2017). Following a revaluation, RVs remain unchanged until the next revaluation, unless there is a material change to the property such as a change of use, or an extension. At the last revaluation – effective from 1 April 2017 - 233,386 properties were entered on the Roll.³

Revaluations are intended to be revenue-neutral, and the Scottish Government has in the past decreased the poundage the year of revaluation in order to counteract any increase in total RV on the Roll.

Proprietor, tenants and occupiers of non-domestic properties have a period of six months (up to 30 September 2017 for the 2017 revaluation) to make an appeal against the revaluation entry in the Roll. Appeals are made to Valuation Appeal Committees (VACs) who are independent of the assessors. 73,868 appeals were lodged against the 2017 revaluation, equal to 31.7% of all non-domestic properties in Scotland.⁴ 30,443 of these have resolved by December 2018 (41.2% of the total number of revaluation appeals). Over three-quarters (22,989) of resolved appeals did not result in

² Scottish Assessors: <https://www.saa.gov.uk/assessors-links/>

³ Scottish Assessors Association Annual Report 2017/18:
<https://www.saa.gov.uk/wp-content/uploads/2018/06/SAA-Annual-Report-2018-Final.pdf>

⁴ Non-Domestic Rates Revaluation Appeals 2010 and 2017:
<https://www2.gov.scot/Topics/Statistics/Browse/Local-Government-Finance/NDR-Rates-Relief>

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any change of RV.

Only a fraction of appeals are actually heard by a VAC,⁵ but the large number of appeals and the deadline for disposal by VACs (31 December 2020) mean that some ratepayers may have to wait over three years for their appeal to be heard.

The Barclay review of non-domestic rates

In the period from July 2016 to August 2017, the Government commissioned Ken Barclay to carry out an independent review on 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.”⁶

The 2017 Report of the Barclay Review of Non-domestic Rates⁷ (“the Barclay Review Report”) contained 30 recommendations. Shortly after the publication of the Barclay Review Report, the Cabinet Secretary for Finance, Economy and Fair Work made a statement⁸ in the Scottish Parliament setting out the Scottish Government’s response to the Barclay Review’s recommendations.

To inform delivery of this response, the Government set out the Non-

⁵ For example, between 15 March 2010 and 30 September 2015, 98% of revaluation appeals and 95% of running roll appeals made to the Grampian Assessor (which had 7,350 revaluation appeals and 8,868 running roll appeals) were disposed of prior to the VAC hearing (. Only 9 were heard and disposed of by a VAC, 1% was dismissed by the VAC and 0.4% were referred to and accepted by the Lands Tribunal for Scotland.

⁶ Barclay Review Report: <https://www.gov.scot/publications/report-barclay-review-non-domestic-rates/>

⁷ Barclay Review Report: <https://www.gov.scot/publications/report-barclay-review-non-domestic-rates/>

⁸ Scottish Government response to Barclay Review Report: <https://www.gov.scot/publications/barclay-review-report-ministerial-response/>

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domestic rates: Implementation plan in response to the Barclay Review,⁹ convened an implementation advisory group (BIAG¹⁰) and carried out a consultation on the recommendations that it agreed to consider. An independent analysis of the consultation responses was published on 22 February 2019.^{11,12}

Overview

The provisions of the Bill cover:

- measures to support economic growth:
 - the provision of a marker relevant for the Business Growth Accelerator (BGA) relief; and
 - three-yearly revaluations from 1 April 2022 (the tone date, as called for by the Barclay Review, will be set to one year before revaluation for the 2025 revaluation onwards in secondary legislation).
- measures to improve ratepayers experiences and administration of the system:
 - greater information-gathering power for assessors (from whomever they deem it necessary to do so to carry out valuation;
 - the replacement of the criminal penalty for non-provision of information requested by the assessor with a civil penalty

⁹ Non-domestic rates: Implementation plan in response to the Barclay Review:

<https://www.gov.scot/binaries/content/documents/govscot/publications/advice-and-guidance/2017/12/barclay-review-of-non-domestic-tax-rates-implementation-plan/documents/bf0f2ef4-bcbc-4c22-84fa-07735ee496f1/bf0f2ef4-bcbc-4c22-84fa-07735ee496f1/govscot:document/?inline=true/>

¹⁰ BIAG: <https://www.gov.scot/groups/barclay-implementation-advisory-group/>

¹¹ https://consult.gov.scot/local-government-and-communities/non-domestic-rates/user_uploads/00537324.pdf

¹² Non-domestic rates reform: analysis of responses to consultation on Barclay: <https://www.gov.scot/publications/analysis-responses-barclay-implementation-consultation-non-domestic-rates-reform/>

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combined with an increase from 14 to 56 days to respond to an assessor's request for information; alongside the existing criminal penalty for providing false and misleading information;

- the introduction of a civil penalty for failure to provide information to local authorities (both by the ratepayer being required to notify their local authority of a change in their circumstances and upon a request for information from the local authority);
 - local authority debt recovery powers for non-domestic rates broadly in line with those that pertain for council tax; and
 - reforms to the appeals system including the requirement to lodge a proposal with assessors before appealing and the possibility of RVs going up on appeal.
- measures to increase fairness and ensure a level playing field:
 - the creation of general anti-avoidance regulations (by providing Scottish Ministers with an enabling power to tackle avoidance through regulation);
 - the creation of a limited local authority discretion over the eligibility criteria for a dwelling (self-catering holiday accommodation) to be either entered in or remain in the Non-Domestic Rates Valuation Roll as opposed to being entered in the Council Tax Valuation List in certain prescribed circumstances.
 - the removal of charity relief from mainstream independent schools.
 - enabling a local authority to serve a notice on a ratepayer who is in receipt of a relief other than empty property relief where the authority considers the property occupied by the ratepayer is either not being used or is being underused; depending on the ratepayer's response the local authority may issue a revised rates demand.
 - the provision of power which enables the Scottish Ministers to issue guidance to local authorities in relation to their granting discretionary charity rate relief to any lands and heritages occupied for the purposes of a club, society or other organisation not established or conducted for profit, and which are wholly or mainly used for purposes of recreation; and

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- the removal of the exemption of public parks, or parts of parks, and the buildings therein from inclusion in the Roll if they are occupied by a person other than the public entity that controls that space; or that are not open to free and unrestricted access to the public.

A number of measures consulted on in Barclay Implementation: A consultation on non-domestic rates reform¹³ will be taken forward through secondary legislation:

- the restriction of empty property relief for empty listed buildings to five years (this is longer than the Barclay Review's recommendation that this period be of two years);
- the inclusion of the requirement that self-catering properties be let for 70 days or more in order to be considered as non-domestic and entered on the Roll; and
- the increase in the current 42 day-reset period to six months for property to be able to make a new claim for empty property relief.

General

The financial implications of this Bill have been considered under the following headings:

- the financial implications for the Scottish Administration (paragraphs 65-71);
- the costs on local authorities (paragraphs 72-86);
- the costs on assessors (paragraphs 87-102); and
- the costs on other bodies, individuals and businesses – this is covered in the heading, Costs on Ratepayers and Impact in Non-Domestic Rates Income (paragraphs 34-64), with due consideration given to the cost on the Scottish Administration and local authorities as ratepayers at paragraphs 68-71, paragraphs 84-86 and paragraph 102 respectively.

¹³ https://consult.gov.scot/local-government-and-communities/non-domestic-rates/user_uploads/00537324.pdf

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Methodology

Administrative costs on the public sector

The Scottish Government has produced analysis and estimates of the administrative costs related to the Bill. These draw on a variety of sources including cost estimates provided by 21 local authorities (accounting for 78.6% of non-domestic properties in 2017-18¹⁴), collated by COSLA and provided to the Scottish Government in October 2018. These cost estimates were extrapolated to provide cost estimates for all 32 local authorities.

The Financial Memorandum also draws on cost estimates provided by assessors, collated by the Scottish Assessors Association (SAA) and provided to the Scottish Government in September and November 2018; and updated in February 2019. The SAA provided the following caveats to its costing:

- costs were provided on a current cost basis and were not indexed for annual wage growth and inflation;
- it was assumed that no further additional workloads beyond those in the Bill would be placed on assessors, for example there would be no strategic alteration to the council tax assessment framework during the period in question;
- the personnel costs' estimate assumes that additional funding for Information and Communication Technology (ICT) investment will be available. The SAA considers investment in ICT to be a way of ensuring the achievement of a continuous valuation process but also of providing general mitigation across the general funding requirement. Without funding for ICT, the SAA noted that the level of personnel costs could increase further;
- the funding estimate seeks to reflect instances of one-off costs associated with ICT development e.g. flagging up properties eligible for the BGA on the Roll; and
- the estimate seeks to reflect all costs although there was limited knowledge on the details of a number of provisions, for example,

¹⁴ Number of ratepayers taken from Scottish local government financial statistics 2017-2018: <https://www.gov.scot/publications/scottish-local-government-financial-statistics-2017-18/>

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administration of civil penalties; monitoring the 70-day rule for self-catering units, and assessing properties in public parks.

Cost on ratepayers

The Scottish Fiscal Commission (SFC) has a statutory duty to provide independent and official forecasts of Scottish GDP, devolved tax receipts, non-domestic rates, Scottish income tax and devolved social security expenditure. Under the Scottish Fiscal Commission Act 2016,¹⁵ the SFC may also produce forecasts on other “fiscal factors”, defined as “anything which the Scottish Ministers use to ascertain the amount of resources likely to be available for the purposes of sections 1 to 3 of the Public Finance and Accountability (Scotland) Act 2000.” The Protocol for engagement between the Scottish Fiscal Commission and the Scottish Government¹⁶ notes that the SFC may produce forecasts where it considers the policy, or policies, to have a “non-negligible impact on receipts or expenditure.”

Having considered the measures in the Bill, the SFC chose not to produce forecasts for it on the basis that a number of the provisions relate to enabling legislation, with the specific details to be set out in future secondary legislation (e.g. anti-avoidance regulations, timings in the reformed appeals system).

Therefore, the Scottish Government has produced its own internal forecasts of the Bill provisions, drawing on estimates initially made for the Barclay Review Report, and further developed in the partial Business and Regulatory Impact Assessment published alongside it.¹⁷

Two of the changes introduced by the Bill will have a direct impact on affected ratepayers’ rates liabilities, and thus on total non-domestic rates income:

- removing charity relief for mainstream independent schools; and

¹⁵ http://www.legislation.gov.uk/asp/2016/17/pdfs/asp_20160017_en.pdf

¹⁶ <http://www.fiscalcommission.scot/media/1231/march-2018-protocol-for-engagement-between-the-scottish-fiscal-commission-and-the-scottish-government.pdf>

¹⁷ Partial Business Regulatory Impact Assessment: <https://www.gov.scot/publications/partial-bria-business-regulatory-impact-assessment/>

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- amending the exemption of some public parks from being rated and thus making them liable for non-domestic rates.

The impact of these two changes are based on the most recent Billing System Snapshot as at 1 June 2018.¹⁸ This is the only annual compilation of all non-domestic properties in receipt of rates relief as reported by local authorities to the Scottish Government.

The move to three-yearly revaluations is also likely to have an impact on ratepayers' non-domestic rates liabilities.

Non-domestic properties occupied by the private and third sector organisations account for over 90% of the total number of properties on the Roll and just over 80% of total RV, with the public sector accounting for just under 10% of the Roll, but 17% of total RV. Financial Memoranda require that, where possible, costs be broken down by ratepayer type (Scottish Administration; local authorities; and other bodies, individuals and businesses).

However, in relation to independent schools, these are by definition held by private individuals or corporations, therefore there is no direct impact of this change on the Scottish Administration or local authorities as ratepayers.

In relation to public parks, the current exemption covers:

- public parks under the control of a local authority where the latter does not derive a net profit; and
- public parks held by e.g. a government department that are not available for free and unrestricted access to the public.

The Bill will remove from the above exemption parks, or parts of them, that are occupied by a body other than the public body that controls them, or when they are not open to free and unrestricted access to the public (this is an extension to local authorities of what is already a requirement for public parks held by e.g. a government department).

¹⁸ Billing System Snapshot 2018:
<https://www2.gov.scot/Topics/Statistics/Browse/Local-Government-Finance/DataSupplierArea/ReturnBSS/BSS2018>

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As this provision in the Bill will require the inclusion in the Roll of presently exempt lands and heritages, it is not possible to identify who will be impacted. However, given the current exemption, the impact of the change is expected to fall overwhelmingly, if not entirely, on ratepayers in the private, and potentially charitable, sector. Note in relation to the latter that where a new entry is used for charitable purposes, the property may be eligible for charity relief.

Nevertheless, the potential impact of the change to the exemption of public parks from the Roll on the Scottish Administration and local authorities as ratepayers are set out at paragraphs 68-71, paragraphs 84-86 and paragraph 102 respectively.

Costs on ratepayers and impact on non-domestic rates income

Direct impact on ratepayers' non-domestic rates liability

The changes listed in paragraph 25 will generally result in affected ratepayers paying more in non-domestic rates and, consequently, in an increase in the amount of revenue produced by non-domestic rates. These are set out in Table 1.

The estimated increase in rates' liabilities shown in Table 1 and are based on commencement dates of 2020-21 for the removal of charity relief from mainstream independent schools¹⁹ and 2022-23 (the next revaluation) for the change to the exclusion of public parks on the Roll.

Table 1: Direct cost to ratepayers (impact on non-domestic rates liabilities) of the Bill provisions, cash terms, £ million²⁰

| | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | Total |
|--|---------|---------|---------|---------|---------|-------|
|--|---------|---------|---------|---------|---------|-------|

¹⁹ The precise date of commencement of this provision is not known at this point in time. If it were to commence halfway through the financial year (1 September 2020) for instance, the cost on ratepayers in 2020-21 would be half the amount shown for that year in Table 1.

²⁰ Totals may not add up due to rounding.

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| | | | | | | |
|---|-----|-----|-----|-----|-----|------|
| Removing charity relief from mainstream independent schools | 7.0 | 7.2 | 7.4 | 7.5 | 7.7 | 36.9 |
| Commercial activity on parks ²¹ | | | 1.6 | 1.7 | 1.7 | 5.1 |
| Total | 7.0 | 7.2 | 9.0 | 9.2 | 9.5 | 41.9 |

The costings in Table 1 represent the Scottish Government’s best estimate of the impact of the Bill on ratepayers’ rates liabilities, based on annual relief costs as per the Billing System Snapshot 2018 as at 1 June 2018, i.e. estimated for 2018-19. These values were then uprated annually by the Consumer Price Index (CPI) using CPI as at September 2018 (2.4%) to provide estimates for 2020-21 to 2024-25.²²

The costings do not model the impact of future changes, be they policy decisions or physical changes (such as particular property developments, etc.). It should also be noted that in the case of the change to the public park exemption from the Roll, the evidence base is very limited.

The estimated cost of removing charity relief from mainstream independent schools is based on the “occupier type” (public/private) recorded by assessors in the Roll, reconciled to the Independent schools in Scotland: register (“the register”).²³ As at February 2019, there were 58 mainstream independent schools listed in the register. This excludes Additional Support Needs schools of which there are 33 in Scotland (only 13 of which are OSCR-registered charities). It includes Beaconhurst School which is listed as being in administration on the register, but which is set to be reopened by Fairview International Schools. Finally, it does not include the specialist independent music school (St Mary’s Music School).

Of the 58 mainstream independent schools, 56 are OSCR-registered

²¹ This assumes that no buildings entered under this provision on the Roll would receive BGA relief for the first year.

²² This is because the poundage, outside of revaluation years, has tended to increase by inflation (either the Retail Price Index, CPI).

²³ Independent schools in Scotland: register:

<https://www.gov.scot/publications/independent-schools-in-scotland-register/>

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charities.²⁴ These 58 schools occupy a total of 79 non-domestic properties. 53 schools (with a total of 74 properties) were in receipt of charity relief²⁵ worth approximately £6.7 million in 2018-19 – uprated annually by CPI to provide costs from 2020-21 (Table 1). Three mainstream independent schools were receiving no relief.

The estimated cost of amending the exemption from the Roll of public parks is an uprate (by CPI) of the estimate provided in the Barclay Review Report for 2018-19 (£1.5 million) given that there is no available database of commercial activity in public parks that is currently exempt from rating. This assumes, based on discussions with assessors at the time, that commercial facilities in parks have an average RV of £20,000 and that there are 5 such properties in each of the 32 local authorities.

Finally, the impact of a move to three-yearly revaluations on total non-domestic rates' liabilities is considered to be nil in relation to ratepayers' rates liabilities. In forecasting non-domestic rates income, the assumption is always made that the poundage will be set (as is done in England by law) at each revaluation to ensure revenue-neutrality over the revaluation cycle, so that the overall tax burden over the period, regardless of whether this is a five or three-year cycle, will be the same as it would have been had there been no revaluation.

Estimates of the losses from successful revaluation appeals, which are backdated to the beginning of the cycle, together with the overall change in RV of the tax base are both used to set the revenue neutral poundage in the first year of the cycle. Over the cycle (however long it may be) the total forecast non-domestic rates income is thus the same whether or not a revaluation occurred, assuming the poundage is set in this way.

Hence, changing from a five-year cycle to a three-year cycle will change the profile of the income receipts resulting from the tax over the cycle, but it is not expected to change the overall burden of the rates liability over the cycle.

²⁴ As at February 2019. Source: OSCR: <https://www.oscr.org.uk/>

²⁵ Note this assumes that these schools were in receipt of the same relief as they were in as at 1 June 2018 as per the Billing System Snapshot 2018.

Further potential impact on ratepayers' non-domestic rates liabilities

Firstly, the additional cost arising from the Bill as a result of local authorities' power to restrict relief to properties in active use is nil for the purposes of this Bill. For information, the Scottish Government estimated the cost of this on ratepayers if this power is fully, and successfully exercised. In practice, it is likely that some ratepayers would appeal a decision by the local authority to remove their relief(s) on the basis that they are not in use, or being underused. If this were the case, case law would emerge over time, setting precedent in this area.

To do so, the Scottish Government considered expenditure on reliefs, excluding empty property relief, received by "vacant" properties, which are flagged by assessors in the Roll. In addition, it considered expenditure on reliefs, excluding empty property relief, received by properties that are not flagged as vacant on the Roll, but that are empty property relief recipients.²⁶ Total expenditure on these reliefs for these non-domestic properties comes to £21 million in 2018-19 (see Table 2).

Table 2: Properties flagged as vacant on the Roll and/or in receipt of Empty Property Relief as well as another relief, as at 1 June 2018

| | Number of properties | Relief spend (excluding empty property relief), cash terms, £ million |
|---------|----------------------|---|
| SBBS | 6,700 | 14 |
| Charity | 600 | 5 |
| Other | 200 | 2 |
| All | 7,500 | 21 |

It was then assumed that all the properties in receipt of empty property relief are in fact unoccupied, i.e. not in active use, and would lose eligibility for any other relief they receive. Therefore the saving from this is assumed to be 100% of the total spend on these reliefs (excluding empty property relief as they would retain eligibility for that) for these properties. However, where

²⁶ As per the Billing System Snapshot 2018:
<https://www2.gov.scot/Topics/Statistics/Browse/Local-Government-Finance/DataSupplierArea/ReturnBSS/BSS2018>

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properties were not in receipt of empty property relief but were flagged as vacant on the Roll, it was assumed the savings on these properties would only be 75% of the cost of relief spend (excluding empty property relief) on them rather than 100%. This is to account for the fact that not all properties flagged as “vacant” on the Roll are in fact unoccupied and is based on the proportion of empty property relief recipients that are also flagged as vacant on the Roll.

Using the methodology set out in paragraph 46 and assuming this power was exercised from 2020-21, the estimated impact on rates liabilities as a result of the restriction of relief to properties in active use is estimated at £18 million for 2020-21, rising to £20 million in 2024-25, assuming annual CPI inflation. This corresponds to the estimated “maximum” impact of the power to restrict relief to properties that are not unoccupied and/or not flagged as vacant.

This methodology assumes however that all unoccupied properties are in receipt of empty property relief, which seems unlikely, particularly as the relief is application-based. The impact on taxpayers’ non-domestic rates liability could potentially be higher if account was taken of properties that are neither flagged as vacant on the Roll nor in receipt of empty property relief, but that are not in use, or are being under-used, and receiving another relief. For instance, a vacant property receiving 100% SBBS relief that is not flagged as vacant on the Roll would be missed using the above methodology.

Of this £18 million increase in 2020-21, it is estimated that local authorities could incur an increase in their own rates’ liability of £1 million based on the Billing System Snapshot.

Any increase in non-domestic rates liability for the public sector other than local authorities from the restriction of relief to properties in active use is likely to be minor. Firstly, the average RV for properties in these categories is far above the £18,000 SBBS threshold and therefore only a small share will be receiving SBBS on any of their properties – and most of these are considered unlikely to be empty. Equally, while just over 7% of properties held by this sector are in receipt of charity relief, it is also considered unlikely that these properties are empty.

Secondly, the additional cost arising from the Bill from the inclusion of the ministerial power to issue statutory guidance on discretionary sports club

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relief is nil for the purposes of this Bill. For information, based on an updated estimate using the same methodology as the partial Business and Regulatory Impact Assessment,²⁷ and assuming this change commences in 2020-21, the Scottish Government estimates that such guidance could raise non-domestic rates income by £3.1 million in 2020-21, rising to £3.5 million in 2024-25 assuming annual CPI inflation.

Finally, the impact of the following Bill provisions is considered to be nil for the purposes of this Bill as they are enabling powers for parameters to be set out in secondary legislation:

- the ministerial power to lay anti-avoidance regulations to counter specific cases of rates avoidance; and
- local authority discretion over the criteria to qualify a dwelling for non-domestic classification.

For information, based on an updated estimate using the same methodology as the partial Business and Regulatory Impact Assessment,²⁸ the Scottish Government estimates that these two changes, in addition to increasing the empty property relief reset period from 42 days to 6 months (note this is not in the Bill as it will be set out in secondary legislation from 2020-21) could raise around £22 million in 2020-21, rising to £24 million in 2024-25, assuming annual CPI information.

In relation to anti-avoidance regulations, while there is no robust data on the proportion of businesses which are involved in a form of tax avoidance in Scotland, in 2015, a survey of all Local Governments²⁹ in England estimated that around 1% of all 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-

²⁷ Partial Business Regulatory Impact Assessment:

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

²⁸ Partial Business Regulatory Impact Assessment:

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

²⁹ <https://www.local.gov.uk/sites/default/files/documents/business-rates-avoidance--7b4.pdf>

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domestic rates income is lost to avoidance every year.³⁰ This evidence was used to produce the costing for a General Anti-Avoidance Rule (GAAR) in the Barclay Review Report. Illustratively, a 50% reduction in this estimated avoidance as a result of GAAR in combination with Barclay Recommendations 20³¹, 21³² and 22³³ would lead to an increase in revenue of £14.25-28.5 million in 2018-19. A midway point (£21 million in 2018-19) was chosen for the Barclay Review Report.

Penalty costs to ratepayers

The cost of penalties to ratepayers are considered in aggregate in this section as it is not possible to provide an estimate of what share of penalties will be levied on the Scottish Administration, local authorities, and business/charity sector ratepayers.

The amounts for civil penalties for non-provision of information to local authorities, and to assessors, are set out in the Bill. The penalty for failure to provide information requested by the local authority is set at £95, with a further penalty of £370 if they fail to comply with the first notice and for each recurring notice. The penalty for failure to notify the local authority of a change of circumstance is a one-off £370. The penalty for non-provision of information to assessors will be £100, and a further £100, 21 days later, followed by £20 extra each day after that. The maximum penalty from assessors is £500, or the RV of the property on the day the penalty notice is given, whichever is greater.

Income from penalties is considered here as a cost to the ratepayer, which corresponds to a concurrent increase in public sector revenue. The

³⁰ Business Rates Avoidance, Summary of Responses:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/442614/business_rates_avoidance_summary_of_responses.pdf

³¹ A General Anti-Avoidance Rule should be created to reduce avoidance and make it harder for loopholes to be exploited in future.

³² To counter a known avoidance tactic, the current 42 days reset period for empty property should be increased to 6 months in any financial year.

³³ To counter a known avoidance tactic for second homes, owners or occupiers of self-catering properties must prove an intention let for 140 days in the year and evidence of actual letting for 70 days.

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penalties are intended to incentivise ratepayers to share information more effectively and promptly with both public sector bodies and are not intended to be revenue-raising; however, there may still be a net public revenue gain discounting administrative costs. This however will depend on the degree of non-compliance from ratepayers, and the extent to which local authorities and assessors serve notices on them, as well as enforcement of notices served.

In a paper submitted to the Local Government and Communities Committee, the SAA stated: “Recent correspondence regarding licensed premises highlighted that, for the 2017 Revaluation, little over 50% of the rental and turnover information had been returned.”³⁴ Assuming, based on this figure of 50%, that there is a 75% return rate across all sectors,³⁵ this would mean that close to 60,000 properties do not have the correct information provided for them. It is unlikely that assessors would choose to serve a penalty in every case given the very low use made of the criminal penalty powers that they already have. Assuming assessors serve a penalty in 50% of these cases, that still equates to 30,000 properties at revaluation. If those 30,000 properties pay their fine (£100) before 21 days, revenue raised would be £3 million. However, this carries a significant error margin given the design of the maximum level of penalty. Assuming the amount paid was £500³⁶ for all these properties for instance, and the 30,000 paid this amount, this would raise £15 million. The Summary section below provides a middle estimate of £9.0 million. This cost would likely be incurred in the tone date year (1 April 2020 and 1 April 2024) as this is when assessors will likely request information on non-domestic properties. Note this methodology assumes that one penalty is levied per property, and that all penalties are paid by ratepayers. However, assessors may serve a penalty notice on any person they require information from. The SAA did not provide an estimate of the

³⁴ Local Government and Communities Committee, 12th Meeting 2017, Written submission from the SAA, Agenda:

https://www.parliament.scot/S5_Local_Gov/Meeting%20Papers/20170426_MeetingPapers.pdf

³⁵ This is an estimated based on the fact that licensed premises are reported by assessors as having a particularly low return rate; and the fact that no sector has a 100% response rate.

³⁶ As the penalty is the maximum of £500 or the RV of the property, and only a very small share of properties on the Roll have RV below £500, revenue raised would likely be significantly higher given that the average RV on the Roll at 1 April 2017 was £31,527.

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revenue the new civil penalty may raise.

One local authority reported having applied in 2018-19 over 650 penalties for non-return of information following the issuance of 2,000 letters for the council tax single person discount review – nearly a third of recipients. While this is not directly comparable to non-domestic rates information-provision, it does indicate that information return rates to local authorities are low in other tax areas. Another local authority reported that 15-20% of all its information requests are not returned, but that the cost of billing and recovering the penalty for non-return may be greater than the outstanding accounts information is being sought for. A third local authority based their cost estimates on a 5% penalty rate. A number of local authorities have reported they believe they would be very unlikely to serve a penalty to more than 5% of non-domestic ratepayers for non-provision of information, on the basis they are more likely to target those choosing not to provide information to avoid payment of rates rather than those struggling to cope with the administration (e.g. start-ups); and that may choose to pursue cases through further enquiries from returned mail, etc., rather than imposing a penalty. Local authorities note that a particular issue may arise when seeking to impose/collect a penalty for a potentially “dead” business as there may be little space for enforcement.

Assuming for instance that 3% of ratepayers are served a notice for not providing information to their local authority, and all pay the £95 penalty, revenue raised would be £665,150. Alternatively, assuming rather that half of this 3% pays £95, but the other half are served a further notice and pay an additional £370, revenue raised would be £2.0 million. Assuming a further 3% of businesses on the Roll change their circumstances per year but fail to notify the local authority, this would raise an additional £2.6 million per year, coming to a total of between £3.3 and £4.6 million for a given revaluation period (assuming one change per illustrative property over a revaluation period), though again, this is likely to decrease as information-sharing improves between ratepayers and local authorities. The Summary section uses below provides a middle estimate of £3.9 million.

Administrative cost on ratepayers

Ratepayers (and others from whom assessors deem it necessary to request information under their expanded powers to do so) may face costs in providing more information than previously to assessors as a result of:

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- three-yearly revaluations;
- greater information-gathering power for assessors (from whomever they deem it necessary to do so to carry out valuations);
- the replacement of the criminal penalty for non-provision of information requested by the assessor with a civil penalty, alongside the existing criminal penalty for providing false or misleading information; and
- the introduction of a civil penalty for non-provision of information to local authorities (change of circumstance to the property or upon request).

The Scottish Government did not attempt to quantify these costs they are expected to be small. For instance, at each revaluation, assessors routinely send ratepayers a “Return of Rental Information” form – three-yearly revaluations will mean ratepayers will be required to provide the requested information five times every 15 years rather than three times under five-yearly revaluations. In addition, ratepayers should already be notifying local authorities when relevant changes occur to the property e.g. changes in proprietor, tenant or occupier; or changes in occupation status.

Further, it is unlikely that assessors would request information from a person other than the ratepayer unless the ratepayer had been unwilling or unable to provide the necessary information required to carry out valuations that are as accurate as possible. Currently, the assessor would have to try and obtain this information from the proprietor, tenant or occupier anyway, so the overall burden on individuals with an interest in the property is expected to remain broadly the same.

Based on discussions with ratepayer representatives, the Scottish Government believes it is not possible at this point to estimate whether their costs would increase, and if so to what extent, as a result of the reforms to the appeals system set out in the Bill. In particular, any direct changes are likely to be incurred as a result of changes to secondary legislation related to the appeals process rather than directly as a result of the Bill.

Financial implications on the Scottish Administration

The financial implications of the Bill on the Scottish Administration are:

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- administrative cost to the Scottish Government; and
- cost as a ratepayer to the Scottish Government.

Administrative cost to the Scottish Administration

The administrative costs of the Bill provisions for the Scottish Government will relate to the preparation of regulations, guidance and publicity associated with the Bill in the form of sending a letter to all 233,386 ratepayers (with postal, paper, printing, etc. costs estimated at £1 for each ratepayer) as well as three full time days of work by a B2 Grade Scottish Government employee (at £15 an hour so £325.8 in total) so £234,000 in total.

Aside from the Scottish Government, unmetered water charges are based on RV, therefore more frequent revaluations will lead to more frequent changes to these charges and Scottish Water may incur a cost as a result of this. This is not expected to be significant relative to current total administration costs however.

Costs as a ratepayer to the Scottish Administration

The Scottish Government is itself a ratepayer and holds 303 properties on the Roll³⁷ (0.1% of the total number of non-domestic properties in Scotland; just over 1% of all public sector non-domestic properties) with a total RV of £39 million, equal to about 0.5% of the total RV of all non-domestic properties in Scotland (3% of all public sector non-domestic properties). The impact of the Bill on the Scottish Government as a taxpayer is likely to be minor. As noted at paragraph 50 above, any increase in non-domestic rates liability for the public sector other than local authorities from the restriction of relief to properties in active use is likely to be minor. Additionally, the Scottish Government does not hold any public parks itself, or commercial activity therein and nor does it operate any independent schools.

Aside from the Scottish Government and local authorities, other elements of the Scottish public sector estate (excluding local authorities), such as National Health Service, Police Scotland, Scottish Fire Rescue, Forest Enterprise Scotland, Northern Lighthouse Board, Scottish Enterprise etc.,

³⁷ As at February 2019.

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also hold non-domestic properties.

These account for 2% of all non-domestic properties on the Roll (22% of all public properties) and 4.8% of total RV on the Roll (28% of total public property RV).

The Scottish Government does not believe it is possible to estimate the impact of the change to the public park exemption on public bodies other than itself or local authorities, but is not aware of any commercial activity carried out by these ratepayers that is currently exempt (given parks held by these bodies are already rated if they are not open to free and unrestricted access).

Costs on local authorities

The financial implications of the Bill to local authorities are:

- administrative cost; and
- cost as a ratepayer to local authorities.

Administrative costs to local authorities

The financial implications for local authorities are firstly the administrative and operational costs that local authorities are likely to incur as the billing authorities for non-domestic rates. The expenditure set out in Table 3 is new expenditure either directly or indirectly associated with the Bill's provisions. Note Table 3 contains no expenditure figures in relation to the preparation of regulations and guidance and publicity associated with the Bill as the Scottish Government will absorb these costs.

Table 3: Administrative cost estimates, local authorities, cash terms, £000s³⁸

| | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | Total |
|--|---------|---------|---------|---------|---------|-------|
|--|---------|---------|---------|---------|---------|-------|

³⁸ Totals may not add up due to rounding.

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| | | | | | | |
|---|------------|------------|------------|------------|------------|--------------|
| Three yearly-revaluations ³⁹ | 1 | 168 | 1 | 1 | 168 | 340 |
| Penalty for non-provision of information to local authorities | 89 | 89 | 89 | 89 | 89 | 446 |
| Quicker debt recovery by local authorities | 164 | 164 | 164 | 164 | 164 | 818 |
| Charity relief entitlement to be removed for most independent schools | 10 | - | - | - | - | 10 |
| Refuse relief to properties in active occupation | 187 | 187 | 187 | 187 | 187 | 936 |
| Commercial activity on parks to be charged rates | - | - | 4 | - | - | 4 |
| Total | 451 | 608 | 445 | 441 | 608 | 2,553 |

Table 3 assumes that costs, unless otherwise specified by local authorities, are annual for the following provisions:

- penalty for non-provision of information to local authorities (notices, appeals and debt pursuit);
- refusal of relief when a property is not in active use (site visits, notices, appeals and debt pursuit); and
- quicker debt recovery by local authorities (system updates, changes to documentation, staff training, customer awareness, notices and subsequent enquiries).

1. In addition, in 2020-21, there is also assumed to be a one-off cost as a result of the provision to end charity relief eligibility for mainstream independent schools, relating to the cost for local authorities of reviewing entitlement for independent schools.

2. The costs in relation to revaluation for local authorities are accounted for the year before revaluation in Table 3, i.e. in 2021-22 and 2023-24, and relate to reviewing RV-based reliefs and issuance of bills.

³⁹ One local authority provided an annual cost of £800 over the whole period.

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3. The costs in relation to commercial activity on parks being charged rates are assumed to be one-off and incurred in 2022-23 in Table 3, the year of revaluation as this is when it will be included in the Roll.

COSLA did not carry out a sensitivity analysis in relation to their cost estimates (Table 3), therefore the margin of uncertainty is not known.

A number of local authorities noted for instance the difficulties of estimating the cost of individual provisions without full detail of these provisions, and highlighted that IT costs would depend on their software supplier costs, which could only be determined nearer the time the necessary changes are implemented. The Scottish Government will continue to review these costs in conjunction with COSLA.

The other changes in the Bill are not relevant to local authorities and are not estimated by COSLA or the Scottish Government to lead to an administrative cost to local authorities. These are:

- greater information-gathering power for assessors (from whomever they deem it necessary to do so to carry out valuations);
- the replacement of the criminal penalty for non-provision of information requested by the assessor with a civil penalty, alongside the existing criminal penalty for providing false or misleading information; and
- reforming the appeals system.

Some local authorities provided an IT cost estimate for the delivery of the BGA through primary legislation (nine out of 21 authorities who provided information said the cost of this provision would be nil or negligible, whilst 11 had costs that ranged between £200 and £12,000). The Scottish Government however does not believe that, relative to delivery through secondary legislation, there will be an additional cost for this relief compared to the status quo. On the contrary, the certainty offered by the ministerial commitment that this relief will continue in the future, through the creation of a marker on the Roll, may allow local authorities to avoid annual IT update costs for this relief, and deliver a saving. Software suppliers may charge annual costs for renewing IT systems for reliefs (e.g. transitional relief) that are delivered annually through secondary legislation, stating the lack of certainty that the policy will continue as a reason for this.

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Local authorities may incur a gain from the power to recover debt from ratepayers more promptly on the basis that this may decrease the number of write-offs. Other than this, this will not increase revenue in the medium to long-term as total recovered revenue should be the same. Therefore, local authorities' estimate that this Bill provision will incur no cost appears reasonable.

The penalty levels are set to be effective (i.e. influence behaviour), but not to raise revenue. Nevertheless, depending on use of these powers, there will be a potential revenue gain. This is discussed under the section on *Penalties* below.

Costs as a ratepayer to local authorities

Local authorities will be affected by the Bill in terms of their non-domestic rates liability, as a ratepayer themselves. Local authorities directly hold about 6% of all non-domestic properties in Scotland (65% of the public sector), and 8% of total RV in Scotland (48% of the public sector). There are also 1,057 properties held by Arms' Length External Organisations (ALEOs) (0.5% of the total number of properties in Scotland), with a cumulated RV equal to 1.5% of the total in Scotland.

Examples of ALEOs include, in Glasgow Council, City Building (Glasgow) LLP and the Integration Joint board; in the City of Edinburgh Council, Edinburgh Development Initiative; in Dundee, Leisure and Culture Dundee and in Stirling, Steadfast Homes LLP. Not all ALEO properties are classified as public sector on the roll and some but not all are classified as properties held by the local authority. The total local authority and public sector figures in the Roll therefore include some but not all ALEOs.

Local authorities may face a rates bill following the inclusion of commercial activity in parks on the Roll – this is included in the total cost on ratepayers non-domestic rates' liability set out in Table 1. This cost cannot be quantified given that parks are not currently included in the Roll. Of the 21 local authorities that provided information for this Financial Memorandum, five stated this would likely have an impact, and provided an indicative cost to these properties rates bill of £2,000, £5,000 and £20,000 each. One local authority further noted it holds 50 ALEO properties and that this provision could have a large impact on these properties rates bills.

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Costs on assessors

Administrative costs on assessors

Assessors will incur administrative and operational costs as a result of the Bill. The SAA has estimated that it will incur costs as a result of:

- the move to a three-year revaluation;
- the new appeals disposal process; the SAA's costs assume that the resolution deadline for appeals remains the same (31 December 2020 for the 2017 revaluation appeals);
- the change in eligibility for self-catering units to classify as non-domestic premises on the assumption that all self-catering properties in Scotland will have to provide evidence of 70 days of let or more in order to be classed as non-domestic and rated (note that this is not included in the Bill however);
- the requirement to include currently exempt public parks from valuation and the introduction of greater information-gathering power for assessors (from whomever they deem it necessary to do so to carry out valuations); and
- civil penalties.

Assessors did not estimate the cost of each provision separately, but rather estimated the impact of the Bill provisions as a whole. This was on the basis that some assessors use their personnel resources e.g. in-house IT, to service a range of activities; and they anticipate this will remain the case when implementing the Bill.

The majority of the estimated costs to assessors will be due to the move to a three-year revaluation. Under a five-year cycle, assessors put the majority of their human resources for the two years between the tone date and revaluation into collecting tone date information and re-assessing properties, and the three years following a revaluation dealing with appeals. Under a three-year cycle however, assessors will have to both re-assess properties for revaluation, and finish resolving the previous revaluation's appeals at the same time.

The SAA highlighted that designated assessors, who undertake the assessment of public-utility-infrastructure-related subjects on a national

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basis, value subjects that can extend to vast portfolios with RVs that run to many millions of pounds. It noted that the implication of three-year revaluations “are both considerable and extremely difficult to quantify” for these assessors and that its cost estimate does not reflect this additional pressure.

The SAA also noted that its cost estimates do not either reflect the fact that to date considerable cross-border resource and expertise-sharing has been possible to the advantage of assessors as both revaluations and corresponding resolutions of appeals have been carried out simultaneously in both jurisdictions (i.e. Scotland and England and Wales). It stated that for Scotland moving out of sync with the other jurisdictions would therefore add to the overall costs of the assessment process in Scotland but that this was not quantified.

The SAA reported, despite making some allowance for this in their cost estimates, that the inclusion of some public parks on the Roll had been hard to estimate due to the lack of data on the amount of work this would require. However, this cost is likely to be small relative to the cost of delivering three-yearly revaluations, combined with the appeals system reform.

Other changes listed in paragraph 87 are likely to incur a small portion of the overall costs that will fall on assessors.

Firstly, in relation to local authority discretion over the eligibility criteria for self-catering properties to be classified as non-domestic, it is unlikely that discretion *per se* will cause assessors to incur any cost at the point the power commences. Assessors may incur a small cost when the requirement that properties be let for 70 days or more (or whatever that may be) come into place.

Secondly, the cost of administering civil penalties is likely to be quite small, and it is reasonable to assume they will be offset by the revenue raised from these penalties (see the Penalties section below for further detail). The amount raised from these penalties will depend on assessors use of this form of penalty.

Table 4 shows the SAA’s estimated costs of implementing the changes set out in paragraph 87. Assessors have assumed in their cost estimates that the tone date for the 2025 revaluation will be one year before.

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Table 4: 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 |

The staffing figures reflect an estimated 122 additional personnel on the following ratio: 50% trainee surveyors, 20% surveyors and 30% IT and support personnel.

The estimates in Table 4 assume there will be a 25% reduction in the appeals volume. The Scottish Government believes this is a reasonable lower-end expectation at the next revaluation cycle, with the combination of changes provided for in the Bill. These include:

- the move to three-yearly revaluations (with rateable values increasing less markedly at revaluation, and better reflecting rental values);
- greater information-gathering power for assessors (allowing them to provide more accurate and easily justifiable rateable values);
- the introduction of a civil penalty for non-provision of information to assessors (which should increase the provision of information, and early contact with the assessor, which in turn may increase trust in the valuation system);
- the move to a two-stage appeals system; and

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- the risk that, when an appeal is heard, the VAC may call for an increase in RV. This may create a disincentive for appeals made as a matter of course on the basis the process is currently risk-free.

The SAA did not carry out a sensitivity analysis in relation to their cost estimates (Table 4), therefore the margin of uncertainty is not known.

Of the 14 assessors, four are appointed directly by a single local authority and the remaining ten are appointed by Valuation Joint Boards (VJBs) comprising elected members appointed by two or more local authorities. Assessors' budgets are approved by either the VJB, or local authorities. The relative cost of valuing non-domestic subjects across Scotland is taken into consideration in the Scottish Government's Grant Aided Expenditure methodology used to calculate the distribution of total revenue funding between Scotland's 32 local authorities.⁴⁰

In the Local Government Finance Settlement 2019-20, the Scottish Government provided an indicative allocation of £3.3 million for Barclay implementation costs, of which £2.5 million were provided to local authorities for the assessors to ensure that they are adequately resourced in time to implement the relevant provisions of the Bill, mainly three-year revaluations from 2022 (e.g. training and recruitment costs), and that they can do so in the context of a reformed system of appeals.

Cost as a ratepayer to assessors

The cost as a ratepayer to assessors from the Bill will be nil as they do not carry out commercial activity in parks, they do not operate any independent schools and as noted at paragraph 50 above, any increase in non-domestic rates liability for the public sector other than local authorities from the restriction of relief to properties in active use is likely to be minor.

Summary table

Table 5 summarises all the costs discussed in the Financial Memorandum. In total, over the next six years from 2019-20 to 2024-25, the administrative

⁴⁰ 2018-19 Grant Aided Expenditure

<https://www2.gov.scot/Topics/Statistics/18209/2018-19settlement>

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cost of the Bill to local authorities, assessors and the Scottish Government, is estimated to be £32 million. The estimated cost to ratepayers, both in terms of rates' liabilities, and penalties, is estimated at £68 million. In total, the cost of the Bill is estimated to be £100 million over the next six years.

Table 5: Summary of costs arising from the Bill, cash terms, 2020-21 to 2024-25, £million⁴¹

| | 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 |

⁴¹ Totals may not add up due to rounding.

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Financial Memorandum

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