LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE
CALL FOR VIEWS ON THE NON-DOMESTIC RATES (SCOTLAND) BILL
SUBMISSION FROM CBRE Ltd

Response by CBRE Ltd to the call for evidence by James Dornan MSP (Committee Convenor) in relation to the scrutiny of the impact of Scottish Government’s 2019 Non-Domestic Rates (Scotland) Bill and Inquiry into the Non-Domestic Rates system.

CONTENTS

FOREWORD 2
EXECUTIVE SUMMARY 3
Part 1: BACKGROUND 4
Part 2: CBRE LTD 7
Part 3: NON-DOMESTIC RATES (SCOTLAND) BILL 7
Part 4: NDR - AN ALTERNATIVE APPROACH 8
Part 5 CONCLUSION 27
FOREWORD

F1 This paper is CBRE Ltd’s response to the call for evidence made by James Dornan MSP, Convenor of the Local Government and Communities Committee of the Scottish Parliament, regarding the Committee’s Inquiry into the Scottish Non-Domestic Rates system covering: -

the impact of changes proposed by Scottish Government’s Non-Domestic Rates (Scotland) Bill (the Bill), and

whether

the Bill addresses the recommendations made by the Barclay Review and whether anything else should be included in this Bill or if more radical reform of the system is needed.

F2 We are confident the Local Government & Communities Committee and Parliament aspire to produce a new Non-Domestic Rating (NDR) statute that Scotland can be proud of and is the best possible NDR legislation for Scottish communities, Scottish NDR ratepayers and other stakeholders and the Scottish public.

F3 The Bill falls short of that aspiration as it retains too many discredited, outdated and inadequate elements of the existing NDR regime. It lacks vision, breadth of scope and intent and there are no substantive new provisions to fulfil the policy objectives of improved fairness, improved ratepayer experience of NDR system or improved administration of the NDR system.

F4 Achieving that aspiration requires leadership and ambition from the Local Government & Communities Committee and Scottish Parliament to combine into a single, consolidated NDR Act, the best elements of existing legislation, with fresh provisions to produce a fair, progressive, transparent, accountable and efficient NDR system fit for Scotland in the 21st century.
EXECUTIVE SUMMARY

ES1 The Bill should be expanded to include the changes we propose in the areas of NDR administration, valuation, rate reliefs, practice and procedure set out below and combine these with the best parts of the extant NDR system into a single consolidated Bill to provide a comprehensive foundation for the Scottish NDR system in the 21st century.

Redesign NDR Administrative Structures

Review and Re-appraise the Annual Multipliers & Liability Levels

Legislate for a 2021 Revaluation & Introduce a new “Valuation Date” for NDR Revaluation Purposes

Promote Valuation Responsiveness to Changing Market Places

Overhaul Rate Exemptions & Rate Reliefs

Clarify Parties’ Proposal & Appeal Requirements, Rights & Obligations

Balance Information Gathering & Exchange Rights and Obligations

ES2 Our proposals relating to each of these elements are set out in Part 4: NDR – AN ALTERNATIVE APPROACH and our responses to the individual Sections, Subsections and Clauses of the Bill are attached at APPENDIX A.
Part 1: BACKGROUND

1.01 On 25 March 2019 Scottish Government introduced to Parliament the Non-Domestic Rates (Scotland) Bill (the Bill) supported by a Policy Memorandum (the Policy Memo), a Financial Memorandum (the Financial Memo), Explanatory Notes (the Notes) and Statements of Legislative Competence (the Statements).

1.02 Para 5 of the Notes states “The Bill deals with non-domestic rates, which are a property-based tax paid on non-domestic properties. Rates are paid to local authorities and used to fund local authority services. The rates payable in respect of a particular property are based on the rateable value of the property as entered in the valuation roll.”

1.03 Para 5 of the Policy Memo states the “policy objectives of the..Bill are to”:

- “Deliver a non-domestic rates system designed to better support business growth and long-term investment and reflect changing market places;

- Improve ratepayer 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 avoidance measures.”

1.04 Paras 19 to 38 of the Policy Memo refer to the “Barclay Review” which was an independent review of the Scottish non-domestic rates system commissioned by the Scottish Ministers and conducted by a review panel headed by Ken Barclay.

1.05 The terms of reference of the Barclay Review were: -

“To make recommendations that seek to enhance and reform the nondomestic rates system in Scotland to better support business growth and long term investment and reflect changing market place, whilst retaining the same level of income to deliver local services upon which businesses rely”

1.06 The terms or reference and the other preconditions of the Barclay Review i.e. the retention of a property-based tax system, maintenance of “revenue neutrality” and exclusion from the remit of the Small Business Bonus Scheme (SBBS) limited the scope and output of the review. The review Panel also chose not to make substantive comment on several other aspects of NDR which were pertinent to their remit e.g. i) the material change of circumstances mechanism which is very relevant to the responsiveness of NDR to “changing market places” within a revaluation and ii) the fragmented administrative structures which cause duplication, inefficiencies and inconsistencies and do nothing to “improve ratepayer experience of the rating system and administration of the system”.
1.07 The Barclay Review reported to Scottish Ministers on 22 August 2017. The Report contains 30 recommendations covering three principal areas, namely: -

1) 1 – 7, support economic growth.

2) 8 – 19, improve ratepayer experience and administration of the system.

3) 20 – 30 increase fairness and ensure a level playing field.

1.08 The Scottish Ministers have agreed to adopt 28 of the Barclay recommendations some of which are already enacted by secondary legislation. The intention of the Bill is to enact the remaining recommendations into law.

1.09 The centre piece recommendations of the Barclay Review are: -

introduce a “growth accelerator” rate relief for new and improved buildings;
exempt children’s nurseries from rates and reduce the statutory revaluation cycle from 5 to 3 years.

1.10 All three initiatives are welcome and the first two are already on the statute book while the third forms Section (S)2 of the Bill. The provisions of S2 should facilitate a quicker adjustment to changing market places between revaluations, however, as noted at (1.06 above), the Barclay Review was conspicuously silent on the more pressing need for a clear and reliable mechanism to respond to changing market places within a revaluation. The current material change of circumstances mechanism which is intended to facilitate that responsiveness requires fresh impetus because, we submit, it is neither a clear nor reliable mechanism and is not fit for purpose.

1.11 The remainder of the Bill is given over to: -

Administration and enforcement of NDR,
Information notices and notifications of changes of circumstances,
Anti-avoidance regulations and
Final provisions

1.12 On 9 April 2019, James Dornan MSP, the Convenor of the Local Government and Communities Committee of the Scottish Parliament issued a call for evidence on the impact of Scottish Government’s NonDomestic Rates (Scotland) Bill.

1.13 In the call for evidence, the Committee Convenor, stated that: -
"Non-domestic rates are the second highest revenue-raising tax in Scotland and these reforms could affect a great number of people."

"We are keen to hear the views of potentially affected organisations and members of the public about the proposed changes to the system, and whether the government has addressed the issues raised in the Barclay Review."

"We also want to know if people think anything else should be included in this Bill or if more radical reform of the system is needed."

"We look forward to hearing what the public has to say and using the evidence to ensure our inquiry is as robust as possible."

1.14 CBRE applaud the Convenor’s call for evidence and the Committee’s intention to consider whether “anything else should be included in this Bill or if more radical reform of the system is needed and to ensure our inquiry is as robust as possible.”

1.15 The introduction of this primary Non-Domestic Rating (NDR) legislation presents a rare and exceptional opportunity for the Scottish Parliament to create a Scottish NDR regime, designed and created exclusively in Scotland for the benefit of all Scottish NDR stakeholders and the broader public. It is an opportunity to design fresh, contemporary legislation that retains the best parts of the extant NDR system and consolidates these with new provisions to simplify, streamline and optimise all aspects and functions of the NDR regime and make it fit for purpose in Scotland in the 21st century.

1.16 Scottish Government’s policy objectives (see 1.03 above) are laudable and we welcome any legislation which facilitates these policies and allows them to flourish, but professing policy objectives is not the same as achieving policy objectives and several provisions and the limited scope of the Bill run counter to, rather than enhance, those policy objectives.

1.17 We welcome this opportunity to not only provide our assessment of the Bill, and other post-Barclay regulatory changes but also provide evidence and proposals in support of a broader vision and an alternative architecture for the Scottish NDR system. Our proposals are squarely behind Government Policy and the aspiration to make Scottish NDR the fairest, most transparent, cost effective, efficient, flexible and consistent system possible.

1.18 Our evidence to the Committee is set out below but we would be pleased to provide further written and/or oral evidence if it would assist the Committee.
Part 2:  CBRE LTD

2.01 CBRE Ltd is the leading global multi-disciplinary advisory and transactional property consultancy. We operate from an international network of offices including five in Scotland at Aberdeen, Blantyre, Edinburgh and two in Glasgow. CBRE is therefore a significant ratepayer, as well as one of the leading commercial property consultancies in Scotland.

2.02 Our Scottish offices offer commercial property services and advice to a broad range of clients including, individuals, small, medium and large local, national and multi-national companies and public and private organizations.

2.03 Our clients own, lease, occupy, develop, improve and trade non-domestic property interests throughout Scotland all of which are subject to NDR legislation and they advise us that NDR considerations play a major role in decisions whether to continue to operate and pursue property interests in Scottish markets or invest elsewhere.

2.04 CBRE’s Scottish NDR team is recognised by our clients and peers as a leading Scottish NDR consultancy. We provide comprehensive rating advice and services to more than 220 clients with over 3,300 separate valuation roll entries totalling over £350 million of Rateable Value with a commensurate notional annual liability in the region of £175 million.

2.05 CBRE’s Scottish NDR team made both written and oral contributions to the Barclay Review Panel and we have submitted responses to other Scottish Government consultations relating to NDR issues.

2.06 Our extensive activities, involvement and expertise in the Scottish commercial property market and the NDR system gives us exceptional insight into the impact of NDR policy and practice on ratepayers, other NDR stakeholders and the wider business community. It also adds weight to our impact assessments on the valuation, use, growth and sustainability of commercial property throughout Scotland. Furthermore, as a global property consultancy, we have access to, and can assess and compare Scottish NDR functionality and performance with equivalent systems in other jurisdictions.

Part 3:  NON-DOMESTIC RATES (SCOTLAND) BILL

3.01 NDR is the second largest tax contributor to Scottish Government finances. It is budgeted to contribute £2.785 billion in 2019/20 rising to £3.332 billion by 2023/24 (per Table 2.10 of Scottish Government Budget 2019-20). The significance and scale of NDR revenue to Scottish Government is clear as is their intention to increase the annual burden on ratepayers rather than maintain true “revenue neutrality” or reduce NDR revenue requirements.

3.02 Prior to publishing the Bill, Scottish Ministers commissioned the Barclay Review of Non-Domestic Rates (see 1.04 to 1.10 above) and the Bill seeks to enact the outstanding Barclay recommendations, although not necessarily in the
optimum way. However, the Bill avoids addressing other controversial NDR issues which, whether by accident or design, did not feature in the Barclay Review’s commentary or recommendations but are nevertheless “elephants in the room” which must be addressed if the Bill is to fulfil its aspirations.

3.03 We submit the Bill is unlikely to improve ratepayers experience, or the administration of, the NDR system as it does nothing to:

- Redress high rates of charge,
- Simplify rate reliefs or improve their fairness,
- Encourage responsiveness to changing market places within a revaluation,
- Promote administrative efficiencies through re-organisation or,
- Improve clarity, transparency or accountability of the NDR organisations.

3.04 We hope the Local Government and Communities Committee and Scottish Parliament adopt our recommendations and Legislative Proposals set out in Part 4: NDR – An Alternative Approach (below) to produce consolidated new legislation that fulfils the ambition, scope and intent needed to create a fairer, simpler and progressive NDR regime, fit for Scotland in the 21st century.

Part 4: NDR - AN ALTERNATIVE APPROACH

The Opportunity

4.01 Scotland’s NDR framework is a patchwork of statutory provisions enacted over the last 165 years but principally before devolution and the renaissance of the Scottish Parliament.

4.02 Scottish Government now exercises control over Scottish NDR and we are surprised it has not produced bolder NDR initiatives to date. In particular, failing to reverse ever-increasing annual rates burdens is disappointing as that would send a strong signal of Scottish Government’s practical support for enterprise and economic growth.

4.03 The introduction of fresh primary NDR legislation is an exceptional opportunity for the Scottish Parliament to design a new, aspirational piece of Scottish NDR legislation for Scotland in the 21st Century. The new legislation should retain and consolidate and combine the best extant legislation with new provisions to produce the most cost effective, transparent, efficient, fair and accountable NDR system possible and one that the Scottish Parliament can be proud of.

4.04 We propose that the Bill should be expanded to address and legislate for a fresh NDR regime that replaces those discredited, outdated and inadequate parts of the current system with new principled provisions shaped to put
fairness, transparency, efficiency and accountability at the front and centre of the NDR system.

4.1 Non-Domestic Rates – the basis of charge

4.1.1 Para 11 of the Policy Memo states the Rateable Value (RV) of a property is based upon its “estimated open market value”, inferring that RV is a capital (sale) value. This is incorrect, RV is a hypothetical annual rental value which is equal to Net Annual Value (NAV) “except in cases where an allowance for derating is available” (see Armour on Valuation for Rating 17-03). Although rate bills are calculated on RV it is NAV that is statutorily defined in S6(8) of the 1956 as: -

“the rent at which the lands and heritages might reasonably be expected to let from year to year if no grasmum or consideration other than the rent were payable in respect of the lease and if the tenant undertook to pay all rates and to bear the cost of the repairs and insurance, and the other expenses, if any, necessary to maintain the lands and heritages in a state to command that rent”.

4.1.2 The principles for identifying each lands and heritages to be separately entered in the roll with a separate NAV/RV have evolved but the UK Supreme Court’s 2015 decision in Woolway (VO) v Mazars (“Mazars”) has been adopted as a “persuasive” case by the Scottish Assessors Association (SAA) and, in essence, requires separate entries to be shown in the roll for each part of a property in a single occupation/ownership that is not exclusively interconnected to the other parts of the property in the same occupation/ownership.

4.1.3 The definition of NAV and its interaction with the evolving “unit of assessment” principles has withstood the test of time as a sound basis for an annual non-domestic property tax/rate charge. There is a significant, mature and regulated commercial property letting market in Scotland which produces enough contractual rental evidence on which to base NAV for many types of non-domestic property. While many contractual rents need adjusting to the statutory basis, the methods of adjustment are well established and understood by NDR valuation practitioners. For properties where this is no letting market there are well established and understood valuation methodologies and sufficient evidence to arrive at NAV i.e. by contractors test or revenue and expenditure methods.

4.1.4 Capital values are an unsuitable basis for an annual tax/rate charge because units of assessment are difficult to define where it is an occupier rather than an owner who is liable for the charge. Also, owner/occupied and investment properties form a two-tier capital market. Capital values in either market are affected by capricious matters which are constantly changing, such as tenant covenant, unexpired contractual lease terms, vacancy,
disrepair, hope value and planning potential and the many other opportunities and threats that affect capital (ownership) value, very few of which have any impact on the hypothetical rent from year to year. Decapitalization rates to produce an annual equivalent as a basis for an annual charge are as subject to the same range of constantly changing variables therefore a charge based on an amortized capital value is inappropriate, undesirable and impractical.

4.1.5 Land and site values are an unsuitable basis for an annual tax/rate, again because units of assessment are difficult to define where an occupier rather than an owner is liable for the charge. Also, there is a dearth of commercial land/site rental values throughout the country (except possibly, in Aberdeen where there is a commercial ground rent market). Land/site capital values do not produce good evidence of annual rental value for many of the same reasons that affect capital values. Also, ironically, some vacant sites in areas where rack rents are relatively high have low or even negative site values because the development costs exceed the capital value of the realisable finished development appropriate for the site.

4.1.6 No other basis for assessing the annual property value on which to base an annual tax/rate charge is as robust as NAV and it should continue as the basis of NDR in Scotland.

Legislative Proposal

Retain Net Annual Value and Rateable Value as the basis of annual NDR charges.

4.2 Redesign NDR Administrative Structures.

Introduction

4.2.1 NDR is a tax on the occupation and ownership of non-domestic properties. It is a local tax in name only as the basis of the tax is Net Annual Value and Rateable Value (NAV/RV) which has a uniform statutory definition applicable throughout the country. The tax rates are set annually by Scottish Government and qualification for, and levels of, most rate reliefs and exemptions from charge are also set by Scottish Government and local discretionary differentiation is very limited.

4.2.2 NDR’s treatment as a local tax has produced highly inefficient administrative structures and there is an overwhelming case for the administration of the tax to be re-organised on a national basis.

Unified National Billing & Charging Authority

4.2.3 As at 19 May 2019 Report 1 - Valuation Roll by Assessor and Local Authority Area Showing Total Numbers of Subjects and Rateable Value at the “Statistics” page on the Scottish Assessors Association (SAA) web site showed 254,809 separate NDR entries on roll at a total rateable value of £7,448,414,737. Over 100,000 (39.24%) of those lands and heritages attract no liability because of Small Business Bonus Scheme rate relief (per “Helping
and Supporting Business”, page 17, Scottish Budget 2019-20) therefore the number of lands and heritages attracting any rates is less than 154,809.

4.2.4 There are 32 separate local authorities each responsible for charging and billing ratepayers with entries in their valuation area. The same SAA statistics show the number of NDR entries for each local authority ranges from 1,658 (Clackmannanshire) to 28,001 (City of Glasgow). 11 of the 32 local authorities have less than 5,000 entries, 13 have between 5,000 and 10,000 entries, 5 have between 10,000 and 20,000 entries and only 3 have more than 20,000.

4.2.5 Irrespective of the number of entries or the NDR revenue levied by a local authority, each authority must devote significant staff, IT, accommodation and ancillary resources for NDR billing and charging. Fragmented billing and collection functions into 32 relatively small, separate organisations is highly inefficient. It results in extensive duplication, valuation and billing inconsistencies, impedes efficient use of human resources and is a significant drain on financial and other scarce resources.

4.2.6 We propose that a unified national authority billing and charging authority is established at a single location using a single IT system capable of dealing with all the different occupational circumstances and liability permutations that each Council could produce. This national authority should also assume Council Tax billing and electoral roll functions.

4.2.7 The creation of this national authority does not undermine local democracy. Each Council will retain their discretionary powers and instruct the national authority to charge ratepayers in their valuation area, on that basis.

4.2.8 The new national authority would also benefit from freedom to share information which current Data Protection laws might otherwise prohibit if the 32 local authorities remained as disparate organisations.

4.2.9 We propose this national authority’s costs should be borne by government and recharged to each of the 32 local authorities on a proportional basis.

**Unified National NDR Valuation & Council Tax Banding Authority**

4.2.10 There are 14 separate assessors, independent of each other, each responsible for preparing and maintaining the valuation roll in their own valuation area. This structure is also inefficient and provides inconsistent outcomes even for properties located close to each. The current organisation is wasteful as it prevents the optimum utilization of human resources and results in significant duplication of functions. It is also an extravagance paid out of public finances (paid, in part by ratepayers) to maintain 14 separate valuation organisations to carry out a uniform valuation function for only 254,809 valuation entries across the country.

4.2.11 We propose that a unified national valuation authority is established to carry out the NDR valuation and Council Tax banding functions (but not the electoral roll functions) currently carried out by the 14 separate assessors’ organisations.
4.2.12 Only a small national network of offices should be required to be retained particularly if home working practices are adopted (as in the valuation office in England) and the use of human resources and expertise could be far more efficiently deployed to where workload is greatest at any time.

4.2.13 We propose this national authority's costs should be borne by government and recharged to each of the 32 local authorities on a proportional basis.

Unified National NDR & Council Tax Dispute Resolution Authority.

4.2.14 A new national unified independent, impartial and professional NDR dispute resolution authority should be established which applies NDR law and valuation principles consistently across the country and administers assessor and local authority “penalty notice” disputes.

4.2.15 Currently valuation disputes are dealt with by valuation appeal committees, the Lands Tribunal for Scotland (LTS) and on appeal the Lands Valuation Appeal Court. The latter two should be retained but the valuation appeal committees should be replaced because they severely under resourced, have little, if any, professional valuation expertise, apply inconsistent procedures, produce inconsistent outcomes when dealing with similar arguments and have been repeated criticized for the quality of the stated cases produced where appeals are pursued to the Lands Valuation Appeal Court.

4.2.16 The new national unified and independent NDR dispute resolution authority should have sole responsibility for provide both legal and valuation expertise in valuation appeal disputes.

4.2.17 We propose that each unified national authority should adopt uniform protocols irrespective of the location of any lands and heritages and that all three unified national authorities should be directly accountable to the Local Government and Communities Committee of the Scottish Parliament.
Legislative Proposals

Create a national valuation authority to replace the 14 separate assessors.
Create a national authority to replace the 32 local authorities’ NDR and Council Tax charging and billing and electoral roll functions.
Create an independent national professional dispute resolution authority to replace the 14 valuation appeal committees.

4.3  Review and Re-appraise the Annual Multipliers & Liability Levels.

4.3.1 Para 13 of the Policy Memo states revaluations “are not intended to increase the overall tax burden and are generally revenue-neutral”. Unfortunately, under Scottish NDR “revenue neutrality” is a misnomer and should be translated to annual revenue growth. Revenue neutrality is undesirable as it implicitly prohibits the NDR revenue yield from falling below the current level irrespective of changes in broader national and local economic circumstances.

4.3.2 The reality is that Scottish Government’s actual expectations and requirement of NDR yields for future years (per Table 2.10 in Scottish Budget 2019-20) illustrates continued revenue growth of £547 million (19.6%) from £2.785 billion in 2019/20 to £3.332 billion in 2023/24.

4.3.3 It is not credible that this gap will be bridged by an addition of 19.6% in the total national NAV/RV over 5 years therefore the proposed yield in 2023/24 will only be achieved by increasing annual multipliers and granting fewer and lower rate reliefs and exemptions.

4.3.4 Many failed businesses in recent years have cited either or both excessive NDR charges and/or changing market places as a principal cause of their failure and we and many of our clients are concerned that current levels of NDR charges (49.0% and 51.6%) are unsustainable and that the Bill does nothing to reverse this direction of travel.

4.3.5 Without a commitment to reduce business rate levels from £2.785 billion now (let alone the projected revenue of £3.332 billion in 2023/24) more businesses will be pushed into administration, or worse, and the public purse will suffer a potentially far greater shortfall than if the rates of charge were trimmed now. Also, it is often overlooked that there are the potentially better outcomes in terms of business growth, employment and ultimately ability to pay for service, by reducing NDR liabilities and encouraging investment of those funds into business growth initiatives.

4.3.6 Corporate bodies are disenfranchised but are subject to NDR and other taxes (contrary to the maxim “no taxation without representation”). In the absence of direct representation and little pressure from non-ratepaying voters on elected members to reduce NDR rates (in 1989/90 the annual commercial rate poundage (multiplier) in Sheffield was £3.995/RV£) other metrics should be
used to gauge an equitable rate of NDR charge. In addition, if “revenue neutrality” is the overriding prerequisite of NDR the NDR multiplier should be pegged at a single rate for the whole revaluation period to provide certainty and deliver real “revenue neutrality”.

4.3.7 As part of a strategy to reduce NDR charges the Bill should set out the time scale for the abolition of the large property supplement. This, together with a pegged NDR rate would send a strong message that Scotland is enterprise friendly and is moving to a lower corporate taxation environment.

4.3.8 Local authorities must respond more quickly to requests for refunds of overpaid rates and applications for rate reliefs and where authorities delay complying they should be face proportional financial sanction.

Legislative Proposals

Abolishing the annual inflationary link for the multiplier.

Abolishing the “large” property supplement.

Introduce metrics to gauge the fairness of the NDR multiplier.

Peg the NDR multiplier at the start of each revaluation for the duration of the revaluation.

Subject local authorities to financial sanction for delayed issuing of rate refunds.

4.4  Legislate for a 2021 Revaluation & Introduce a new “Valuation Date” for NDR Revaluation Purposes

4.4.1 The Barclay Review implementation consultation document advises that Barclay was clear that a revaluation before 2022 was not possible, however that is not our reading of the document. The Barclay Review Panel were clearly supportive of a 2020 revaluation but that it could not be achieved because certain other matters needed to precede it.

4.4.2 These other matters related to the provision of information to Assessors and the transfer of the Valuation Appeal Committees functions to Tribunal Scotland and they are being addressed now by the Scottish Government. Given the passage of time it is now too late to prepare a 2020 revaluation, but Scottish Government need to go “beyond Barclay” and legislate immediately for a 2021 revaluation.

4.4.3 The Barclay Review preferred to maintain harmonisation with the English and Welsh revaluation cycles and that was clearly a consideration underpinning their recommendation for 3 yearly revaluations from 2022. At the time of the
Barclay Report, the next revaluations in both England and Wales were scheduled for 2022 and this would have been the start of the triennial revaluation cycle, however since the Barclay Review England and Wales have brought the revaluation forward to 2021 and Scotland is now out of kilter.

4.4.4 The UK Chancellor, Philip Hammond announced the revised revaluation date in his 2018 spring statement on the basis it “makes bills more accurately reflect the current rental value of properties”.

4.4.5 The Welsh Assembly pointedly followed suit in July 2018 when Mark Drakeford, The Welsh Cabinet Secretary for Finance stated “The next NonDomestic rates revaluation in Wales will take place in 2021, in line with the next revaluation in England. Bringing the revaluation forward by a year from 2022 will mean the rateable values on which Non-Domestic rates bills are based will reflect up-to-date market conditions and enable ratepayers in Wales to plan ahead”.

4.4.6 The rationale for bringing forward the revaluation is fiscally sound and equitable as it updates the tax base therefore we are at a loss why Scottish Government have not also brought the revaluation forward.

4.4.7 We are concerned that being out of step with the English and Welsh NDR regimes could have a detrimental effect on the Scottish Economy. A uniform revaluation date over the three jurisdictions is not only the fairest option but the Policy Memo indicates it could reduce the cost of reform as assessors indicate that different dates will affect information sharing and add to the overall expense.

4.4.8 It is a fundamental principle of rating law established by the House of Lords in 1922 (see Armour on Valuation for Rating 18-01) that the conditions in which a rating valuation are determined are the actual conditions affecting the property at the time the valuation is made.

4.4.9 Currently valuations for revaluation purposes are based on the levels of rental value as at the valuation “tone” date which is defined in statutory regulations as 2 years prior to the commencement of a revaluation. For example, for the 2017 revaluation commenced on 1 April 2017 therefore the valuation tone date was 1 April 2015.

4.4.10 The same statutory regulations also specify a “physical circumstances” date i.e. the date at which the occupational and physical circumstances and conditions (both property specific and of the broader environment) are taken for revaluation assessment purposes. This date is the 1 January prior to the revaluation so for 2017 revaluation it is 1 January 2017.

4.4.11 There is an overwhelming case for these dates to be combined into a unified “valuation date” so that, as in the real world, rental levels directly coincide with the physical circumstances at the time the valuation “snapshot” is taken.
These proposals allow NAV to be much better aligned with “the actual conditions affecting the lands and heritages at the time of the valuation is made”.

4.4.12 The valuation date must be as close as practicable to the commencement of the revaluation and we propose the valuation date should not predate the revaluation by more than 1 year.

Legislative Proposals

Introduce legislation to give effect to a 2021 NDR revaluation.

Combine the “valuation tone” date and “physical circumstances” date into a unified “valuation date” for revaluation purposes.

Specify the “valuation date” shall be no more than 1 year prior to the revaluation date.

4.5 Promote Valuation Responsiveness to Changing Market Places.

4.5.1 There is an overwhelming case to overhaul the material change of circumstances (mcc) legislation as the current provisions are both unclear and fail to deliver the liability reductions that ratepayers should be able to rely upon when adverse circumstances occur.

4.5.2 Different commentators and stakeholders have repeatedly raised the need for clarifying, overhauling and strengthening the operation and application of the extant mcc provisions. The Scottish Council for Development & Industry and the Scottish Chambers of Commerce have written to Scottish Government asking for the mcc definition to be reviewed and Scottish Government’s own External Town Centre Advisory Group has called for simpler mcc appeal opportunities as the restrictive definition of the phrase currently favoured by the Courts is damaging for Scotland’s Town Centres ( per National Review of Town Centres: External Advisory Group Report: Community and Enterprise in Scotland’s Town Centres)

4.5.3 Scottish Government’s Independent Analysis of the Valuation Appeal System highlighted one of businesses’ principal concerns were the inadequate and not fit for purpose mcc provisions. The relevant extracts are “12. Respondents raised a range of issues relating to the scope of the appeal and some of these comments were extensive, both in terms of breadth and depth of coverage. The most commonly raised issues were the frequency of revaluations and the material change of circumstances (MCC) provisions. Those commenting on the frequency of revaluations generally suggested that the normal quinquennium (5 year) revaluation cycle needs to be reviewed, with most going on to suggest a change to a 3-yearly cycle. With regard to MCC, most
of those commenting did not consider that the MCC provisions as currently interpreted by the courts are fit for purpose.”

3.37 However, most of those commenting did not consider that the MCC provisions as currently interpreted by the courts are fit for purpose and sometimes cited a number of landmark test cases of relevance to its current application. The concerns of most of these respondents were that Scottish ratepayers have been disadvantaged by a recent interpretation by the Lands Valuation Appeal Court of the MCC legislation.

3.38 Respondents sometimes went on to call on the Scottish Government to clarify the policy aims of this element of the right to appeal, or made detailed recommendations for change, including through legislative amendment.”

4.5.4 Despite the frequent requests for a review of the law and valuation for MCC purposes Scottish Government has repeatedly refused to engage with commentators and stakeholders. If Government’s policy of improving responsiveness to changing market places is to be creditable it must engage and give fresh statutory support to a meaningful, clear and effective MCC mechanism.

4.5.5 There is no statutory restriction on what “constitutes” a material change of circumstances, indeed S37 of the 1975 Act as amended by S20 of Valuation for Rating (Scotland) (Amendment) Act 1984 (both of which are still current) defines a material change of circumstance simply as: -

“in relation to any lands and heritages and change in circumstances affecting their value”

4.5.6 The definition goes on to include the decisions of a local valuation appeal committee, the Lands Tribunal for Scotland and the Lands Valuation Appeal Court as MCCs.

4.5.7 The definition is therefore very broad and includes changes in circumstances both within and outwith the lands and heritages that affect value (of an entry). The straightforward definition of MCC should ostensibly facilitate changes in value affecting an entry to be given effect simply and easily under either the extant appeal mechanism per S3(4) or an assessor’s amendment per S2(1)(d) of the 1975 Act.

4.5.8 The current reality is that the breadth and inclusivity of Parliament’s intention has been thwarted by non-statutory interventions and interpretations. The scope of the MCC provisions has been severely limited to effectively exclude those cases where there is any permanent effect on value caused by physical changes outwith a property or by any change in general non-physical (political, socio-economic etc) circumstances.

4.5.9 There is determined resistance by assessors to prevent these permanent MCC value changes within revaluation. The justification is that any effect on value must be deferred to the next revaluation but, even then, only where there is
valuation evidence of that effect at the “tone” date. There is no statutory basis for deferring valuation changes within revaluation to the following revaluation and this deferment denies ratepayers the rate relief they are entitled to under statute.

4.5.10 Often “the effect on value” is not reflected at all, or only in part, by assessors at the next revaluation because their valuation methodologies adopt broad “baskets of rents” (some of which may have been struck before the mcc occurred so could not show its effect on value) where the nuances of the individual rent of an effected property is subsumed into averaged, general levels of value applied to a location.

4.5.11 It is not difficult to understand why ratepayers can have little confidence that the extant mcc provisions and assessors’ practices do not deliver the responsiveness to changing market places within a revaluation that those provisions were intended to provide.

4.5.12 We propose that fresh, explicit provisions are included in the Bill that redefine a mcc; that a mcc can occur from the proposed “valuation date”, not the date the roll is made up; the methodology for assessing the impact(s) and date(s) of impact(s) on value(s), and how new and amended entries to the roll interact with these new definitions.

4.5.13 S3ZB(5) of the Bill confirms that the effect on value following a mcc does not need to be proved to any specific extent but an effect on value is often denied because the affected lands and heritages are either owner/occupied or there is no contractual mechanism for contractual rents to be reduced in any case let alone a mcc which a landlord is not responsible for. The denial of an effect on value in these cases is spurious as all rating valuations are hypothetical and require valuation judgement to a greater or lesser extent so the absence of actual transactional evidence is immaterial if events and common sense dictate that value has changed (even if it cannot be proved to what specific extent) because of a material change of circumstances. In Legislative Proposals (below) we have proposed additional wording to S3ZB(5) to deal with this issue.

4.5.14 Our mcc proposals reinvigorate the extant moribund mcc provisions so that the new mcc mechanism can deliver the fairness and responsiveness to changing market places that Scottish Government policy professes to promote.

4.5.15 We propose the Bill should prescribe a raft of new definitions, methodologies and timing provisions to revive the broad scope, intention and equitable principles of the mcc provisions originally envisaged These new definitions provide a robust mechanism to ensure that NDR can and does respond to changing market places within a revaluation cycle.

Legislative Proposals

Replace the current material change of circumstance definition with: -
“a material change of circumstances [mcc] is any single or combined physical, economic, political, statutory, fiscal (including changes in any NDR rate reliefs but excluding changes in the national NDR multiplier), social, planning, judicial (including the decisions of any valuation appeal committee, the Lands Tribunal for Scotland, the Lands Valuation Appeal Court and the UK Supreme Court[or any organisations assuming the functions of those committees, Tribunal or Courts]), occupational and/or demographic change, event and/or process which takes place after the “valuation date” [as we have previously specified] which immediately or consequently, affects the rental value, (in terms of NAV) of any lands and heritages shown or brought into the roll”, immediately before the change, event and/or process commenced.

Prescribe the valuation methodology to assess the impact of a mcc on the value of an entry is to: -

“a) establish the rental value (in terms of NAV) of the entry i) immediately before the mcc has taken place and ii) at the date when the impact on value caused by the mcc has become manifest, and/or where appropriate,

iii) at any or each date post the mcc that the impact on value resulting from the mcc changes,

then

b) apply the same proportional change or changes in the rental value (in terms of NAV) before and after the mcc, to the NAV of the entry shown in the roll on the date before the mcc occurred, with effect from the date or dates the change or changes occurred or became manifest.

In S3ZB(5) the following words should be added after “specific extent” “where there is uncertainty as to the specific extent of the effect on value of any lands and heritages due to a mcc, valuer judgement and expert opinion based on market experience shall be persuasive as to the extent of the effect on value, if any.”

When any new entry is added to the roll that new entry is deemed to have been in the roll on any day or days immediately prior to the effective date or effective dates that any mcc occurred which would continue to have an effect on the value of the new entry at the effective date of the new entry.

When any amended entry is made in the roll that amended entry is deemed to have been in the roll on any day or days immediately prior to the effective date or effective dates that any mcc occurred which would
continue to have an effect on the value of the amended entry at the effective date of the new entry.

When any mcc occurs to that partially or fully reverses, but not exceeds, the effect on the rental value of an entry caused by an a previous mcc, the effects of the subsequent mcc on the rental value of the entry is applied to that entry's value in the roll.

Expand S2(1)(f) 1975 Act to require and empower assessors to maintain a correct valuation roll and to correct all inaccuracies in the roll when they are discovered.

4.6 Overhaul Rate Exemptions & Rate Reliefs.

Small Business Bonus Scheme Rate Relief

4.6.1 We understand and applaud Scottish Government’s policies to encourage the growth and development of small businesses in Scotland, but we can find nothing in Small Business Bonus Scheme (SBBS) rate relief that is specifically targeted to small businesses and any benefits to small business is achieved more by accident than design and far outweighed by SBBS drawbacks.

4.6.2 It is our understanding that SBBS costs Scottish Government in the region of £250 million per annum (8.98% of the budgeted NDR revenue for 2019/20) and if none of that relief was granted the additional revenue would push down the annual multiplier required to achieve this year’s budgeted to approximately 45.0 pence.

4.6.3 Despite persistent trumpeting of the benefits of SBBS (to those ratepayers receiving it, not those paying for it), SBBS is a regressive scattergun rather a targeted rate relief and we propose it should be abolished and replaced with a universal liability discount system.

4.6.4 The reality is that SBBS is open to, and is easily abused; it causes ratepayer resentment particularly to those just over RV qualification limits and those directly subsidising competing businesses; it is a direct subsidy to landlords who can and do charge qualifying tenants higher rents; those higher rents then i) distort the market for all tenants resulting in higher rental levels and ii) higher rate liabilities for non-qualifying ratepayers as those subsidised rents then form the basis of RV.

4.6.5 SBBS also disincentivises business development and growth. For example, of a ratepayer has a single property at RV £14,900 it benefits from 100% SBBS. If that business grows and relocates to a property at RV £25,000 the liability jumps from zero to £12,250 (at 2019/20), this is a significant additional burden for a small business to find in addition to extra rent, relocation costs and all the other overheads required.
4.6.6 A fair rate relief system is one that requires the ratepayers of all lands and heritages, except the very smallest (which it may not be cost effective to charge), to make some contribution for the services they receive.

**Universal NDR Discount**

4.6.7 We propose a Universal NDR Discount should replace SBBS. The discount would apply to all entries irrespective of RV amount and qualification for any rate reliefs.

4.6.8 The basis of the discount is 100% liability discount on the first small tranche of RV and then decrease the discount in bands up to a level where no discount applies but the discounts in liability are cumulative. Illustrative examples showing a range of discount levels and RV band widths are set out at APPENDIX B.

4.6.9 The benefits of the discount are that

- There is no unfairness (and no ratepayer resentment);
- Virtually all ratepayers contribute something to the services they receive:
- There is no subsidy to landlords and no distortion of rents.
- The rate savings due to RV reductions for smaller RV’s are only marginal;
- There is little disincentive to business development and growth.

**Charitable Rate Relief**

4.6.10 Charitable occupiers benefit from services paid out of rate revenue yet often receive 100% rate relief through current mandatory and discretionary charitable rate reliefs.

4.6.11 Charitable rate reliefs are a subsidy to landlords producing outcomes to the those caused by SBBS i.e. distorting rents resulting in higher RVs. As charitable rate reliefs can apply to a property with any level of RV the impact of the relief is felt across a broader cross section of properties but is particularly apparent where charity shops cluster in town centres.

4.6.12 We recognise the good works carried out by charities but there has undoubtedly been an adverse impact in some retail locations caused by overprovision of charity shops and the distortions to the market that they can cause.

4.6.13 To redress this adverse impact, we propose mandatory charitable rate relief for charity shops is reduced from 80% to 20% and for other properties in charitable occupation from 80% to 50%. Discretionary charitable rate relief should increase from 20% to 80% for charity shops and from 20% to 50% for other properties in charitable occupation. Local authorities should be empowered to grant discretionary charitable relief for each property in
charitable occupation at the level it sees fit on a case by case basis to suit local conditions and circumstances and be entitled to review the levels of charitable relief on a triennial basis.

4.6.14 Under no circumstances should any form of charitable relief be granted in respect of unoccupied lands and heritages or those which are not occupied and used mainly and wholly for charitable purposes.

**Fresh Start**

4.6.15 There is no justification for an RV cap on qualification for Fresh Start rate relief and we propose the cap is removed.
Empty Property Rate Relief

4.6.16 Although Scottish Government is devolving the administration and discretion for empty property rate charges and rate relief (eprr) to local authorities, we propose that Scottish Government sets a statutory minimum national threshold level of eprr no lower than the current default level of 10%. Most empty properties are only vacant because of market conditions (including high rate liabilities) limiting tenant demand rather than landlords’ reluctance to let and it is punitive to the point of vindictiveness to penalise landlords by imposing higher levies or surcharges on vacant properties for market circumstances that are beyond their control.

4.6.17 Punitive levels of NDR levied on empty property will result in building demolitions, physical and environmental blight and an overall loss to national NDR revenues.

New and Improved Building Growth Accelerator

4.6.18 New and Improved Building Growth Accelerator rate relief is a very successful policy that has stimulated growth and development. Nevertheless, it should be simplified and include change of use and combinations, divisions and reorganisations of lands and heritages where building improvements have occurred. Establishing the element of increase in value which should attract the relief in these cases should not be beyond the capabilities of professional rating valuers versed in hypothetical valuation.

Regular long-term payment discount

4.6.19 We propose where a ratepayer has paid fully occupied rate charges regularly, continuously and timeously for at least 4 years, that ratepayer should benefit from a regular payment discount of 5% from the start of the 5th year of their payments and that discount should continue until the ratepayer ceases regular timeous payment of fully occupied charges. This is an inducement for ratepayers to continue to pay fully occupied rate charges regularly and timeously and partially redresses the balance between occupier recipients of Fresh Start and New and Improved Building Growth Accelerator rate reliefs and those rate payers who have regularly, continuously and timeously made their full contribution to NDR.

4.6.20 Keeping specific classes of non-domestic lands and heritages off roll cannot be justified and we propose that all classes should be entered in the roll. However Ministers must consult on any subsequent proposals to bring into liability any of those classes of lands and heritages, including and whether any form of transitional or other rate relief or exemption from charge should apply to any of those classes of lands and heritages.
Legislative Proposals

Abolish Small Business Bonus Scheme rate relief.

Introduce and implement a universal liability discount scheme.

Reduce mandatory charitable rate relief to 20% for charity shops and 50% for other properties in charitable occupation.

Increase discretionary charitable rate relief to 80% for charity shops and 50% for other properties in charitable occupation.

Empower local authorities to grant differentiated levels of discretionary charitable relief.

Ensure that no charitable relief is granted for any vacant and unused and vacant property or any property not wholly or mainly used for charitable purposes.

Remove the RV cap on Fresh Start rate relief qualification.

Require a statutory minimum level of empty property rate relief following devolution to local authorities.

Extend new and improved building Growth Accelerator rate relief to changes of use and combinations, divisions and reorganisations of lands and heritages in those cases where new buildings or improvements to existing building have been made.

Introduce and implement a regular long-term payment discount scheme.

Subject local authorities to financial sanction for delaying or failing to respond to applications for rate reliefs.

Enter all non-domestic lands and heritages into the roll but consult before any newly entered classes of lands and heritages can be brought into liability.
4.7 Clarify Parties’ Proposal & Appeal Requirements, Rights & Obligations.

4.7.1 The Bill only provides an outline sketch of how the operation of the proposed system of Proposals and Appeals is intended to work.

4.7.2 It is essential the requirements for changing the appeal procedures and time frames are justified and that the parties’ rights and obligations are set out clearly.

4.7.3 We are concerned that there is no requirement nor undertaking by Scottish Government to consult on the raft of secondary legislation that S7(4) 3ZA (6) and 3ZB (6) of the Bill reserves to the Ministers. We are particularly concerned at the proposal at 3ZB (6)(d). The imposition of a fee for pursuing an appeal is a clear impediment to access to justice.

4.7.4 The only reasonable circumstance when this could be required is either if the assessor was required to pay an equivalent “at risk” fee or the assessor’s valuation appeal committee case and evidence is fully disclosed to the appellant prior to payment of the fee thus allowing an appellant to consider whether to pay the fee to pursue the appeal to a hearing or settle the appeal before paying the fee.

4.7.4 The Bill refers to the valuation appeal committee in 3ZB (above) but makes no reference to the widely held understanding that the Tribunal Service is to have a roll in NDR dispute resolution. We are curious as to why there is no reference to the Tribunal Service’s future roll if any and how it will interact with other NDR stakeholders.

Legislative Proposals

Prescribe the minimum content of a proposal.

Prescribe the time limits, if any, for making a proposal.

Prescribe appeal transmission and validity procedures.

Prescribe what administrative roll the valuation appeal committees (or other dispute resolution organisation) shall play in determining appeals.
Prescribe that valuation dispute procedures should require simultaneous exchanges of evidence and counter evidence prior to any hearing.
Prescribe that the onus is on the assessor to justify each revaluation, new, and amended entry made in the roll.
Prescribe that the onus is on the appellant to justify a material change of circumstance has occurred.

4.8 Balance Information Gathering & Exchange Rights and Obligations

4.8.1 The information gathering sections of the Bill are particularly partisan in favour of assessors and local authorities and punitive towards proprietors, tenants and occupiers (P, T & Os).

4.8.2 Assessors and local authorities need to ingather relevant information but the Bill, as drafted, gives too much discretion to both statutory parties to determine the information they decide is reasonable to request and to use civil penalties for even minor “non-compliance”.

4.8.3 The Bill must balance the needs of stakeholders and in all cases the information requested should be what is reasonably required for a specific purpose rather than what an assessor or the local authority considers is reasonably required.

4.8.4 The onus must be on the assessor or local authority to demonstrate why specific additional information is required and why, if not provided, penalty action should be taken.

4.8.5 An assessor should only be entitled to request information from a person where the assessor has, and can produce evidence that person has the required information and is authorised to provide it by a P, T or O.

4.8.6 It is essential the Bill prescribes the information that assessors and local authorities are entitled to request particularly as there are 32 local authorities and 14 assessors all of which might consider it reasonable to request different information.

4.8.7 Assessor’s reluctance to provide clear, relevant valuation evidence in support of their valuation figures causes frustration and a lack of trust and is, along with excessive rates of charge, the principal reason why so many P, T & Os appeal against their valuations following revaluation.

Legislative Proposals

The extent and content of the provision of information to P, T & Os must be prescribed in the Bill and must include:

The full valuation of each entry,
The adjustments applied to the valuation rates for each element of value,
The specific reasons and evidence for end adjustments.

The information must be sufficient for a P, T, O to identify and consider the rental evidence or costs used by the assessor and to and make an informed judgement whether the valuation is reasonable by reference to:

The rental and/or cost evidence provided
All relevant rental and/or cost evidence
The valuations of relevant comparable properties both in the locality and elsewhere
The circumstances at the “valuation date” and
The circumstances at revaluation or such other time as the valuation is under review.

The Bill must require assessors to publish online or make available in each locality all national and local valuation practice notes, valuation instruction manuals, papers and notes and all notes on valuation and procedural matters.

The Bill must authorise an independent body to administer penalties for non-compliance with notices requesting information.

The Bill should subject each assessor to financial sanctions for nonprovision of adequate information to P, T & Os.

The Bill should prohibit assessors from sharing information with other assessors in accordance with data protection guidelines.

Part 5 CONCLUSION

5.1 NDR has a long history in Scotland and there is no clear or obvious alternative practical basis for an annual property-based tax.

5.2 That is not say that inter alia NDR’s administration, valuation rules, rate reliefs and procedures, cannot be improved upon.

5.3 The Bill provides the opportunity make the necessary changes to the NDR system and we applaud the Local Government & Communities Committee of Scottish Parliament for seeking a broad range of views and proposals regarding whether the Bill implements the Barclay Review recommendations,
and, more importantly should the Bill go beyond those recommendations and deal with other fundamental issues which Barclay was unable or unwilling to address.

5.4 In this paper we have outlined many areas where improvements can be made in the fairness, cost effectiveness, efficiency and accountability of NDR which will make it fit for purpose in the 21st century and bring it much more closely aligned to Scottish Government’s NDR policy statements.

5.5 We hope that our input to the Committee’s deliberations are useful and help to identify why NDR needs to be changed and how the Committee and Parliament can effect that change.
APPENDIX B

The Local Government and Communities Committee
of the
Scottish Parliament

Response by
CBRE Ltd
to the call for evidence made on 9 April 2019
by James Dornan MSP (Committee Convenor)
in relation to the scrutiny of the impact of the
Scottish Government
Non-Domestic Rates (Scotland) Bill
and
Inquiry into the Non-Domestic Rates system

29-May-19
**Universal NDR Liability Discount Calculator (Illustrative example #1)**

<table>
<thead>
<tr>
<th>Discount Band</th>
<th>% Discount</th>
<th>% Charge</th>
<th>RV Min/Band</th>
<th>RV Max/band</th>
<th>Chargeable RV at Max</th>
<th>Multiplier</th>
<th>Liability at top of each band</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>100.00</td>
<td>-</td>
<td>-</td>
<td>999</td>
<td>-</td>
<td>£ 0.49</td>
<td>£ -</td>
</tr>
<tr>
<td>2</td>
<td>90.00</td>
<td>10.00</td>
<td>1,000</td>
<td>3,000</td>
<td>200</td>
<td>£ 0.49</td>
<td>£ 98.00</td>
</tr>
<tr>
<td>3</td>
<td>85.00</td>
<td>15.00</td>
<td>5,000</td>
<td>5,000</td>
<td>500</td>
<td>£ 0.49</td>
<td>£ 245.00</td>
</tr>
<tr>
<td>4</td>
<td>80.00</td>
<td>20.00</td>
<td>8,000</td>
<td>8,000</td>
<td>800</td>
<td>£ 0.49</td>
<td>£ 343.00</td>
</tr>
<tr>
<td>5</td>
<td>75.00</td>
<td>25.00</td>
<td>6,000</td>
<td>7,000</td>
<td>900</td>
<td>£ 0.49</td>
<td>£ 465.50</td>
</tr>
<tr>
<td>6</td>
<td>70.00</td>
<td>30.00</td>
<td>7,000</td>
<td>8,000</td>
<td>1,250</td>
<td>£ 0.49</td>
<td>£ 612.50</td>
</tr>
<tr>
<td>7</td>
<td>65.00</td>
<td>35.00</td>
<td>9,000</td>
<td>9,000</td>
<td>1,600</td>
<td>£ 0.49</td>
<td>£ 783.99</td>
</tr>
<tr>
<td>8</td>
<td>60.00</td>
<td>40.00</td>
<td>10,000</td>
<td>10,000</td>
<td>2,000</td>
<td>£ 0.49</td>
<td>£ 978.99</td>
</tr>
<tr>
<td>9</td>
<td>55.00</td>
<td>45.00</td>
<td>11,000</td>
<td>11,000</td>
<td>2,450</td>
<td>£ 0.49</td>
<td>£ 1,200.49</td>
</tr>
<tr>
<td>10</td>
<td>50.00</td>
<td>50.00</td>
<td>12,000</td>
<td>12,000</td>
<td>2,890</td>
<td>£ 0.49</td>
<td>£ 1,415.49</td>
</tr>
<tr>
<td>11</td>
<td>45.00</td>
<td>55.00</td>
<td>13,000</td>
<td>13,000</td>
<td>3,300</td>
<td>£ 0.49</td>
<td>£ 1,714.98</td>
</tr>
<tr>
<td>12</td>
<td>40.00</td>
<td>60.00</td>
<td>14,000</td>
<td>14,000</td>
<td>3,700</td>
<td>£ 0.49</td>
<td>£ 2,009.78</td>
</tr>
<tr>
<td>13</td>
<td>35.00</td>
<td>65.00</td>
<td>15,000</td>
<td>15,000</td>
<td>4,150</td>
<td>£ 0.49</td>
<td>£ 2,327.48</td>
</tr>
<tr>
<td>14</td>
<td>30.00</td>
<td>70.00</td>
<td>16,000</td>
<td>16,000</td>
<td>4,540</td>
<td>£ 0.49</td>
<td>£ 2,670.47</td>
</tr>
<tr>
<td>15</td>
<td>25.00</td>
<td>75.00</td>
<td>17,000</td>
<td>17,000</td>
<td>4,900</td>
<td>£ 0.49</td>
<td>£ 3,037.97</td>
</tr>
<tr>
<td>16</td>
<td>20.00</td>
<td>80.00</td>
<td>18,000</td>
<td>18,000</td>
<td>5,200</td>
<td>£ 0.49</td>
<td>£ 3,429.97</td>
</tr>
<tr>
<td>17</td>
<td>15.00</td>
<td>85.00</td>
<td>19,000</td>
<td>19,000</td>
<td>5,500</td>
<td>£ 0.49</td>
<td>£ 3,846.46</td>
</tr>
<tr>
<td>18</td>
<td>10.00</td>
<td>90.00</td>
<td>20,000</td>
<td>20,000</td>
<td>6,000</td>
<td>£ 0.49</td>
<td>£ 4,287.46</td>
</tr>
<tr>
<td>19</td>
<td>5.00</td>
<td>95.00</td>
<td>21,000</td>
<td>21,000</td>
<td>6,500</td>
<td>£ 0.49</td>
<td>£ 4,753.95</td>
</tr>
<tr>
<td>20</td>
<td>-</td>
<td>100.00</td>
<td>21,000</td>
<td>n/a</td>
<td>n/a</td>
<td>£ 0.49</td>
<td>£ 4,752.95</td>
</tr>
</tbody>
</table>

Maximum liability at RV 21,000 is £ 4,752.95

**Examples: liabilities for assessments up to RV £21,000**

<table>
<thead>
<tr>
<th>Example 1</th>
<th>RV £ 12,250</th>
<th>Example 2</th>
<th>RV £ 9,700</th>
<th>Example 3</th>
<th>RV £ 14,900</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liability limit for Band 2 98.00</td>
<td>£ 98.00</td>
<td>Liability limit for Band 3 £ 783.99</td>
<td>£ 783.99</td>
<td>Liability limit for Band 4 £ 2,008.98</td>
<td>£ 2,008.98</td>
</tr>
<tr>
<td>Upper limit RV of Band 2 £ 3,000</td>
<td>£ 9,000</td>
<td>Upper limit RV of Band 3 £ 14,000</td>
<td>£ 14,000</td>
<td>Upper limit RV of Band 4 £ 21,000</td>
<td>£ 21,000</td>
</tr>
<tr>
<td>Excess RV £ 250</td>
<td>£ 700.00</td>
<td>Excess RV £ 900</td>
<td>£ 900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rate £/age £ 0.49</td>
<td>£ 0.49</td>
<td>Rate £/age £ 0.49</td>
<td>£ 0.49</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess Charge £ 122.50</td>
<td>£ 141.50</td>
<td>Excess Charge £ 141.50</td>
<td>£ 141.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charge for Liability in Band 3 15% £ 18.38</td>
<td>£ 18.38</td>
<td>Charge for Liability in Band 4 40% £ 137.20</td>
<td>£ 137.20</td>
<td>Charge for Liability in Band 5 65% £ 286.65</td>
<td>£ 286.65</td>
</tr>
<tr>
<td>Total Liability £ 116.38</td>
<td>£ 921.19</td>
<td>Total Liability £ 2,295.63</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liability without discount £ 1,592.50</td>
<td>£ 4,753.00</td>
<td>Liability without discount £ 7,301.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Discount £ 1,476.12</td>
<td>£ 3,831.81</td>
<td>Total Discount £ 5,005.37</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Examples: liabilities for assessments over RV £21,000**

<table>
<thead>
<tr>
<th>Example 1</th>
<th>RV £ 50,000</th>
<th>Example 2</th>
<th>RV £ 131,500</th>
<th>Example 3</th>
<th>RV £ 1,471,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less RV £ 21,000</td>
<td>£ 21,000</td>
<td>Less RV £ 21,000</td>
<td>£ 21,000</td>
<td>Less RV £ 21,000</td>
<td>£ 21,000</td>
</tr>
<tr>
<td>Excess RV £ 29,000</td>
<td>£ 29,000</td>
<td>Excess RV £ 1,471,000</td>
<td>£ 1,471,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rate £/age £ 0.49</td>
<td>£ 0.49</td>
<td>Rate £/age £ 0.49</td>
<td>£ 0.49</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess charge £ 14,210.00</td>
<td>£ 54,145.00</td>
<td>Excess charge £ 526,340.00</td>
<td>£ 720,790.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Add Base Liability £ 4,752.95</td>
<td>£ 4,752.95</td>
<td>Add Base Liability £ 4,752.95</td>
<td>£ 4,752.95</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Liability £ 18,962.95</td>
<td>£ 58,897.95</td>
<td>Total Liability £ 331,992.95</td>
<td>£ 725,542.95</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liability without discount £ 124,530.00</td>
<td>£ 64,330.00</td>
<td>Liability without discount £ 346,830.00</td>
<td>£ 731,080.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Discount £ 124,530.00</td>
<td>£ 64,330.00</td>
<td>Total Discount £ 346,830.00</td>
<td>£ 731,080.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**NB:** Rate £/age of 49% applied to all examples to give comparison to 2019/20 liabilities.

This example is based on 100% discount up to RV £1,000 dropping to 90% for RV 1,000 to RV £3,000 and further 5% discount per band to zero discount at and over RV £21,000.
## Universal NDR Liability Discount Calculator (Illustrative example #2)

This example is based on 100% discount up to RV £1,000 dropping to 90% for RV 1,000 to RV £3,000 and further 10% discount per band to zero discount at and over RV £22,500.

### Examples: liabilities for assessments up to RV £22,500

<table>
<thead>
<tr>
<th>Discount Band</th>
<th>% Discount</th>
<th>% Charge</th>
<th>RV Min/Band</th>
<th>RV Max/band</th>
<th>Chargeable RV at Max</th>
<th>Multiplier</th>
<th>Liability at top of each band</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>100.00</td>
<td>-</td>
<td>-</td>
<td>1,000</td>
<td>-</td>
<td>0.49</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>90.00</td>
<td>10.00</td>
<td>£ 1,000</td>
<td>£ 2,500</td>
<td>£ 5,000</td>
<td>0.49</td>
<td>£ 73.50</td>
</tr>
<tr>
<td>3</td>
<td>80.00</td>
<td>20.00</td>
<td>£ 2,500</td>
<td>£ 5,000</td>
<td>£ 650</td>
<td>0.49</td>
<td>£ 318.50</td>
</tr>
<tr>
<td>4</td>
<td>70.00</td>
<td>30.00</td>
<td>£ 5,000</td>
<td>£ 10,000</td>
<td>£ 1,400</td>
<td>0.49</td>
<td>£ 686.00</td>
</tr>
<tr>
<td>5</td>
<td>60.00</td>
<td>40.00</td>
<td>£ 7,500</td>
<td>£ 12,500</td>
<td>£ 2,400</td>
<td>0.49</td>
<td>£ 1,176.00</td>
</tr>
<tr>
<td>6</td>
<td>50.00</td>
<td>50.00</td>
<td>£ 10,000</td>
<td>£ 15,000</td>
<td>£ 3,650</td>
<td>0.49</td>
<td>£ 1,788.50</td>
</tr>
<tr>
<td>7</td>
<td>40.00</td>
<td>60.00</td>
<td>£ 12,500</td>
<td>£ 17,500</td>
<td>£ 5,150</td>
<td>0.49</td>
<td>£ 2,523.50</td>
</tr>
<tr>
<td>8</td>
<td>30.00</td>
<td>70.00</td>
<td>£ 15,000</td>
<td>£ 20,000</td>
<td>£ 6,900</td>
<td>0.49</td>
<td>£ 3,381.00</td>
</tr>
<tr>
<td>9</td>
<td>20.00</td>
<td>80.00</td>
<td>£ 17,500</td>
<td>£ 22,500</td>
<td>£ 8,900</td>
<td>0.49</td>
<td>£ 4,361.00</td>
</tr>
<tr>
<td>10</td>
<td>10.00</td>
<td>90.00</td>
<td>£ 20,000</td>
<td>£ 25,000</td>
<td>£ 11,150</td>
<td>0.49</td>
<td>£ 5,463.50</td>
</tr>
<tr>
<td>11</td>
<td>10.00</td>
<td>100.00</td>
<td>£ 25,000</td>
<td>n/a</td>
<td>n/a</td>
<td>0.49</td>
<td>£ 5,463.50</td>
</tr>
</tbody>
</table>

**Maximum liability at RV 22,500 is**

| £ 5,463.50 |

---

### Examples: liabilities for assessments over RV £22,500

<table>
<thead>
<tr>
<th>Example 1</th>
<th>RV £ 50,000</th>
<th>Example 2</th>
<th>RV £ 131,500</th>
<th>Example 3</th>
<th>RV £ 687,000</th>
<th>Example 4</th>
<th>RV £ 1,492,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liability limit for Band 2</td>
<td>£ 150.00</td>
<td>Excess RV</td>
<td>£ 2,500</td>
<td>Excess RV</td>
<td>£ 686.00</td>
<td>Excess RV</td>
<td>£ 1,788.50</td>
</tr>
<tr>
<td>Upper limit RV of Band 2</td>
<td>£ 2,500</td>
<td>Excess RV</td>
<td>£ 7,500</td>
<td>Excess RV</td>
<td>£ 1,788.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess RV</td>
<td>£ 750</td>
<td>Excess RV</td>
<td>£ 2,200.00</td>
<td>Excess RV</td>
<td>£ 1,788.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rate £/age</td>
<td>£ 0.49</td>
<td>Rate £/age</td>
<td>£ 0.49</td>
<td>Rate £/age</td>
<td>£ 1,788.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess Charge</td>
<td>£ 367.50</td>
<td>Excess Charge</td>
<td>£ 1,788.50</td>
<td>Excess Charge</td>
<td>£ 1,788.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charge for liability in band 3</td>
<td>20%</td>
<td>£ 73.50</td>
<td>£ 73.50</td>
<td>Charge for liability in band 8</td>
<td>40%</td>
<td>£ 431.20</td>
<td>£ 431.20</td>
</tr>
<tr>
<td>Total liability</td>
<td>£ 223.50</td>
<td>£ 1,117.20</td>
<td>£ 2,494.10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liability without discount</td>
<td>£ 1,592.50</td>
<td>£ 4,733.00</td>
<td>£ 7,301.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Discount</td>
<td>£ 1,369.00</td>
<td>£ 3,635.80</td>
<td>£ 4,806.90</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

**CBRE**

**NB:** Rate £/age of 49p is applied to all examples to give comparison to 2019/20 liabilities.
### Universal NDR Liability Discount Calculator (Illustrative example #3)

<table>
<thead>
<tr>
<th>Discount Band</th>
<th>% Discount</th>
<th>% Charge</th>
<th>RV Min/Band</th>
<th>RV Max/Band</th>
<th>Chargeable RV at Max</th>
<th>Multiplier</th>
<th>Liability at top of each band</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>100.00</td>
<td>-</td>
<td>-</td>
<td>999</td>
<td>200</td>
<td>£ 0.49</td>
<td>£ 98.00</td>
</tr>
<tr>
<td>2</td>
<td>90.00</td>
<td>10.00</td>
<td>1,000</td>
<td>3,000</td>
<td>1,800</td>
<td>£ 0.49</td>
<td>£ 881.99</td>
</tr>
<tr>
<td>3</td>
<td>80.00</td>
<td>20.00</td>
<td>3,000</td>
<td>5,000</td>
<td>2,403</td>
<td>£ 0.49</td>
<td>£ 1,177.70</td>
</tr>
<tr>
<td>4</td>
<td>70.00</td>
<td>30.00</td>
<td>£ 5,000</td>
<td>6,000</td>
<td>3,000</td>
<td>£ 0.49</td>
<td>£ 441.00</td>
</tr>
<tr>
<td>5</td>
<td>60.00</td>
<td>40.00</td>
<td>£ 6,000</td>
<td>7,000</td>
<td>3,000</td>
<td>£ 0.49</td>
<td>£ 647.00</td>
</tr>
<tr>
<td>6</td>
<td>50.00</td>
<td>50.00</td>
<td>£ 7,000</td>
<td>8,000</td>
<td>3,000</td>
<td>£ 0.49</td>
<td>£ 881.99</td>
</tr>
<tr>
<td>7</td>
<td>40.00</td>
<td>60.00</td>
<td>£ 8,000</td>
<td>9,000</td>
<td>3,000</td>
<td>£ 0.49</td>
<td>£ 1,177.70</td>
</tr>
<tr>
<td>8</td>
<td>30.00</td>
<td>70.00</td>
<td>£ 9,000</td>
<td>10,000</td>
<td>3,000</td>
<td>£ 0.49</td>
<td>£ 1,520.70</td>
</tr>
<tr>
<td>9</td>
<td>20.00</td>
<td>80.00</td>
<td>£ 10,000</td>
<td>11,000</td>
<td>3,000</td>
<td>£ 0.49</td>
<td>£ 1,912.70</td>
</tr>
<tr>
<td>10</td>
<td>10.00</td>
<td>90.00</td>
<td>£ 11,000</td>
<td>12,000</td>
<td>3,000</td>
<td>£ 0.49</td>
<td>£ 2,353.69</td>
</tr>
<tr>
<td>11</td>
<td>0.00</td>
<td>100.00</td>
<td>£ 12,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>£ 2,353.69</td>
</tr>
</tbody>
</table>

Maximum liability at RV 12,000 is £ 2,353.69

**Examples:**

**Examples: liabilities for assessments up to RV £12,000**

<table>
<thead>
<tr>
<th>Example</th>
<th>RV</th>
<th>£</th>
<th>Example</th>
<th>RV</th>
<th>£</th>
<th>Example</th>
<th>RV</th>
<th>£</th>
<th>Example</th>
<th>RV</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3</td>
<td>£3,250</td>
<td>2</td>
<td>8</td>
<td>£ 9,700</td>
<td>3</td>
<td>10</td>
<td>£11,950</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Discounted rates:**

<table>
<thead>
<tr>
<th>Discount Band</th>
<th>Upper limit RV of Band 2</th>
<th>Excess RV</th>
<th>Rate £/age</th>
<th>Excess Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>98.00</td>
<td>£ 3,000</td>
<td>£ 0.49</td>
<td>£ 122.50</td>
</tr>
<tr>
<td>2</td>
<td>98.00</td>
<td>£ 9,000</td>
<td>£ 0.49</td>
<td>£ 240.10</td>
</tr>
<tr>
<td>3</td>
<td>98.00</td>
<td>£ 11,000</td>
<td>£ 0.49</td>
<td>£ 418.95</td>
</tr>
</tbody>
</table>

**Total liability:**

- Example 1: £ 1,592.50
- Example 2: £ 4,753.00
- Example 3: £ 5,855.50
- Example 4: £ 1,492.000

**Total Discount:**

- Example 1: £ 3,526.31
- Example 2: £ 3,526.31
- Example 3: £ 3,526.31
- Example 4: £ 3,526.31

**Examples: liabilities for assessments over RV £12,000**

<table>
<thead>
<tr>
<th>Example</th>
<th>RV</th>
<th>£</th>
<th>Example</th>
<th>RV</th>
<th>£</th>
<th>Example</th>
<th>RV</th>
<th>£</th>
<th>Example</th>
<th>RV</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>1,000</td>
<td>£ 50,000</td>
<td>6</td>
<td>10,000</td>
<td>£ 131,500</td>
<td>7</td>
<td>10,000</td>
<td>£ 687,000</td>
<td>8</td>
<td>10,000</td>
<td>£ 1,492,000</td>
</tr>
<tr>
<td>6</td>
<td>11,000</td>
<td>£ 38,000</td>
<td>7</td>
<td>12,000</td>
<td>£ 119,500</td>
<td>8</td>
<td>12,000</td>
<td>£ 675,000</td>
<td>9</td>
<td>12,000</td>
<td>£ 1,480,000</td>
</tr>
<tr>
<td>7</td>
<td>12,000</td>
<td>£ 38,000</td>
<td>8</td>
<td>12,000</td>
<td>£ 119,500</td>
<td>9</td>
<td>12,000</td>
<td>£ 675,000</td>
<td>10</td>
<td>12,000</td>
<td>£ 1,480,000</td>
</tr>
</tbody>
</table>

**Total liability:**

- Example 1: £ 20,973.69
- Example 2: £ 60,908.69
- Example 3: £ 333,103.69
- Example 4: £ 727,553.69

**Total Discount:**

- Example 1: £ 3,526.31
- Example 2: £ 3,526.31
- Example 3: £ 3,526.31
- Example 4: £ 3,526.31

This example is based on 100% discount up to RV £1,000, dropping to 90% for RV 1,000 to RV £3,000, and further 10% discount per band to zero discount at and over RV £12,000.

NB: Rate £/age of 49p is applied to all examples to give comparison to 2019/20 liabilities.
### Universal NDR Liability Discount Calculator (illustrative example #4)

<table>
<thead>
<tr>
<th>Discount Band</th>
<th>% Discount</th>
<th>% Charge</th>
<th>RV Min/Band</th>
<th>RV Max/band</th>
<th>Chargeable RV at Max</th>
<th>Multiplier</th>
<th>Liability at top of each band</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>100.00</td>
<td>-</td>
<td>-</td>
<td>999</td>
<td>£0.49£</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>90.00</td>
<td>10.00</td>
<td>1,000</td>
<td>3,000</td>
<td>200 £</td>
<td>0.49 £</td>
<td>£86.00</td>
</tr>
<tr>
<td>3</td>
<td>85.00</td>
<td>15.00</td>
<td>3,000</td>
<td>5,000</td>
<td>500 £</td>
<td>0.49 £</td>
<td>£245.00</td>
</tr>
<tr>
<td>4</td>
<td>80.00</td>
<td>20.00</td>
<td>5,000</td>
<td>7,000</td>
<td>900 £</td>
<td>0.49 £</td>
<td>£441.00</td>
</tr>
<tr>
<td>5</td>
<td>75.00</td>
<td>25.00</td>
<td>7,000</td>
<td>9,000</td>
<td>1,400 £</td>
<td>0.49 £</td>
<td>£866.00</td>
</tr>
<tr>
<td>6</td>
<td>70.00</td>
<td>30.00</td>
<td>9,000</td>
<td>11,000</td>
<td>2,000 £</td>
<td>0.49 £</td>
<td>£980.00</td>
</tr>
<tr>
<td>7</td>
<td>65.00</td>
<td>35.00</td>
<td>11,000</td>
<td>13,000</td>
<td>2,700 £</td>
<td>0.49 £</td>
<td>£1,323.00</td>
</tr>
<tr>
<td>8</td>
<td>60.00</td>
<td>40.00</td>
<td>13,000</td>
<td>15,000</td>
<td>3,500 £</td>
<td>0.49 £</td>
<td>£1,715.00</td>
</tr>
<tr>
<td>9</td>
<td>55.00</td>
<td>45.00</td>
<td>15,000</td>
<td>17,000</td>
<td>4,400 £</td>
<td>0.49 £</td>
<td>£2,156.00</td>
</tr>
<tr>
<td>10</td>
<td>50.00</td>
<td>50.00</td>
<td>17,000</td>
<td>19,000</td>
<td>5,400 £</td>
<td>0.49 £</td>
<td>£2,646.00</td>
</tr>
<tr>
<td>11</td>
<td>45.00</td>
<td>55.00</td>
<td>19,000</td>
<td>21,000</td>
<td>6,500 £</td>
<td>0.49 £</td>
<td>£3,185.00</td>
</tr>
<tr>
<td>12</td>
<td>40.00</td>
<td>60.00</td>
<td>21,000</td>
<td>23,000</td>
<td>7,700 £</td>
<td>0.49 £</td>
<td>£3,771.00</td>
</tr>
<tr>
<td>13</td>
<td>35.00</td>
<td>65.00</td>
<td>23,000</td>
<td>25,000</td>
<td>9,000 £</td>
<td>0.49 £</td>
<td>£4,410.00</td>
</tr>
<tr>
<td>14</td>
<td>30.00</td>
<td>70.00</td>
<td>25,000</td>
<td>27,000</td>
<td>10,400 £</td>
<td>0.49 £</td>
<td>£5,096.00</td>
</tr>
<tr>
<td>15</td>
<td>25.00</td>
<td>75.00</td>
<td>27,000</td>
<td>29,000</td>
<td>12,200 £</td>
<td>0.49 £</td>
<td>£5,799.00</td>
</tr>
<tr>
<td>16</td>
<td>20.00</td>
<td>80.00</td>
<td>29,000</td>
<td>31,000</td>
<td>14,000 £</td>
<td>0.49 £</td>
<td>£6,592.00</td>
</tr>
<tr>
<td>17</td>
<td>15.00</td>
<td>85.00</td>
<td>31,000</td>
<td>33,000</td>
<td>16,000 £</td>
<td>0.49 £</td>
<td>£7,412.00</td>
</tr>
<tr>
<td></td>
<td>10.00</td>
<td>90.00</td>
<td>33,000</td>
<td>35,000</td>
<td>18,000 £</td>
<td>0.49 £</td>
<td>£8,281.00</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>100.00</td>
<td>35,000</td>
<td>37,000</td>
<td>20,000 £</td>
<td>0.49 £</td>
<td>£9,192.00</td>
</tr>
</tbody>
</table>

This example is based on 100% discount up to RV £1,000 dropping to 90% for RV 1,000 to RV £3,000 and further variable discounts per band to zero discount at and over RV £29,000.

Examples: liabilities for assessments up to RV £29,000

<table>
<thead>
<tr>
<th>Example</th>
<th>RV</th>
<th>£</th>
<th>Example</th>
<th>RV</th>
<th>£</th>
<th>Example</th>
<th>RV</th>
<th>£</th>
<th>Example</th>
<th>RV</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3,250</td>
<td>1,592.50</td>
<td>2</td>
<td>9,700</td>
<td>7,888.90</td>
<td>3</td>
<td>23,000</td>
<td>11,270.00</td>
<td>4</td>
<td>29,000</td>
<td>11,270.00</td>
</tr>
</tbody>
</table>

Examples: liabilities for assessments over RV £29,000

<table>
<thead>
<tr>
<th>Example</th>
<th>RV</th>
<th>£</th>
<th>Example</th>
<th>RV</th>
<th>£</th>
<th>Example</th>
<th>RV</th>
<th>£</th>
<th>Example</th>
<th>RV</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>50,000</td>
<td>8,281.00</td>
<td>2</td>
<td>131,500</td>
<td>24,500.00</td>
<td>3</td>
<td>687,000</td>
<td>328,349.00</td>
<td>4</td>
<td>29,000</td>
<td>722,799.00</td>
</tr>
</tbody>
</table>

NB: Rate £/age of 49p is applied to all examples to give comparison to 2019/20 liabilities.
APPENDIX A

The Local Government and Communities Committee
of the
Scottish Parliament

Response by
CBRE Ltd
to the call for evidence made on 9 April 2019
by James Dornan MSP (Committee Convenor)
in relation to the scrutiny of the impact of the
Scottish Government
Non-Domestic Rates (Scotland) Bill
and
Inquiry into the Non-Domestic Rates system

29 May 2019
The Local Government and Communities Committee of the Scottish Parliament.

Response by CBRE Ltd to the call for evidence by James Dornan MSP (Committee Convenor) in relation to the scrutiny of the impact of Scottish Government’s 2019 Non-Domestic Rates (Scotland) Bill (the Bill) and Inquiry into the Non-Domestic Rates system.

The Bill: CBRE’s Analysis and Commentary

PART 1

OVERVIEW OF ACT AND INTERPRETATION OF REFERENCES TO OTHER ACTS

S1 Overview of Act and interpretation of references to other Acts
(1) & (2) No comment.

PART 2

VALUATION ROLL

S2 Revaluation years

The change from five to three-year revaluations is essential for improving the NDR regime’s responsiveness to changing market places between revaluations although it does not alleviate the inability of the NDR regime to adequately respond, if at all, to changing market places within a revaluation cycle (see Part 4.4 of our paper).

The Bill is silent on the need for “tone” date to be as close as practicable to the revaluation commencement date and for the combination of the extant “tone” and physical circumstances” dates to be unified into a single “Valuation Date”.

Our Legislative Proposals at Part 4.4 of our paper should be adopted.

S3 New or improved properties: mark in valuation roll

2A Mark in valuation roll for new or improved properties
(1) No comment.
(2) The presence or absence of a mark in the roll must qualify as a ground of appeal against a new or amended entry.

(3) (a) The qualification as a new or improved property should be broader than “buildings or parts of a building” and should include land and structures.

(b) See (3)(a) above.

(4) (a) The word “relevant” should be replaced with “qualifying”.

(b) No comment.

(5) See (4)(a) above

(a) the definition of “improved properties” should be expanded to “which is caused by, in whole or in part, by the erection, construction, refurbishment, extension or other improvement of land, one or more buildings or structures or parts of buildings or structures which form part of the lands and heritages”

(b)(i) Excluding qualification from the new and improve property rate relief in all cases where there has been a combination, division and/or reorganisation of lands and heritages is discriminatory.

If as a prelude to or consequence of any change in the extent and identity of the lands and heritages works were undertaken to improve the property(ies) those improvements should not be disqualified from rate relief.

It is not beyond the capability of assessors to provide on application, hypothetical valuations distinguishing any element of increased value attributable to improvement works rather than changes to the identity of the lands and heritages.

(b)(ii) Excluding qualification from the new and improve property rate relief where there is a change of use is discriminatory and contrary to government policy (see para 1.06 of this paper).

See para 4.6.18. and our Legislative Proposals in Part 4.6 of our response which should be adopted.

(6) (a) & (b). We understand the need for Scottish Ministers to retain some future control over qualification for rate relief, but abrupt changes must
be avoided. The cost of creating new, or improving existing lands, buildings and structures is high and requires long lead in timescales therefore it is essential that adequate notice of changes is given to ratepayers. Decisions to proceed with improvements are influenced by exposure to rate liabilities and ratepayers must have confidence the relief regime will not suddenly change once projects are commenced.

(7) See (6)(a) & (b) above.

(8) No comment

S4 Entering of parks in valuation roll

(1) to (4) No comment.

S5 Discretion of local authority to determine whether lands and heritages are dwellings

Is there a proposed dispute resolution procedure, if so do disputes fall under NDR or Council Tax legislation?

S6 Valuation notices

(a)

2ZA

(a) Part of recommendation 12 of the Barclay Review stated that “Assessors should provide more transparency and consistency of approach. We welcome Scottish Ministers intention to specify the information that must be included in a valuation notice but are very disappointed the Bill does not outline what those mandatory requirements might be.

No other tax is levied without full disclosure or knowledge of the taxpayer as to the basis and calculation of charge. Ratepayers should be entitled to sufficient information to make an informed judgement whether their valuation is correct and fair by comparison to valuation evidence and comparable properties.

See para 4.8.7 and our Legislative Proposals at Part 4.8 of our response which should be adopted.
We trust that when the Scottish Ministers make their regulations, transparency, fairness to ratepayers and the adverse impact of inadequate valuation evidence and information are to the fore.

(b) Given that there are 14 separate and independent assessors in Scotland we cannot see the merit of this provision. To sanction each of the 14 assessors to provide “such other information as the assessor considers appropriate” merely adds to greater inconsistencies. Some assessors will restrict the information to the absolute minimum required by the Scottish Minister’s regulations whereas other may divulge significantly more. The aim of the regulations must be to ensure that ratepayers receive the most relevant valuation evidence as early as possible and that there is no need for assessor to supply additional information at their discretion.

2ZB

(a) No comment.
(b) No comment.

(b)(6) (a) The statutory content must be consistent irrespective of the purpose.

(b) Reservations to make unspecified alterations are unhelpful to stakeholders as they create uncertainty and inconsistency. Alterations must be kept to an absolute minimum and should not change within a revaluation.

S7 Proposals to alter, and appeals against, valuation roll

(1) We are disappointed that the Government has not provided the complete wording of the proposed provisions amalgamating SS 2 & 3 of the 1975 Act with 3ZA & 3Zb of the Bill.

(2) (a) & (b) No comment.

(3) (a), (b) & (c) No comment.

(4) 3ZA Proposal to alter entry in valuation roll

See Part 4.4 of our response. Our Legislative Proposals at Part 4.4 should be adopted.
(1) It is incumbent on Scottish Ministers to provide clear and unequivocal guidelines as to what comprises a proposal. (See (6) below).

(2)(a) & (b) No Comment

(c) The wording “since the entry was made” should be deleted and should be replaced with “since the ‘valuation date’”.

(d) The scope of S2(1)(f) should be expanded to include any error and the Bill should introduce provisions placing a statutory duty on each assessor to maintain a correct and fair valuation roll.

The recent Lands Valuation Appeal Court decision in Assessor for Central Scotland VJB v British Waterways Board (Scotland) highlights the issue. The assessor and the appellant recognised that the 2010 revaluation NAV/RV was incorrect and excessive because it did not correctly allow for a UK wide steady state of repair allowance of -45% which was agreed in 2013 (agreed 3 years after revaluation) and was applicable to the appellant’s property. However, the assessor had no powers to amend the value in the roll and the appellant had no appeal rights to seek a correction of the valuation because no revaluation appeal had been made and application of the allowance was not deemed to not fall within the remit of 2(1)(f) or the material change provisions.

The Court correctly held that under current legislation the allowance could not be applied to the NAV/RV because it was not within the scope of S2(1)(f) and there was no other mechanism to correct the NAV/RV. Consequently, a valuation that was knowingly incorrect and excessive was perpetuated.

We are not aware of any other form of taxation where charges that are knowingly incorrect and excessive cannot be recovered by the taxpayer.

We don’t know if the Court’s decision would have been the same if the appellant had made a revaluation appeal and it was determined, settled or withdrawn prior to the steady state of repair allowance agreement. Irrespective of that, statute should not allow these circumstances to be perpetuated and a placing a statutory a
duty on assessors and powers to maintain a correct (and, by implication, fair) valuation roll these errors could be corrected from the time they are brought to light.

(3) No comment.

(4) (a) No comment

(b) See (4)(1) and (6) below.

(5) No comment

(6) (a), (b), (c), (d) & (e) We are disappointed the Bill does not outline the minimum requirements for a proposal. We propose that only minimal information is required namely:

i) the name of the appellant,

ii) the property which the proposal relates to,

iii) the NAV/RV and effective date of the property,

iv) the alteration that is proposed e.g. reduction in NAV/RV, change in effective date change in description, deletion of entry, combination, division or reorganisation of the entry(ies)

v) the proposed NAV/RV and effective date of each of the proposed properties.

(7) Reservations to make unspecified alterations are unhelpful to stakeholders as they create uncertainty and inconsistency. Alterations must be kept to an absolute minimum and should not change within a revaluation.

(8) & (9) No comment.

3ZB Appeal to valuation appeal committee

(1) We interpret this clause literally in that the proprietor, tenant or occupier (P, T or O) must appeal directly to the valuation appeal committee rather than the assessor transmitting unresolved proposals to the committee.

(a) & (b) No comment.
(2) (a) It is essential that the period is adequate and that the valuation appeal committee has some discretion to allow an appeal after the end of that period.

(b) Is this the best use of the valuation appeal committee’s time.

(3) (a) No comment.

(b) The power to increase the NAV/RV is a powerful disincentive for P, T & Os to pursue appeals to the valuation appeal committee. It must only be permitted, if at all, where the assessor becomes aware of new relevant valuation evidence or information in support of that increase that was not and could not reasonably have been available or known to the assessor at the time the valuation under appeal was made.

If the assessor intends to request the valuation appeal committee to increase the assessment he must advise the P, T and O when the decision is transmitted to the proposer under 3ZA(5) and all the evidence in support of that increase must be disclosed to the proposer at that time.

The valuation appeal committee should only increase a RV from the date of the committee decision.

The Bill does not provide for circumstances where a valuation which is not under appeal is considered to be understated for reasons other than those covered by S(2)(1)(f) of the 1975 Act. If only the valuation appeal committee has the authority to increase an assessment an assessor must not and cannot amend the roll to give effect to that increase as it has not been sanctioned by the valuation appeal committee.

(4) & (5) See Part 4.5 of our response.

Our Legislative Proposals at Part 4.5 of our response should be adopted.

(6) The information and procedural requirements should be prescribed by Scottish Ministers as soon as possible and should be proportionate.

(7) See (6) above.
(8) No comment.

S8 Proposals and appeals: consequential modifications

(1) & (2) No comment.

*Reform of Reliefs etc.*

S9 New or improved properties: rates relief

(1) to (3) See S3(6)

(4) & (5) No comment.

S10 Charitable relief: independent schools

SS (1) - (5) See paras 4.6.10 to 4.6.14 of our response and our Legislative Proposals at Part 4.6 regarding charitable rate relief should be adopted.

S11 Power to reduce or remit rates for certain organisations: guidance

These provisions are vague but we agree the Bill should enact powers to reduce rate liabilities in certain circumstances, including where ratepayers of lands and heritages have an uninterrupted history of paying fully occupied rate charges continuously and timeously.

We propose that where a ratepayer has paid fully occupied rate charges continuously and timeously for 4 years, that ratepayer should benefit from a discount of 10% from the start of the 5th year of their occupation and that discount should continue until the ratepayer ceases paying fully occupied charges or fails to pay those charges timeously.

This is an inducement for ratepayers to continue to pay fully occupied rate charges timeously and would help redress the balance between occupier recipients of Fresh Start and New and Improved Building Growth Accelerator rate reliefs and those ratepayers who have continuously contributed to national NDR. See paras 4.6.17 to 4.6.19

We also propose a universal liability discount scheme (see 4.6.7 to 4.6.9 & APPENDIX B).

Our Legislative Proposals at Part 4.6 of our response should be adopted.
S12 Non-use or underuse of lands and heritages: notification

For the reasons below at (3), (4) & (5) below we consider this section is poorly conceived and is contrary to the long-established rating principle that “occupation of part is occupation of the whole” lands and heritages. This principle has been used widely to justify levying fully occupied NDR charges on many partially occupied lands and heritages, often because of the changing market places in which the P, T or O operates.

If S12 of the Bill is to be practicable at all it must reverse that accepted principle above and provide for compulsory universal application and use of S24A of the 1966 Act i.e. partial empty property rate relief (eprr) when parts of lands and heritages are temporarily unoccupied and unused. Currently local authorities exclude all, except industrial, properties from S24A but that exclusion must be removed, and all property classes should be treated equally.

(1) & (2) See immediately above.

(3) Where the whole of a lands and heritages is unoccupied by personnel and non-heritable items (e.g. trade stock or furniture) are absent the lands and heritages are “not being used” and should qualify for empty property rate relief (eprr) per Ss 24 & 25 of the 1966 Act. Where the whole or a part of a lands and heritages is unoccupied by personnel but non-heritable items (e.g. trade stock or furniture) are deliberately placed on or in the whole or part of the lands and heritages for storage purposes, neither S24A relief nor eprr is applicable as the lands and heritages are being used for storage purposes.

(4) (a) Who, within a local authority, decides if lands and heritages are being used to the extent to which they could reasonably be used?

Unlike the current NDR regime, the use and extent of use of lands and heritages is highly sensitive and responds rapidly to changes in market places. For example, a retail P, T or O might consider that market conditions dictate it is only worth trading at certain times of day or on certain days or that the optimum use of a property is not for retail use but is as a store. Is a local authority better placed to decide on the intensity and extent of use of lands and heritages than a P, T or O?

(5), (6) & (7) See all S12 comments above.
Failure to pay instalments

S13 Failure to pay instalments

(1) No comment

(2) 8A Failure to pay instalments

(1) to (4) No comment.

Nothing should be enacted which removes a ratepayer’s right to pay by instalments rate charges for a full or part of a rate year.

The Bill should specifically require all local authorities to offer a 10-month instalment option irrespective when the authority issue the first demand.

When assessors carry out their end of rate updates and amend entries with effect from dates at or close to the beginning of that rate year many authorities issue demands at the end of a rate year demanding full payment in one or two instalments. This is onerous to ratepayers and we propose that where a ratepayer receives a demand for part or whole of the current or a previous rate year the ratepayer should have the option to pay the demand over a minimum of 10 equal future monthly instalments.

PART 3

INFORMATION NOTICES AND NOTIFICATIONS OF CHANGES OF CIRCUMSTANCES

S14 Assessor information notices

(1) Replace “give” with “issue”.

(a) Replace “thinks is a” with “has evidence to indicate, and communicates the source of that evidence to the”.

(b) This provision is unworkable. No person should be required to provide information unless that person has a commercial contractual relationship with either the P, T or O. It cannot be correct that a person with no commercial connection to the actual or potential tax payer must provide information that could directly affect the tax liability.

If this provision is enacted the wording must be amended as follows. Replace “any other person” with “a person”, replace “thinks has” with
“has evidence to indicate, and communicates that evidence to that person who may have”.

Where that person has no ongoing commercial relationship with the P, T or O of the lands and heritages that person must be entitled to either decline responding to the notice or entitled to charge a fee (not exceeding 1% of RV, subject to a minimum of £250) to the assessor for the provision of that information.

(2) Replace “as the assessor may reasonably require” with “as is reasonably required”

(3), (4) & (5) No comment.

S15 Local authority information notices

(1) Replace “give” with “issue”, replace “thinks is a” with “has evidence to indicate, and communicates that evidence to the”.

(2) Replace “as it may reasonably require” with “as is reasonably required”.

A local authority’s notice should be directed to the actual ratepayer and the information required should be limited to: the name of the ratepayer, the registered office of the ratepayer, the ratepayer’s billing address, the date the ratepayer’s interest commenced and ceased, the date the ratepayer’s occupation commenced and ceased.

Any notice served under this section should not require P, T or O to provide information regarding other parties unless the notice is to a P and the information requested relates to an occupation by a T or O.

(3) The period of 21 days is too short and should be extended to at least 35 days

(4) to (6) No comment

S16 Duty to notify changes of circumstances

(1) It is an abrogation of a local authority’s responsibilities to require a ratepayer to notify the local authority (within 21 days) of “any relevant change in circumstances” as defined in (2).
A ratepayer does not necessarily know about changes affecting neighbouring properties or superior interests in their own property let alone whether they affect value or the rates that should be paid.

The onus should be on the local authority to enquire regularly with ratepayers via returns requiring responses to specific valuation and charging specific issues, which should be clearly prescribed in legislation. Placing the onus on ratepayers to declare unspecified and undefined issues leaves ratepayers vulnerable to significant fines/penalties (see S20 below) for minor or even irrelevant omissions or late responses.

(2) Who is the arbiter of what a ratepayer “knows, or might reasonably be expected to know, would affect—(a) whether or not non-domestic rates are chargeable in respect of lands and heritages, (b) the amount of non-domestic rates payable in respect of them.”?

(3) We propose that ratepayers have 35 days to return “change of circumstances” returns issued by a local authority.

S17 Offences in relation to information notices and notifications under S16

(1) No comment.

(2) See comments under S16 above.

(3) The level of fine is a matter of public policy outside our area of competence.

S18 Civil penalties for failure to comply with assessor information notices

(1) Failure to comply could be a failure to answer an irrelevant question or other minor omission and there must be discretion regarding what constitutes “failure to comply”. That discretion and the whole administration of penalties should be referred to an independent authority and not left with assessors.

(2) Replace “assessor” with “independent authority”.

(3) The level of fine is a matter of public policy outside our area of competence.

(4) The level of fine is a matter of public policy outside our area of competence.
(5) No comment.

(6) Replace “assessor” with “independent authority”.

(7) There needs to be certainty as to levels of penalties and any further or amended regulations must be proportionate and not a revenue raising exercise.

(8) See (7) above.

(9) No comment.

(10) No comment.

(11) See (7) above.

(12) No comment

**S19 Penalties under S18: appeals and enforcement**

(1) Granting valuation appeal committees with the power to determine appeals against S18 penalties give those committees judicial powers which changes the role of the committee to a court. The appropriate forum S18 penalty appeals should be the Sherriff Court.

(2) No comment.

(3) No comment.

(4) Replace “valuation appeal committee” with “Sheriff Court”.

(5) (a) and (b) No comment.

Additional grounds should be added.

i) No commercial contractual relations hip exists between the person required to complete the form and the P, T or O.

ii) Where the notice has been returned and failure to comply relates to incomplete responses to part(s) of the notice and the incomplete part(s) are not material for purposes of valuing the lands and heritages referred to in the notice.

iii) The assessor has no authority to serve the notice either because there is no evidence that the person served with the notice has the information required or the lands and heritages are outwith the assessor’s valuation area.
(6) No comment.

(7) There needs to be certainty as to appeal provisions and any further provisions must be proportionate.

(8) See (7) above.

(9) No comment.

**S20 Civil penalties for failure to comply with local authority information notices and failure to notify changes in circumstance**

(1) (a) & (b) The period should be 35 days

(2) The liability for a penalty should be administered by an independent authority and not left with an authorised officer of the local authority.

(a) No comment.

(b) The level of fine is a matter of public policy outside our area of competence.

(c) No comment.

(3) (a), (b) & (c) No comment.

(4) Replace “authorised officer” with “independent authority”.

(5) There needs to be certainty as to levels of penalties and any further or amended regulations must be proportionate and not a revenue raising exercise.

(6) See (5) above.

(7) No comment.

(8) See (5) above.

(9) see (5) above.

(10) No comment.

**S21 Penalties under S20: appeals and enforcement**

(1) Granting valuation appeal committees with the power to determine appeals against S20 penalties give those committees judicial powers which changes the role of the committee to a court. The appropriate forum S20 penalty appeals should be the Sherriff Court.
(2) No comment.
(3) No comment.
(4) Replace “valuation appeal committee” with “Sheriff Court”.
(5) No comment.
(6) There needs to be certainty as to appeal provisions and any further provisions must be proportionate.
(7) See (6) above.
(8) No comment.

S22 S19 & S21: consequential modifications
(1) No comment.
(2) No comment.

PART 4
ANTI-AVOIDANCE REGULATIONS

S23 Anti-avoidance regulations
(1) & (2) No comment.
(3) There needs to be certainty as to appeal provisions

S24 Meaning of “advantage”
(1) & (2) No comment.

S25 Non-domestic rates avoidance arrangements
(1) & (2) No comment.

S26 Meaning of “artificial”
(1) to (6) No comment.

S27 Procedure for anti-avoidance regulations
(1) No comment.
(2) (a) & (b) No comment
(3) We look forward to receiving the proposed anti-avoidance regulations in due course and may respond to the consultation.
(4) & (5) & (6) No comment.

PART 5

FINAL PROVISIONS

S28 Interpretation

No comment.

S29 Ancillary provisions

(1) There needs to be certainty as to these provisions and any further provisions must be proportionate.

(2) See (1) above.

(3) & (4) No comment.

S30 Commencement

(1), (2) & (3) No comment.

(4) There needs to be certainty as to these provisions and any further provisions must be proportionate.

S31 Short Title

No comment.