LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

CALL FOR VIEWS ON THE NON-DOMESTIC RATES (SCOTLAND) BILL

SUBMISSION FROM SOUTH LANARKSHIRE COUNCIL

1. The Scottish Government’s **overall programme of Non-Domestic Rates reform**, and how the Bill fits into this.

   South Lanarkshire Council considers that the reforms to NDR as set out in the Bill are broadly welcome.

2. How the Government has responded to the Barclay review, in particular on those recommendations it has rejected in full or part.

   South Lanarkshire Council is satisfied to note that changes will be implemented at the earliest opportunity.

3. **Section 2 of the Bill** which provides that revaluation of properties subject to non-domestic rates would be carried out every 3 years rather than every 5 years.

   South Lanarkshire Council regards that this section of the Bill is clear, unambiguous and meets the policy objective.

4. **Section 3 of the Bill**, which (together with section 9) makes provision in relation to new or improved properties. These delay the point at which non-domestic rates are increased because a property has been expanded or improved, or at which a new build property begins to incur liability to non-domestic rates. The underlying aim is to incentivise development and investment in business properties.

   Section 3 of the Bill successfully clarifies the additional responsibility given to the Valuation Joint Boards and ensures that clear and consistent information is provided to Local Authorities to enable reliefs for new and improved properties to be administered efficiently and consistently.

5. **Section 4**, which aims to increase the degree to which parks are subject to non-domestic rates, in recognition of the commercial activities that take place in some parks (e.g., the running of a café).

   South Lanarkshire Council believes that section 4 successfully recognises that commercial activity in parks should be rated in the same way as commercial activity that is undertaken elsewhere.

6. **Section 5**, intended as a measure to address a perceived “loophole” that enables owners of holiday homes to avoid both council tax and non-domestic rates by making it more difficult to enter a home on the roll (and, through this, to then claim relief under the small business bonus scheme).
South Lanarkshire Council agrees that the bill closes the perceived ‘loophole’.

7. **Sections 6-9**, which aim to reduce the current high rate of valuation appeals, which the Scottish Government perceives as speculative. (Increasing the frequency of ratings revaluations in section 2 is also seen as a component of this reform.)

South Lanarkshire Council has no comment on this as it is a Valuation Joint Board matter.

8. **Section 10**, which removes eligibility to claim charitable relief from non-domestic rates from mainstream independent schools, and section 11 which gives the Scottish Ministers the power to issue guidance to local authorities on the appropriate way to use their powers to grant sports club relief.

South Lanarkshire Council believes that section 10 delivers the objective of removing charity relief from independent schools, with the noted exceptions of special schools and specialist music schools and welcomes the powers given under section 11 to give the Scottish Government powers to issue statutory guidance on relief awarded to sports clubs.

9. **Section 12**, which aims to address what the Scottish Government describes as a known tax avoidance tactic concerning unoccupied or under-used properties.

South Lanarkshire Council considers that together, the increased re-set period for empty property relief and the additional powers over underused properties or vacant properties, will certainly reduce the number of empty property claims made purely as an avoidance tactic. However, the main relief that South Lanarkshire Council awards to vacant properties, apart from empty property relief, is small business bonus relief (SBBR) and we do not believe that this section fully addresses this avoidance tactic in relation to SBBR. The SBBR regulations specifically allow for this relief to be awarded whether or not the property is occupied and we consider that the SBBR regulations would also need to be amended to ensure consistency between all ratepayers with vacant properties.

10. **Section 13**, which will enable councils to initiate debt recovery proceedings for unpaid rates sooner.

South Lanarkshire Council agrees that section 13 of the Bill will allow councils to initiate debt recovery procedures earlier in the financial year, after payment of any instalment is missed.

11. **Sections 14, 18, 19 and 22**, which together aim to strengthen the power of assessors to obtain the information they need to carry out their role, and sections 15, 16, 17, 20, 21 and 22 which give local authorities increased powers to obtain information from ratepayers, in order to ensure that the information they have is accurate, and to reduce the risk of fraud.
South Lanarkshire Council has no comment to make on sections 14, 18, 19 & 22 as these concern changes to valuation regulations.

Whilst sections 15-17 and 20-22 gives councils increased powers of information gathering it does not fully address all situations where a council requires to be notified of changes and does not address the issues that councils having ensuring that the correct ratepayers are billed within a reasonable time of taking over a property. To address this we consider that the term ‘ratepayer’ should be altered to include the landlord, owner and agent. The regulations should also include a wider responsibility to advise local authorities of all changes that could affect the billing process, and not restrict this to changes that would affect whether or not non-domestic rates are chargeable or the amount of rates payable for the property.

12. Part 4 of the Bill, which give the Scottish Ministers the power to make anti-avoidance regulations to prevent ratepayers gaining an advantage from avoidance arrangements that are considered artificial, and sets out definitions of “advantage” and “artificial”.

South Lanarkshire Council welcomes the introduction of powers for Scottish Ministers to make anti-avoidance regulations where and when avoidance issues are identified.

13. Do you have any other comments about the Bill? In particular, is there anything not in the Bill concerning non-domestic rates that should be in the Bill?

South Lanarkshire Council’s mains concern about items not in the Bill have been responded to in questions 9 and 11 above.