



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Local Government and Communities Committee

**Wednesday 11 September 2019**

**Session 5**



The Scottish Parliament  
Pàrlamaid na h-Alba



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**LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE**

**21<sup>st</sup> Meeting 2019, Session 5**

**CONVENER**

\*James Dornan (Glasgow Cathcart) (SNP)

**DEPUTY CONVENER**

\*Sarah Boyack (Lothian) (Lab)

**COMMITTEE MEMBERS**

\*Annabelle Ewing (Cowdenbeath) (SNP)

\*Kenneth Gibson (Cunninghame North) (SNP)

\*Graham Simpson (Central Scotland) (Con)

\*Alexander Stewart (Mid Scotland and Fife) (Con)

\*Andy Wightman (Lothian) (Green)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Anouk Berthier (Scottish Government)

Colin Brown (Scottish Government)

Kate Forbes (Minister for Public Finance and Digital Economy)

**CLERK TO THE COMMITTEE**

Peter McGrath

**LOCATION**

The James Clerk Maxwell Room (CR4)



## Scottish Parliament

### Local Government and Communities Committee

*Wednesday 11 September 2019*

*[The Convener opened the meeting at 09:45]*

#### Interests

**The Convener (James Dornan):** Welcome to the 21st meeting in 2019 of the Local Government and Communities Committee. I remind everyone present to turn off mobile phones.

I warmly welcome Sarah Boyack to the committee. Sarah replaces Alex Rowley, who has taken on a different role with his party. I record the committee's thanks to Alex for his service to the committee.

For agenda item 1, I ask Sarah Boyack to say whether she has any relevant interests to declare.

**Sarah Boyack (Lothian) (Lab):** I will be submitting my formal declaration of interests next week, but for the committee the only thing that I think I should mention is my membership of the trade unions Unison and Community.

## Deputy Convener

09:45

**The Convener:** Under agenda item 2, the committee will appoint a new deputy convener. Following Alex Rowley's resignation from the committee, the position of deputy convener is now vacant. Parliament has agreed that only members of the Scottish Labour Party are eligible for nomination as deputy convener of this committee. I invite any nominations for that post.

**Andy Wightman (Lothian) (Green):** Can I nominate Sarah Boyack?

**The Convener:** You certainly can.

*Sarah Boyack was chosen as deputy convener.*

**The Convener:** I congratulate Sarah on her appointment, and look forward to working with her.

## Decision on Taking Business in Private

09:46

**The Convener:** Agenda item 3 is to decide whether to take agenda items 5 and 6 in private. Those items are consideration of key themes arising from today's evidence, and consideration of our work programme. Do members agree to take them in private?

**Members** *indicated agreement.*

## Non-Domestic Rates (Scotland) Bill: Stage 1

09:46

**The Convener:** Agenda item 4 is the committee's concluding evidence session with the Scottish Government, as part of our scrutiny of the Non-Domestic Rates (Scotland) Bill. I welcome Kate Forbes, who is the Minister for Public Finance and Digital Economy. She is accompanied by Anouk Berthier, who is the NDR policy lead; Colin Brown, who is a senior principal legal officer; and Ian Storrie.

I believe that the minister would like to make a brief opening statement.

**The Minister for Public Finance and Digital Economy (Kate Forbes):** It will be very brief. I thank you, convener, and the committee for allowing me to come and speak to you today.

The bill is an important stepping-stone on the way to implementing the recommendations of the Barclay review, which we have progressed as quickly as possible. The bill's purpose is to establish a legislative framework to enable a number of those recommendations to be implemented. We are also making good progress on the other recommendations that have not required primary legislation.

With, I understand, more than 360 written submissions and six oral evidence sessions, plus a number of committee visits, committee members have, I am sure, been given much food for thought, so I look forward to the discussion later.

Before taking questions, I want to touch on what I believe to be the most critical aspect of the bill—the proposed changes to the appeals system. We are not the only ones who believe that it needs reform. We have looked at other places, including south of the border, where there have been significant difficulties that have resulted in few appeals being able to progress through the system, which has informed our consideration. We have learned from that in making every effort to get our reforms right.

Quite simply, convener, I believe that if we do not get reform of the appeals system right, that will negate the benefits of every other aspect of the proposed NDR changes. I appreciate that the appeals system is a complex area to reform and that there are no easy solutions, as the rating experts on the Barclay implementation appeals sub-group have discovered during their deliberations. I look forward to receiving soon their report containing recommendations on potential changes to the appeals system, which I will reflect

on carefully. I am happy to arrange for a copy of that report to be sent to the committee.

Finally, my letter of 3 September to the convener outlined my proposed approach to consulting on illustrative appeal regulations, which I hope members found useful and helpful. I am happy to contribute to the debate by answering any questions that the committee deems are important.

**The Convener:** Thank you, minister. I will kick off. Could any additional measures have been included in the bill, such as changes to rates for out-of-town retailers? We have found that one of the big challenges for town centres is the fact that they are fighting against the out-of-town retailers. Kenny Gibson might want to go into that in more detail.

**Kate Forbes:** The bill's purpose is to put in place the legislative framework for a number of recommendations, as I said earlier. Not all the recommendations are in the bill; some have been progressed already, others will be progressed through guidance, and others we have decided not to progress after listening to stakeholders. One of that last group is the out-of-town levy. We decided after careful consideration that it would have created greater complexity and uncertainty for business. An important remit of the Barclay review was to make Scotland as competitive as possible to support the economy, and it deemed that certainty for business was one of the most important aspects. That is why the levy recommendation did not make it to primary legislation.

**The Convener:** I might come back to that issue.

**Kenneth Gibson (Cunninghame North) (SNP):** Good morning, minister. I have just written down your comments; you said that you want Scotland to be "as competitive as possible", with "certainty for business". Committee members have done a couple of visits—to Kilmarnock and, yesterday, to Stirling—and what was remarkable was that we heard almost exactly the same story from businesses and community organisations. They view current rates policy as restricting sustainable economic growth. How will the bill make progress on that? For example, a property that has a rateable value of £15,000 pays zero, one that has a rateable value of £18,000 gets a 25 per cent discount and pays £6,615 a year, and a property that has a rateable value of £20,000 attracts a 49p poundage, which means that it pays £9,800.

We have been told that the small business bonus scheme has been great for small businesses and has stimulated interest in smaller properties, but an individual from the property industry has said that has helped to push up

rates—although his colleague was keen to damp that down and said that it increases turnover of properties. Either way, it has been good for smaller properties.

However, businesses that try to expand and employ new people often find that the jump from a small property to a medium-sized property is too great, because of the additional rates burden. There is a cliff edge in the increases from £15,000 to £18,000 and £20,000. People have said that there is no pressure under the £15,000 zero rate, and that tapering might have been better than trying to persuade businesses to move.

That example has probably made my questions more long-winded than I would have liked. How will the bill help to promote sustainable economic growth? Will the Scottish Government try to tackle such bottlenecks in the system?

**Kate Forbes:** There was a lot in that, which I will answer with three points. First, we recognise that the small business bonus scheme needs to be reviewed, which is why we progressed that recommendation ahead of the Barclay review schedule. After a tender process, the review was given to the Fraser of Allander institute, with a view to publication in spring 2020. It will examine the question about establishing whether the scheme is the most effective way to support business growth, particularly for small and medium-sized enterprises.

Secondly, although the bill is quite technical, that does not stop us from taking forward a number of initiatives for town centres and business growth through the annual budget process, which we did last year with £50 million support for town centres. We accepted all seven Barclay recommendations that would directly support the economy and economic growth. That can be seen through our reliefs package, which is one of the most generous in the United Kingdom.

Thirdly, some matters are outside the substance of the technical bill that is before us, but we have accepted recommendations for economic growth and where we have been able to embed them in the bill, we have done so. A good example is the business growth accelerator; we implemented that relief as soon as possible and have put it in the bill.

**Kenneth Gibson:** Thank you for that.

Even if the bill has been put together with a view to stimulating economic growth, unless there are changes in respect of the cliff edge that I talked about, other policies that are layered on top will militate against that.

The minister talked about how the out-of-town levy recommendation was rejected because of complexity and uncertainty. However, for many

small towns—such as those that I represent—out-of-town retail stores have effectively killed their high streets. There is one out-of-town store where everyone does their shopping, so we no longer have fruit shops, butchers, bakers and all the things that people grew up with. Although convenience is obviously important for people, there has to be a level playing field.

I will move on to a related issue that was mentioned in Stirling yesterday. The matter is reserved to the UK, so has the Scottish Government been lobbying the UK Government on imposing tax rates—or whatever we want to call them—on online retailers?

**Kate Forbes:** That is a great question; obviously, the digital economy is also an element of my brief. One of the points that was made in the Barclay review was that, although out-of-town retail is a challenge—that is why there was a recommendation on that—digital and online retail are probably putting more pressure on the high street.

We were considering that, then last October the former Chancellor of the Exchequer, Philip Hammond, announced that the UK Government was going to progress plans on a digital sales tax. At present, we are awaiting further details of what the UK Government is going to do. We have certainly considered the issue, and we will continue to consider it, to ensure that there is a level playing field.

However, none of those things is a magic bullet to support high streets. They have to be taken together with initiatives in the budget to support high streets—to help retailers to access new markets, to encourage footfall and to make sure that retailers are supported by the rates regime. Of course, a lot of the small businesses that are on our high streets will be in receipt of the small business bonus, which enables them to reinvest in growth.

**Kenneth Gibson:** Yes, it does. I hope that, if online taxation comes through, there will at least be a Barnett consequential.

Another issue that came up is that there have, as the minister will know, been concerns over the past year or two that the hospitality sector has been disproportionately affected. How will the bill positively impact on that sector?

**Kate Forbes:** Apart from the bill, and specifically in relation to the hospitality sector, we have introduced transitional rates relief. To give certainty to the hospitality industry, I announced last November that transitional rates relief would last until the next revaluation. I understand that the hospitality industry also has particular concerns around the methodology: it is discussing directly

with assessors how the methodology could be improved. That is separate to this technical bill.

**Kenneth Gibson:** There is concern that properties are overvalued—that is certainly what the hospitality sector is saying.

I will ask one last question, convener, because I know that a lot of other members want to come in. The minister talked about how fundamental the appeal process is. Given that some 72 per cent of businesses automatically appeal, what thought went into whether appeals should be charged for? Businesses think that it is not going to cost them anything, so they might as well fling an appeal in, which clogs up the system. There is a difference between what happens in Scotland and what happens in England; what is your view on that?

**Kate Forbes:** If we do not get the appeals system right, proposals such as the one to move to three-yearly revaluation will be nigh on impossible. That is how critical it is that we get the appeals system right.

As Kenneth Gibson said, most businesses and organisations automatically appeal. A lot will be fleshed out in guidelines and subordinate legislation after the appeals sub-group has published its recommendations, but we are proposing a two-step process in which there is a proposal and then an appeal. At the moment, businesses automatically appeal. The appeal goes into the system and there is a long drawn-out process, which is why it is so challenging to get through the volume of appeals.

We are suggesting that there should be a proposal first and then an appeal. A proposal will, in essence, be a discussion with the assessor. During that discussion, either the assessor will deny that the appellant has a case—if so, it can then move to a formal appeal—or the issue will be dealt with at that initial stage and there will be no need to go to an appeal.

10:00

We also suggest strengthening of assessors' information-gathering powers. The Barclay review was clear that provision of information by ratepayers is relatively poor and that more information comes out during the appeals process. If assessors have much more information up front, they can get the valuation right initially and there will be no need to appeal.

Those two elements are critical to improving the appeals process, which will enable us to move to a three-yearly revaluation process.

**Kenneth Gibson:** So, there will be no fee to disincentivise spurious appeals.



**Kate Forbes:** There is such a fee in England. That would have to be balanced with access to justice. I await the findings of the sub-group on appeals and do not want to pre-empt them, but my position at the moment is that, if we can ensure that there is access to justice for everybody while reducing the number of appeals, we should do that.

**The Convener:** Should we consider a charge being made at the point when a business that has made a proposal for which the assessor has said it does not have a case, goes against what the assessor said and goes to appeal? I accept the minister's point that the system of proposals will probably get rid of a lot of appeals, but people could still decide to chance their arm and appeal because it will not cost them anything.

**Kate Forbes:** I will consider all the issues. I will consider the committee's findings on improving appeals and the recommendations of the sub-group on appeals. I will consider everything that is recommended in order to reduce the quantity of appeals while maintaining access to justice. I imagine that that will, now that you have raised the point, form part of the committee's report. I do not want to pre-empt anything now, because I want to get this right.

**Sarah Boyack:** I will ask about the current huge backlog of appeals. There is an argument about the move to three-yearly rather than five-yearly revaluations, but how will you deal with the current backlog and where are the resources to allow the system, which is not working, to catch up before we move to the new process?

**Kate Forbes:** Sixty per cent of revaluation appeals have now been resolved. One reason why we do not want to bring forward the next revaluation date to 2021 is that we want to ensure that all appeals have been dealt with in advance of the next revaluation. As 2017 revaluation appeals may be cited up until December 2020, that would not be a manageable timescale if we moved straight to a three-yearly revaluation.

To help assessors to prepare for the implementation of the Barclay recommendations, we included at their request an additional £2.5 million in last year's budget. That will go directly to assessors, rather than go elsewhere to await redistribution. That will help the assessors to prepare for implementation of the legislation while they have that backlog.

**Sarah Boyack:** You are confident that, when we hit 2022, there will not be any outstanding appeals from 2017, so that will not be a problem.

**Kate Forbes:** It would be difficult to move to a revaluation if we still had outstanding appeals. The assessors will have a year or so to deal with the backlog.

**Graham Simpson (Central Scotland) (Con):** If there are outstanding appeals in 2022, what will you do?

**Kate Forbes:** There are a very small number of outstanding appeals from 2010, which involve particular challenges and complexities that need to be dealt with. However, they must be dealt with in advance of 2022.

**Graham Simpson:** What will happen if they are not dealt with?

**Kate Forbes:** We will ensure that the assessors have adequate resources to deal with them.

**Graham Simpson:** So, that is a guarantee that those appeals will all be dealt with.

**Kate Forbes:** Anouk Berthier has a point to make.

**Anouk Berthier (Scottish Government):** Revaluation appeals can be cited until December 2020. Although it is true that we have resolved only 60 per cent of appeals in the 2017 cycle, compared with 69 per cent in the 2010 cycle, there are a number of reasons why that could have happened, including the seven-year gap between the two revaluations, and there being more complex cases and more litigation.

We are still on track in the appeals resolution cycle and are confident that all appeals will have been cited by December 2020, except for the small number of complex cases that will go to the Lands Tribunal for Scotland.

**Graham Simpson:** That is fine, but the minister said that if there are outstanding appeals in 2022 she would not want to move to revaluation.

**Kate Forbes:** No—I said that I would not want us to be in a position where we are moving into the next revaluation with outstanding appeals, so we will do everything that we possibly can, while recognising the independence of assessors.

The point that Anouk Berthier made is important. Inevitably, where there are legal proceedings, that is out of my control. We will do everything that we can to make sure that the vast majority of appeals, if not all of them, have been dealt with, but I cannot give a hard-and-fast guarantee because I do not have control over the courts.

**Andy Wightman:** The committee's job at stage 1 is to scrutinise the bill and recommend to Parliament whether we approve of its general principles. What are the general principles of the bill?

**Kate Forbes:** The general principles of the bill—this was originally Barclay's remit—are to improve the rates regime, to give more certainty to ratepayers and to make improvements where we

recognise that there are current challenges, particularly to do with appeals, which are unsustainable.

**Andy Wightman:** So the general principles of the bill are about improving the system.

**Kate Forbes:** Yes.

**Andy Wightman:** I have the consultation that Barclay issued, and it asked only one question of consultees, which was,

“How would you redesign the business rates system to better support business and incentivise investment?”

Basically, you are saying that that question lies at the heart of the general principles of the bill.

**Kate Forbes:** Yes. We want to reform the rates regime in this country to ensure that there is economic growth and that we have a level playing field.

**Andy Wightman:** Given that non-domestic rates are an important tax and the second largest devolved tax by tax yield, that we have had no primary legislation on the subject in the 20 years of devolution since the first piece of primary legislation, that rates belong to local government and are its tax and not ours, and that setting of non-domestic rates was centralised in ministers’ hands by Mrs Thatcher in 1992, why did you not take this legislative opportunity to have a rather more wide-ranging review of the rates system—for example, to reform who sets the rate—rather than the narrow focus on businesses?

**Kate Forbes:** The Barclay review considered whether non-domestic rates should be devolved to local authorities but did not recommend that, because it was clear that ratepayers value consistency across Scotland. One way in which that consistency would be lost is if every local authority was able to implement its own poundage rate. The argument in favour of consistency across Scotland is based around efficiency—ease of administration of payment—and ensuring that rates do not affect investment decisions between different areas.

I understand that the committee had the Convention of Scottish Local Authorities here on 22 May, when it commented that we are looking at how we devolve powers and rebalance the fiscal relationship with local authorities when developing the fiscal framework. COSLA commented that NDR should form part of those discussions on local fiscal empowerment. Although the bill gives an element of fiscal control of the rates system to local authorities—we will see that at stage 2 with the empty property relief—because of that point about consistency I do not believe that its role is to go further on devolution to local authorities.

**Andy Wightman:** You say that it is about consistency across the country. If the UK Government wanted to centralise all the Scottish Parliament’s tax powers for consistency across the UK, would you be happy with that?

**Kate Forbes:** I recognise Scotland as a country in that respect. Taxes should be set at an appropriate level. When it comes to non-domestic rates, the bill will not devolve powers over poundage to local authorities.

**Andy Wightman:** One issue that has come up in evidence is that economic conditions across Scotland are varied. Indeed, one of the problems with the non-domestic rating system is that it is quite complex. There is a range of reliefs, some of which have been introduced specifically because of economic conditions in certain parts of the country, such as those in relation to the hospitality industry in the north-east. Does that not suggest that poundage should be set according to local conditions? There is no such thing as a national rate in relation to economic conditions, when economic conditions are very different.

**Kate Forbes:** That suggests that the bill should not introduce additional complexities to an already complex system.

**Andy Wightman:** Fair enough.

Recommendation 28 of the Barclay report was about including all non-domestic properties on the roll, which was a recommendation that you rejected. In the context of land reform, in 2014, the land reform review group cited the fact that, as far back as 1976, the Layfield committee said that it could see nothing in the nature of agricultural land that would take it outside the scope of a very widely based tax. The 2011 Mirrlees review recommended that agriculture should pay non-domestic rates. Have you had any discussions with the Cabinet Secretary for Environment, Climate Change and Land Reform about the extent to which including the properties that are currently exempt would be helpful?

**Kate Forbes:** Our position has not changed since September 2017, when we chose not to accept the particular Barclay recommendations that Mr Wightman refers to in relation to levying rates on commercial agricultural properties or farms. There are three main reasons for that. First, it would create a significant administrative burden on assessors at a time when their focus needs to be on improvements elsewhere. Secondly, we recognise, as does the Cabinet Secretary for the Rural Economy in particular, the valuable contribution that agriculture makes to our economy. Thirdly, I know that there are proposals that such properties should all be added to the roll and then exempted through reliefs to recognise the contribution that they make, but that would be

very challenging given the low state aid de minimis level for agriculture, which is about £20,000 over a three-year period.

**Andy Wightman:** So you think that it is quite okay for a multimillion-pound business on the edge of a town to pay no rates, when the baker and the butcher are paying contributions to local authority services?

**Kate Forbes:** We need to look at where we can create more level playing fields. In principle, such things should be considered—and they have been. In applying that consideration, we have made the judgment that it is not wise to progress with putting farms and commercial agricultural properties on the roll, given that we would inevitably have to exempt some, because of the important role of agriculture, and given that reliefs would not go terribly far.

**Andy Wightman:** I will leave it there for now.

**Sarah Boyack:** I want to pick up on the details of the provision requiring parks to be entered on the roll. There were a few comments about that and people were nervous about potential unintended consequences, such as Christmas fairs being abandoned and the possible impact on keep-fit initiatives. Are you likely to indicate a policy direction or give clear guidance on how people should implement the recommendation?

**Kate Forbes:** I accept that what may have appeared simple at the beginning has become incredibly complex to legislate for to ensure that there is understanding and security that there will be no unintended consequences.

I look forward to the committee's report in that respect. I am happy to consider issuing guidance on parks, if local authorities would find that helpful because of the current situation. The bill provides that all activity that is not free or unrestricted will be rated, which covers the commercial activity that the Barclay review stated should be liable for rates. However, I recognise that there could be unintended consequences in implementing that, so guidance will be required.

10:15

**Sarah Boyack:** You think that guidance is definitely needed but that there is no need to change the bill.

**Kate Forbes:** I am open in that respect. Anouk Berthier might want to add to that, because I think that that is her favourite area.

**Anouk Berthier:** I echo the minister's view that we look forward to the committee's recommendations on the matter. The key is to ensure that there is as level a playing field as possible for commercial activity in parks and

activity outside parks, while respecting the Barclay review's view that parks, like other public infrastructure, should remain exempt. There is an intuitive vision of parks that does not necessarily correspond with the rules on rating and valuation. As the minister said, the area is complex and we are reflecting on the views that we hear from assessors and other stakeholders in that regard.

**The Convener:** Reliefs for new and improved properties will apply when buildings have been split or merged. How will that work?

**Kate Forbes:** Does your question relate to the fact that splits and mergers do not qualify for the business growth accelerator?

**The Convener:** Yes.

**Kate Forbes:** Splits and mergers do not qualify for the business growth accelerator, because we do not necessarily consider them as improvements. The BGA was intended to incentivise the expansion and improvement of the non-domestic property stock in Scotland. In relation to improvements, the BGA focuses on, for example, extensions and refurbishments rather than splits and mergers.

**The Convener:** We will move on to independent schools.

**Graham Simpson:** We have taken a lot of evidence on that issue. The proposal to remove reliefs for independent schools, all of which are classed as charities, is one of the most controversial areas of the bill. Irrespective of what the Barclay review said, which was not very much—the committee quizzed Ken Barclay, but he did not have a great deal to say on the matter—what was the Government's thinking behind the proposal?

**Kate Forbes:** The proposal stemmed from the Barclay review. There is no getting away from the fact that we have been informed and influenced by the independent Barclay review, which concluded that the current situation, in which independent schools can benefit from a reduced or zero rates bill while state schools cannot, is unfair and should end. We accepted that recommendation.

We have considered the impact of potential policies, and we do not believe that there will be a significant increase in demand for state school provision. We will happily support ratepayers through the transition process following the implementation of the recommendation. It is not a question of charity law; it is a question of rating law.

**Graham Simpson:** I will come back to charity law.

You have said that you do not think that there will be much impact on the state sector, but there

is nothing in the financial memorandum about the matter. When the bill was drafted, no analysis had been done on the possible effects on the state sector, such as kids being moved out of private schools into the state sector, and extra costs for councils, particularly in areas where there are large numbers of independent schools, including Edinburgh and Perthshire. No analysis was done whatsoever. Why was that? Given that no work was done, how can you sit there and say that there will not be much of an impact?

**Kate Forbes:** I dispute the assertion that no work was done. There was analysis of the potential impact in the business and regulatory impact assessment, which was published in June 2019. To take one example, it cited the fact that, in 2018, the Scottish state school sector had average spare working capacity of 30 per cent. That would be more than enough to absorb pupils. I am going off at a tangent here; we have analysed the impact. That is not to say that we do not recognise the important role that independent schools play in our education system.

**Graham Simpson:** Let us go back to the charity angle, on which we have had written and oral evidence from the Office of the Scottish Charity Regulator. In its submission, it said that

“Removal of charitable relief from non-domestic rates from the majority of independent schools has potential to undermine”

the statutory test of charitable status. It also said that

“a number of independent schools are in marginal financial positions.”

We heard that in evidence, too. In addition, OSCR stated:

“There is the possibility that some schools may wish to request removal from the Scottish Charity Register”.

In other words, those schools would no longer be charities and would not operate in the way that they do now.

We also heard from the Charity Law Association, which said:

“The key principle underpinning the tax treatment of charities is that charities should be treated equally by tax legislation.”

It is clear that your proposal would do away with that, because charities would not be treated equally. Do you recognise that there is a real issue here?

**Kate Forbes:** I go back to the comment that I made earlier: it is important to distinguish between charity law and rating law. We are not trying to interfere with independent schools’ charitable status through the back door, as some have suggested. The bill does not deal with charity law

at all. Independent schools will retain their charitable status and all the benefits that flow from it, such as access to gift aid. The bill will not affect their charitable status.

I understand that Ken Barclay indicated that he had at least spoken to OSCR and others about his report.

**Graham Simpson:** Actually, he did not—unfortunately, he did not invite them in. That is not the case.

OSCR’s concern is that we will be left in a situation in which a small number of charities will be dealt with differently from the rest of the charity sector. Why on earth would you want to bring about such a situation?

**Kate Forbes:** We want to do it for the reason that Barclay set out—we want to create a level playing field among schools. Local authority schools currently pay rates; historically, independent schools have not done so. We are addressing that anomaly.

**The Convener:** I will let Kenny Gibson in, after which I will come back to Graham Simpson.

**Kenneth Gibson:** The minister has just made the key point. Graham Simpson talked about the impact on the viability of independent schools. According to evidence from Hutchesons’ grammar school, it understands that the requirement to pay rates would result in a 2.4 per cent increase in the school’s fees. Given that the fees are about £12,000 at the moment, I am not convinced that people would withdraw their children and pile them into the local state schools; I have certainly not seen any evidence that that would happen. I do not think that my old school, Bellahouston academy—where Hutchie used to dump its antisocial pupils when I was at school—or Shawlands academy would be inundated.

Is there any evidence that any independent schools would be financially threatened? When the committee was at George Watson’s college, we were told that the increase in teachers’ salary had more of an impact on the fees—a rise of around 6 per cent in a year was mentioned—than any potential increase relating to the payment of rates. George Watson’s is, of course, the school with the highest pupil roll in Scotland—it has more than 2,000 pupils. Many of the schools that we are talking about are doing very well.

**Kate Forbes:** The impact of our proposals would be equivalent to about 1.3 per cent of current average fees. We recognise that we need to support ratepayers through the process, but I find it difficult to accept that that magnitude of change would be sufficient to lead to a mass exodus of pupils, for example. I believe that it can

be accommodated within the average cost increases.

**Graham Simpson:** I am grateful to Kenny Gibson for that line of questioning, which I will follow up on. At an evidence-taking session, I asked witnesses:

“Do any of you think that schools could go under as a result of”

what is proposed? Liam Harvey of St Mary’s school in Melrose said:

“Most certainly, and the increase in employer contributions is also going to put a dent in our budgets”.

In addition, John Edward said:

“One of the attendees from whom the committee heard last week was from Hamilton college in Hamilton, which is a school that goes back less than 40 years ... The school has said on public record, and it has been reported in the press, that it would close.”—[*Official Report, Local Government and Communities Committee*, 19 June 2019; c 17-18.]

I have visited Hamilton college, which is in the region that I represent. It is not a wealthy school. The proposal could have a real impact on some schools—perhaps the smaller schools in the sector—although I accept that it would not impact all schools. Would not it be best to drop the proposal altogether and commit to a full review of charity law?

**Kate Forbes:** I will answer that in two ways. First, we are not prepared to drop the proposal, but I am prepared to listen to the committee’s recommendations on how we can support the sector at this time. I am very sympathetic to your point about smaller schools, where the fees are, on average, much lower.

Secondly, independent schools deal with a host of additional costs. One example of those costs is the UK Government changes to pensions. I recognise that independent schools are having to deal with the cumulative effect of those additional costs and that it is a challenging time for them. Therefore, although we are not prepared to ditch the proposal, I am very willing to listen to suggestions or ideas about how we can support the sector through this time of change.

**Graham Simpson:** Okay. In that spirit, I offer a couple of ideas. You could delay implementation of the changes until the next revaluation, or you could have a staged introduction. I do not want to commit you to those ideas, but are you prepared to look at them?

**Kate Forbes:** I am at the committee this morning to look at its recommendations on how we can support the sector. On timescales, the Barclay review was published in August 2017 and the accepted recommendations were confirmed by the Government in December 2017, with a view to stakeholders ideally being given as much notice

as possible. However, where the committee makes recommendations for supporting ratepayers through this time of change, I will listen.

**Graham Simpson:** Okay.

**Andy Wightman:** I have a couple of follow-ups. You said that you want to create a level playing field. Some parts of the charitable sector, such as charity shops, get the same relief, yet other shops are struggling because of competition from the charity shops. Why did you not look at other aspects of the charitable sector where the rates issue is perhaps more acute in relation to there not being a level playing field?

**Kate Forbes:** I accept that, in the spirit of trying to create a level playing field, there are still areas to which we need to give further consideration. Sometimes it comes down to a judgment—for example, we have decided to propose exemptions for specialist music schools and independent special schools. However, I still believe that Barclay was correct in saying that creating a level playing field between state and independent education, as far as possible, is important.

**Andy Wightman:** You mention music schools and you are providing for the retention of charitable relief for one music school in the independent sector, but there are four public music schools. One is in Plockton, which is in your constituency; one is in Dyce; one is the City of Edinburgh music school; and another is Douglas academy in Bearsden—or is it Milngavie? They will still be paying rates, so that is not a level playing field. Why? I do not understand. It seems to be inconsistent.

**Kate Forbes:** There might be only one independent music school at this time, but, if there were any others, they would be eligible for that exemption as well.

**Andy Wightman:** You said that there should be a level playing field. Those schools would not be paying rates, yet the public music schools would.

10:30

**Kate Forbes:** If the committee recommends removing the requirement to pay rates from those public music schools, I will look at that. However, we are at grave risk of increasing complexity in a system with which assessors are already struggling. Wherever we might add reliefs would add to that element of complexity, which would create an administrative burden. Creating a level playing field, as far as possible, is important for administrative ease, but judgments have to be made about where we draw the line. Scotland’s independent music schools are assets that make an enormous contribution to our culture.

**Alexander Stewart (Mid Scotland and Fife)**

**(Con):** I want to continue on that theme. At the moment, relief is given to stand-alone nurseries. However, a number of nurseries are co-located with independent private schools. Do you intend on there being a level playing field for nurseries?

**Kate Forbes:** No distinction is currently made between private and public nurseries for the purposes of relief: day nursery relief is available for all such nurseries, whether they are in the private or the public sector and whether they are run for profit or not. The bill makes no change to that position, so independent nurseries would still be eligible for that relief.

**Alexander Stewart:** Thank you.

**The Convener:** Kenny, do you want to come in?

**Kenneth Gibson:** My question has been partially answered, convener. We might ask why music schools should be exempt. My old school has been designated as one of sporting excellence. Given the Scotland football team's 4-0 home defeat by Belgium on Monday, one might argue that we should exempt that school from paying rates. Why should music schools receive special treatment? I appreciate music's impact on our culture, which is, of course, positive, but many other aspects of Scottish life also have a beneficial effect, so I am just wondering why that specific anomaly exists.

**Kate Forbes:** The independent music school that we have discussed provides a classical music education and makes an enormous contribution to our culture. It gives young people an opportunity based on their ability and potential for musical excellence, and most of them go on to advanced musical studies that lead to careers in our national orchestras. Therefore, it has been well proven to have made a significant contribution.

I am unaware of there currently being specialist football schools—

**Kenneth Gibson:** They are sports schools, as I was saying.

**Kate Forbes:** On the evidence that was in front of us, the independent music school was deemed to have made an enormous contribution and it was considered that it should be supported as much as possible.

**Graham Simpson:** I do not get why you are saying that an independent music school is more valuable than one that specialises in, say, science, sport—as Kenny Gibson said—or the arts generally, or, indeed, anything else. Why just music?

**Kate Forbes:** If we look at the contribution of the particular music school that we have referred

to, and at the students that it accepts by virtue of their ability and potential and the contribution that they make to our national orchestras, I do not think that anyone can deny that the Government should support it as much as possible to ensure that there is investment in it.

**Graham Simpson:** No one is denying that.

**Kate Forbes:** At some point, we have to make a judgment. While, as far as possible, the Government wants to create a level playing field—

**Graham Simpson:** Minister, no one is denying that. We are saying—what I am saying, as I cannot speak for the rest of the committee—

**Kate Forbes:** I understand what you are saying: you are asking why other schools should not—

**Graham Simpson:** Why not a school of sporting excellence, which is just as valuable?

**The Convener:** The minister has been asked that question a number of times and she has answered it. Committee members will have a conversation about the issue later, after which we will agree on our recommendations. We are going round and round on a point that has already been well made. We will move on to our next question, which is from Annabelle Ewing.

**Annabelle Ewing (Cowdenbeath) (SNP):** Good morning, minister. I want to turn to the more administrative provisions of the bill and look at information notices. You will be aware that concerns have been expressed in our evidence sessions that the maximum civil penalty that is provided for is too low, given that many big players are involved, for whom the amount would be a drop in the ocean and no deterrent. What is your thinking on that, given the evidence that has been presented to the committee?

**Kate Forbes:** To clarify, are you talking about the penalties for non-provision of information being too low?

**Annabelle Ewing:** Yes.

**Kate Forbes:** There are a couple of points to make on the civil penalty for non-provision of information. First, the person has 56 days to respond, after which the assessor can serve a penalty notice of £100. It is important to say that it is not a money-making exercise. It is intended as a means to incentivise people to provide the information, and it goes hand in hand with the new powers for assessors. If there is a further lack of information, the sum will increase and the person has an additional 21 days to respond.

Secondly, the proposed penalties are on a par with what is applied by the Valuation Office Agency in England.

**Annabelle Ewing:** I hear what the minister has said, but a point was made about the need to motivate and incentivise people to provide the required information promptly. For the big players, the ceiling of £500 is not really an incentive at all. That point was reasonably made to the committee. It will be for the committee to decide what to put in our report, but I hope that the matter will be reflected on further. The key thing is to improve the system, which means, inter alia, getting the requisite information in a timely manner. Surely we all want to do what we can to secure that end.

The time limits were also raised with us. There was recognition that the current provision of 14 days is unrealistic, but people consider that the proposed period of 56 days plus a further 28 days is far too long. As a compromise, they suggest that 28 days would be reasonable. Do you have any thoughts on that?

**Kate Forbes:** I am happy to hear what the committee has to say on that and will consider it. In all these aspects, we are trying to strike a balance. There will be large and small businesses for which a £100 or £500 fine would be significant and there are others for which that would not be significant. We are trying to balance access to justice with recognising that the provision of information is just not good enough at present. If the committee thinks that we could tighten up the timescale, in particular, I will look at that.

**Annabelle Ewing:** I understand that a criminal sanction is available, but we obtained evidence that highlighted concerns that that will be removed. Will you clarify why that approach is being proposed?

**Kate Forbes:** Anouk, do you want to answer that?

**Anouk Berthier:** Yes, and Colin Brown might want to comment as well. We have heard the assessors' call for the criminal penalty to be maintained and, like all the other suggestions that they have made, that will be considered. The criminal penalty has rarely, if ever, been used and we felt that introducing a civil penalty would be more appropriate in the modern world. However, we accept that there may be a case for retention of the criminal penalty.

I think that there is a legal point to be made, too.

**Colin Brown (Scottish Government):** There is the basic question of whether we should have two different systems—one for the criminal bit and one for the civil bit—or whether it would be clearer for everybody to have one system so that everybody knows where they stand.

**Annabelle Ewing:** Okay. I take that point, but there are many other areas of economic life where there is a dual approach. It is not a new thing to

have both a criminal penalty option and a civil penalty option. However, as Anouk Berthier said, if we raise the matter, it will be looked at further.

The Institute of Revenues Rating and Valuation suggested that, where the non-domestic rates payer is a limited company, it would be useful to be able to approach company directors when seeking information. That point was also made by others, but it is not foreseen in the current proposals. Would the minister be prepared to look further into that issue?

**Kate Forbes:** I am prepared to look into it further. Obviously, the bill would make the information-gathering powers far wider, and would provide assessors with the ability to seek information from somebody other than the proprietor, tenant or occupier. To go back to Barclay, I note that if the provision of information to assessors by ratepayers is poor, it is important to look at how the assessors can get information. One good example of the need to seek information from a third party relates to local authorities and public-private partnership schools. Until now, assessors have been able to go only to the local authority, as the tenant, to get information on the cost of the maintenance contract. However, under the bill, the assessor would be able to go to a third party, which could be the builder, to find out the actual build costs. That would reduce the time taken to get information and ensure that the valuation is more accurate.

**Annabelle Ewing:** For my final question, I will take advantage of the minister's dual portfolio and the fact that she has responsibility for the digital economy. We have discussed with a number of witnesses the current approach in which valuation notices must be issued on paper and the question of how we get to a 21st century process. The assessors and others seem to be up for a digital approach. In light of the minister's work on the bill, where does that project stand? What needs to happen so that the process can go from a mixture of a bit of digital and a lot of paper to a streamlined digital approach, which would be of great assistance to all users?

**Kate Forbes:** I would like us to have a digital process with the occasional bit of paper where that is deemed to be appropriate. That is not just because we should be moving into the future; it is because, if we are to move to three-yearly revaluations, we need to work a lot smarter. I am aware that assessors are keen to use electronic means to gather and share information. As the member said, they currently send valuation notices by post. The bill provides that those notices could be sent electronically with the agreement of the ratepayer, but I am minded to consider stakeholder feedback and examine whether we can remove that requirement for prior

agreement so that notices are issued electronically by default, unless a ratepayer does not have access to electronic means.

We are also looking at improved software, and the assessors are taking forward their plans for a portal. In conjunction with COSLA and the digital office for Scottish local government, we are looking at how we can move to a digital platform like the one in Northern Ireland. However, doing so relies on having accurate data, and there is a process to go through to gather all the data that would be required for the system to work well.

**Annabelle Ewing:** That is positive. I hope that it indicates that, in introducing the legislative provisions and the context in which they will operate, that aspect will be a priority for the Government and for the assessors working together, and that it will actually happen. My experience of information technology and digital is that we always talk about what we would like and have very good ideas, but the implementation is slow, tortuous and frequently fails. I hope that that will not be the case here.

**The Convener:** Thank you for that positive ending.

10:45

**Alexander Stewart:** You talked earlier about devolving powers to local authorities under the bill, and one area that you have already mentioned for which that might happen is empty property relief. What discretion might local authorities have in applying empty property relief? To what extent would they have the opportunity to extend that relief in the event of illness or repair work? What are your views on that?

**Kate Forbes:** Our commitment in the budget was to devolve empty property relief—there is a full stop there, as it were, because that is our commitment. However, there are on-going discussions with COSLA on that process and what local authorities want to see in relation to devolution of empty property relief. I am happy to say that those discussions will come to a conclusion relatively soon, as I mentioned in my letter to the committee of 14 June. I will be happy to provide the committee with an update once those conversations have completed.

**Alexander Stewart:** It would be very useful if we could have that update.

I want to move on to phoenix companies, which is an issue that has been identified in several locations. Individuals and organisations create phoenix companies to enjoy relief. Local authorities are dealing with that through anti-avoidance tactics. COSLA noted that increased costs from anti-avoidance procedures should be

outweighed by the additional fees that are recovered. It welcomed the measures, but noted that it would be left to subordinate legislation to tackle some of the wider issues. What are your views on what needs to be done to resolve that?

**Kate Forbes:** I am very aware of the concerns that have been raised in relation to phoenix companies. However, it is a company law issue as opposed to a rating law issue, therefore there are challenges in it being reserved. That has not stopped us from liaising with rating colleagues in the Welsh Government and at Westminster to see what more we can do to deal with some of those concerns.

**Kenneth Gibson:** Last year we passed the Islands (Scotland) Act 2018. Has the Non-Domestic Rates (Scotland) Bill been island proofed and if so, in what way?

**Anouk Berthier:** I am happy to answer that. We considered the impact on islands, although I believe that the bill was introduced before the Islands (Scotland) Act 2018 was passed. One of the areas that we took on board from the consultation responses was local authority discretion over the definition of a self-catering accommodation. That might be superseded by the conclusions of the short-term lets working group. The group's work is currently on-going and we will reflect on its conclusions. We identified that, on certain islands, where there are issues with ferries and people cannot get to self-catering accommodation, councils should, in some circumstances, have the power to vary the definition of self-catering accommodation.

**Kenneth Gibson:** I was contacted by an organisation from one of the islands in my constituency that expressed real concern about the hundreds of holiday homes that are pretending to be self-catering accommodation. There is a real issue there and the Scottish Government needs to look at that in detail.

Looking at the wider picture, only this week, Scottish ministers have talked about how fragile rural Scotland is. Rural depopulation, the lack of ability to attract migrants from other cities and towns in the UK and overseas, and the low birth rate in those communities are leading to increased fragility. Given that fragility, has the Scottish Government given any thought to looking again at the value of properties in rural areas relative to those in urban areas? I know that there are rural reliefs, but businesses in rural areas have a limit to how much they can grow in relation to those in towns and cities. It is an important issue in the minister's constituency.

**Kate Forbes:** Yes, and, as you say, there are already several reliefs that are specifically targeted at rural areas. If we consider the percentage of



businesses that are in receipt of the small business bonus, for example, we can see that it is much higher in rural areas than it is in some urban centres. There is a proportionate benefit.

On tax avoidance, the proposals, particularly those that would tighten up the potential for people to avoid paying tax by pretending to let a holiday home, would have a significantly positive impact. I know that some people would like the bill to go further, and we will see what comes out of the short-term lets delivery group. I know for a fact that, in a certain rural area—not that I would ever refer to my constituency when giving ministerial evidence—where it is critical that people have access to housing, the holiday home situation is one aspect of trying to ensure that rates legislation serves rural areas as much as it serves anywhere else in Scotland.

**Kenneth Gibson:** How would the bill specifically help island and rural Scotland?

**Kate Forbes:** It would provide the certainty that people and businesses are looking for across Scotland, including in rural areas. There is one aspect of tax avoidance that I cite more often than any others in relation to rural areas. If a person in a rural area cannot access a house, it does not matter whether they have a job or access to other services. People need somewhere to live. The prevalence of second homes is disproportionately affecting areas such as my rural constituency.

**Kenneth Gibson:** There also seems to be a disproportionate number of empty homes in rural areas. In west Arran, 6 per cent of homes are empty, as opposed to being holiday homes, self-catering accommodation or occupied. Surely that issue also has to be addressed.

**Kate Forbes:** Yes, but it would not be addressed through the bill, because it is about non-domestic properties.

**Kenneth Gibson:** I know; I appreciate that. The committee also has an on-going empty homes inquiry.

**Kate Forbes:** This bill, along with a number of other initiatives, would go some way to resolving those issues.

**Kenneth Gibson:** If we were to impose rates on agricultural holdings, that would have a negative impact on rural Scotland, would it not?

**Kate Forbes:** Absolutely. I do not believe that we can properly and fully exempt the properties that we would wish to exempt in order to support rural Scotland through reliefs, given that the de minimis levels are so much lower for agricultural properties.

**The Convener:** When will the short-term lets delivery group report?

**Kate Forbes:** I cannot answer that off the top of my head—that is not my area—but I can provide that information to you.

**The Convener:** If somebody could provide it, that would be very helpful.

**Andy Wightman:** I want to follow up on tax avoidance on second homes. My understanding is that the only statutory provision made in the bill is section 5, which covers the discretion of local authorities to determine whether certain properties fall in a class. Is it not the case that the intention is to handle anti-avoidance issues separately?

**Kate Forbes:** That is my understanding, too.

**Andy Wightman:** There is still considerable work to be done on that issue.

**Kate Forbes:** Yes. If the committee wants to help inform and shape that, I look forward to reading its report.

**Andy Wightman:** Various strands impact on the issue of tax avoidance, and we have been handling some of those. For example, we have passed an instrument on the repairing standard, which contains, for the first time, a statutory definition of a short-term let. That was surprising, because that was not core to the instrument. We need to pull together all those strands, so that the policy is consistent. Obviously, tax policy is a very important driver of and influence on how people use properties, so it is fair to say that this committee would be very interested in engaging in the necessary follow-up work to implement that Barclay review recommendation.

What was I going to ask about, convener? Was it finance?

**The Convener:** Yes, it was finance—that was first mentioned such a long time ago.

**Andy Wightman:** In our evidence-taking sessions, we asked the assessors, COSLA and others quite a bit about the financial memorandum and the numbers behind the legislation. It is clear that COSLA and the assessors have been very involved with you in advance of the bill in assessing the likely implications. Nevertheless, there still appear to be uncertainties.

The financial memorandum states that the administrative cost of the bill to assessors, the Government and local authorities—in other words, to the public sector—is £32 million and that the income assessed to be derived from ratepayers as a result of the changes is £68 million. Given the state of public finances and local government, which obviously funds and runs the assessment service, are you keeping a close eye on those figures? There is a lot of work to be done by assessors, and they are not directly accountable to you; they are accountable to local government.

Any challenges that they face in terms of budgets will be critical in meeting some of the timescales that you envisage. Where are you with the numbers and the costs, and do you still regard them as accurate?

**Kate Forbes:** As you say, we have kept quite close to the assessors through this whole process, as has COSLA. Local authorities have helped to shape and provide information about the figures.

You make a good point, because it makes the case for ensuring that we reduce complexity as much as possible and that the administrative burden is as light as possible. However, I often speak to the assessors, and they face two challenges, one of which you identify, which is funding. That is why we provided them directly with an extra £2.5 million in last year's budget. The second challenge is around the number of assessors who are employed in the system. That is as much to do with encouraging young people to choose a career as an assessor as it is to do with anything financial.

That was a long-winded way of saying that I am keeping an eye on the figures. We want to make sure that the costs are as low as possible, but we recognise that there will be a need to support the assessors through this process, and I am staying close to them to understand the challenges that they face, which can be financial but, more than that, can be about the number of assessors out there.

**Andy Wightman:** It is clear that the intention of the bill is to try to streamline the system, and that the system should operate more efficiently when it is fully implemented. The question is whether there should be a transition in order to implement this. It will be implemented in a relatively short space of time against the time pressures of a new revaluation and many other changes happening at the same time. It is a question of making sure that there is the flexibility to support assessors to do the job that they need to do and to deal with any unexpected hurdles that they encounter.

I am wondering particularly about the digital transformation. The public sector does not have an outstanding record on implementing digital transformation. Are you confident that the kind of changes that you would like to see are going to be implemented smoothly, to cost and on time?

**Kate Forbes:** That is an example of a cost to save in the long run.

COSLA, the Government and the digital office for Scottish local government are pursuing a joint scoping study to explore the opportunities to improve existing IT infrastructure. That is separate to what the Scottish assessors are doing in developing their own online portal to incorporate a mapping element to improve accessibility.

My understanding is that that work should conclude by the end of the year. In the work that we are doing with COSLA, we will take the point about costs into account. We have tried to do as much as possible of that work in-house.

**The Convener:** A number of comments from the business sector were about bringing the large business supplement and revaluation years into line with those in England and Wales. What is your response to that?

**Kate Forbes:** The large business supplement is a question for each budget. Barclay was quite clear that it should be reduced in light of affordability, so we will consider it at every budget.

What was your second point?

**The Convener:** It was about bringing the revaluation years into line with England and Wales.

**Kate Forbes:** Bringing the revaluation forward by one year means that we are, at least, giving the ratepayers the certainty of a 2022 revaluation, unlike the UK Government. My understanding is that the Prime Minister's decision to prorogue Parliament appears to have caused the Non-Domestic Rating (Lists) Bill to fall, and it was required to bring forward the revaluation date. There is a question there.

11:00

We want to ensure that all the changes that need to be made are made in advance of the next revaluation, particularly those relating to the information-gathering powers and the penalties, to ensure that the data that is collected is as robust as possible. As the committee has highlighted, those are challenging changes. I believe that bringing forward the revaluation date would jeopardise the robust implementation of those powers.

**The Convener:** Aside from the fact that the prorogation has meant difficulties down south—by the way, the Court of Session has just found the prorogation of the UK Parliament to be unlawful—do you, in principle, agree with the idea that it would be easier for businesses working across the border if both Governments worked to the same revaluation timings, or do you oppose that idea?

**Kate Forbes:** The feedback that I have had from businesses is that they would much rather have a fair rating system in Scotland that ensures sustainable economic growth, and that is what we are committed to. That certainty requires us to take forward the provisions in the bill and to do it properly, without rushing things and getting it wrong.

**Graham Simpson:** To be fair, I do not think that you really answered the question, minister. Earlier, you mentioned the need for consistency across the board. You also talked about consistency across Scotland when you answered Andy Wightman's question about devolving rates to local councils. Many businesses operate on both sides of the border. In fact, many operate across the whole of the United Kingdom. They want consistency. I can see why there would be difficulties in having the next revaluation in 2021—I get those difficulties—but is there not a case for committing to at least moving to a situation whereby, at some point, the revaluation timings would be the same?

**Kate Forbes:** That is a fair question. I am not opposed in principle to that at all. However, in my discussions, particularly with rating agents, when I asked whether they would rather have a shorter or longer period before the next revaluation, or whether people would rather have the next revaluation brought in line with the date for England, they were clear that they would rather have certainty about the dates. If the next revaluation takes place in 2022, the three-yearly revaluation period would start, so the next revaluation would take place in 2025 and so on and so forth. They are clear that they would rather have the certainty of knowing when the next revaluation date is than have it brought into line with England. However, I do not dispute the fact that there have been calls to bring the revaluation date in line with that in England.

**Graham Simpson:** One way to do that would be for the rest of the UK to fall into line with Scotland.

**Kate Forbes:** I would be delighted if the UK did that. As I said, I am not opposed in principle to that, but the rating agents have been quite clear that they would rather have the certainty of the dates than have us rush or prolong matters.

**The Convener:** Might that be a future matter of discussion between the Governments?

**Kate Forbes:** I am sure that we will continue to discuss those matters.

**The Convener:** Section 11 is apparently intended to apply only to sports clubs. If that is the case, might the draft legislation be amended to make the policy intention clearer? Culture Counts wrote to the committee to raise its concerns that that section is not clear enough.

**Kate Forbes:** Section 11 would apply only to sports clubs, as it covers properties that are used only

“for the purposes of a club, society or other organisation not established or conducted for profit and used wholly or mainly for the purposes of recreation.”

Section 11 would give ministers the power to issue guidance to rating authorities. It would not apply to properties that are occupied by organisations that are not established or conducted for profit and whose main objectives are charitable or otherwise philanthropic, religious or concerned with education, social welfare, science, literature or the fine arts.

I do not see any need to amend the draft provision, but I would be happy to ensure that the proposed guidance made that point clear. I hope that I have made the position as clear as possible in my response.

**The Convener:** Yes, that is helpful. Will you outline the proposed commencement policy for all the main parts of the bill?

**Kate Forbes:** Section 30 sets out the Government's thinking on commencement. As drafted, there would be early commencement for a number of provisions, which would come into force the day after royal assent. In essence, those relate to the assessors' information-gathering powers, and they require early commencement on 1 April 2020, which would be the tone date for the 2022 revaluation. It is obvious why that would be the case. One could not have assessors operating to two different standards when gathering information over the revaluation period.

Reforms to the appeal system and the entering of parks in the valuation roll would be elements that we intend to commence on 1 April 2022, which is the next revaluation. I have not come to a concluding view on the other remaining provisions.

**The Convener:** As no one has any final questions, I thank the minister and her officials for attending today's session. As I mentioned, this is our concluding evidence session on the bill, and the committee will consider a draft report to Parliament at a later meeting.

11:06

*Meeting suspended until 11:10 and continued in private thereafter until 11:45.*



This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

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