

REPORT TO: TAYSIDE VALUATION JOINT BOARD – 23 JANUARY 2023

REPORT ON: NON-DOMESTIC RATING UPDATE

REPORT BY: ASSESSOR

REPORT NO: TVJB 3-2023

1 PURPOSE OF REPORT

The purpose of this report is to advise the Board of:-

- 1.1 Progress made by the Assessor in preparation for the 2023 Revaluation of Non-Domestic subjects.
- 1.2 On-going activities to implement the Non-Domestic Rating (Scotland) Act 2020 and the recommendations of the Barclay Review.

2 RECOMMENDATIONS

- 2.1 The Joint Board is asked to note the contents of the Report.

3 FINANCIAL IMPLICATIONS

- 3.1 Overtime has been required to meet the target set by the Scottish Government of making draft Rateable Values for Revaluation 2023 available for all subjects by 30 November 2022. Provision for overtime in the 2022/23 Revenue Budget exists to the extent of £5,000, with the actual cost coming in at approximately £10,000. The Treasurer has confirmed that the additional cost of approximately £5,000 can be met from accumulated reserves.
- 3.2 Grant funding of £321,237 was received for the 2022/23 financial year to assist with implementation of the reforms resulting from the Barclay Review.

4 POLICY IMPLICATIONS

- 4.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

5 BACKGROUND

- 5.1 The Assessor has a statutory duty to carry out a Revaluation of all Non-Domestic properties in the Valuation Area. Historically this was generally carried out every five years but, from 1 April 2023, Revaluations will take place every three years. The last general Non-Domestic Revaluation took effect from 1 April 2017 and the scheduled 2022 Revaluation was delayed until April 2023. The Assessor's task is to revalue each property at a figure which represents the rent at which that property might reasonably be expected to let at the specified valuation date (1 April 2022).
- 5.2 The Non-Domestic Rating (Scotland) Act was passed in March 2020 and the accompanying Commencement Regulations specified a range of dates, from November 2020 to April 2023, on which various sections of the Act came/will come into force.

5.3 The existing powers and duties of the independent local Valuation Appeal Committees will pass to the First Tier Tribunal of a newly formed local Taxation Chamber of the Scottish Courts and Tribunals Service on 1 April 2023.

6 CURRENT POSITION

6.1 2023 Revaluation

6.1.1 The work involved in preparing for the next Revaluation started in April 2021, so well in advance of 1 April 2023 when the new values take effect. For this Revaluation a draft valuation roll was published on 30 November 2022 indicating proposed values, in order to assist the Scottish Government with their financial planning, and to give ratepayers advance notice of what their rateable values are likely to be. A press release advising of this was published in the Courier.

6.1.2 Draft Revaluation Notices indicating the proposed values were issued to all proprietors, tenants and occupiers of Non-Domestic subjects throughout Tayside on 5 December. Draft values can also be viewed on the Assessors' national website (SAA Portal) <https://www.saa.gov.uk>.

6.1.3 Notwithstanding this, however, levels of value will require to be monitored right up to the issue of final revaluation notices in March 2023 to ensure that any relevant information recently received has not altered the Assessor's original opinion of the appropriate level of value to apply.

6.1.4 The work of Revaluation has required the ingathering, recording, processing, assimilation and appraisal of a very substantial volume of evidence including rents, costs and returns of particulars in order that defensible schemes of value could be established.

6.1.5 Information required to be provided and exchanged with other Assessors, with working groups of the Scottish Assessors' Association, the Valuation Office Agency for England and Wales, and with the rating authorities in Northern Ireland and the Republic of Ireland to ensure harmonisation of valuation levels, practices and procedures in Scotland and throughout the United Kingdom.

6.1.6 In Tayside the Assessor has revalued some 22,000 subjects having a total Rateable Value of approximately £429 million. All valuations will require to be thoroughly checked prior to delivery in March 2023 of the new Valuation Roll to the Directors of Finance for Angus, Dundee and Perth & Kinross Councils. Valuation Notices indicating the final values will also require to be issued.

6.1.7 The 2023 Revaluation is the twelfth such Revaluation in Scotland and maximum effort has been required on the part of valuation staff to progress the task to the current stage. Information technology is of critical importance in securing the efficient revaluation of all subjects and the Board's IT staff have been heavily involved in creating, updating and reconfiguring the required valuation systems.

6.2 Non-Domestic Rating Reform

6.2.1 In order to provide more transparency and openness in the rating system, valuation details for a wider range of subjects have been made available at the SAA Portal. Previously, online valuations were available for bulk category subjects such as shops, offices and industrial premises only, however, these have now been extended to include subjects such as civic buildings, schools, self-catering and shooting rights. 17,502 Tayside valuations are now available to view (up from 12,191).

- 6.2.2 The identification and survey of certain public parks, parts of parks and buildings within them which, due to legislative change, will now fall to enter the Valuation Roll with effect from 1 April 2023, has been carried out. These have been valued in accordance with the relevant valuation method and entered in the draft Valuation Roll. Letters were issued to the parties affected advising them of this change in advance of receipt of the draft valuation notices.
- 6.2.3 Due to further legislative change, Assessors now require to provide the addresses of rented properties which were taken into account in determining the basic valuation rate for subjects valued by comparison with other rented properties, and which sit within certain property categories such as shops, offices and industrial subjects amongst others. IT development has been carried out in support of this new requirement and rented property lists can accordingly now be viewed on the SAA Portal where available.
- 6.2.4 The law in Scotland has also changed in respect of the valuation for rating of self-catering holiday accommodation. With effect from 1 April 2022, to remain entered in the Valuation Roll, as well as the existing requirement of an intention to make the property available for letting on a commercial basis for 140 days or more, properties must now actually be let for at least 70 days in the financial year. Where the above requirements are not satisfied, properties will be deleted from the Valuation Roll and entered into the Council Tax Valuation List. Guidance has been provided to staff on this change and processes are now in place.
- 6.2.5 The transfer of Valuation Appeal Committee duties to the new Local Taxation Chamber and the introduction of a new two stage Proposals and Appeals system are both proceeding. The Statutory Instruments required for these changes were laid in the Scottish Parliament on December 2022, and will now be subject to Parliamentary scrutiny. Meantime, work to specify processes and systems that will be required is progressing and discussions are ongoing with the Scottish Courts and Tribunals Service (SCTS) regarding the transfer of outstanding appeals which will require to be 'ported' from Assessors to SCTS. These changes, especially when combined, constitute very significant changes to the Non-Domestic Rating system.
- 6.2.6 There are currently 4738 appeals outstanding, 4643 of which are in relation to the effects of the coronavirus outbreak. However, The Non-Domestic Rates (Coronavirus) (Scotland) Act 2022, which received Royal Assent on 28 July 2022, aims to substantially reduce the number of appeals which proceed (the Act provides that when calculating rateable value, no account is to be taken of any matter occurring on or after 2 April 2020 that is attributable to coronavirus). Any appeal lodged after 1 January 2020 now has a disposal deadline of 31 December 2023.

7 CONSULTATION

- 7.1 The Clerk and Treasurer to the Board have been consulted on this report.

8 BACKGROUND PAPERS

- 8.1 None

ROY CHRISTIE
Assessor

January 2023