

Item 6

UPDATE ON BARCLAY REVIEW OF NON DOMESTIC RATES

1.0 INTRODUCTION

- 1.1 The Scottish Government has concluded its consultation into proposals arising from the Barclay Review of NDR published in September 2017.
- 1.2 It is expected that the Government's draft report in respect of the consultation process shall be available by the end of the year.
- 1.3 Based on the current timetable, the draft Bill to introduce the Government's proposals that require primary legislation shall be presented to Parliament during March 2019, thereafter it shall pass through the various phases of debate, evidence sessions and amendments, with approval of the final Bill being sought by March 2020. The enactment date shall be 1st April 2020.

2.0 BARCLAY PROPOSALS

- 2.1 A number of the proposals have a direct impact on the current activities carried out by Assessors, these are outlined below;

- 3 yearly revaluations

The move to 3 yearly revaluations is designed to lessen the impact of significant movements in the rental property market that may be reflected in a revaluation process currently operating to a 5 year cycle. The revaluation process is closely linked to the disposal of appeals that are lodged following release of revaluation figures. Currently it takes 2 years to complete a revaluation exercise followed by a further 3 years to dispose of associated appeals. This process now requires to be condensed into the 3 year cycle. It is accepted that these activities, once sequential, shall become simultaneous.

- Reform of the appeal system

It is widely acknowledged that the current volume of appeals received following a revaluation cannot be sustained within the 3 year cycle. Discussions between Scottish Government, the Scottish Assessors Association and ratepayer organisations representatives are ongoing in order to determine what legislative and procedural changes can be introduced that shall have a positive impact on reducing appeal volumes.

- Transparency and Engagement with ratepayers

Further information to improve levels of understanding of the rating valuation process allowing a more informed decision on whether to appeal are required by the ratepayer.

While this matter is currently being addressed at a national level through further development of the SAA Portal there shall be a requirement at the local level to support this activity especially during the approach to the next revaluation in 2022.

- Information Gathering Powers & Civil Penalties

Fundamental to the revaluation process is the quality and quantity of relevant information gathered by Assessors. The outcome of current investigation into the categories of organisations that can be called upon by Assessors to provide information is awaited. This authority shall be supported by the additional power to levy a civil penalty for non-return of information.

- Business Growth Accelerator

The Scottish Government has introduced regulations that provide relief to ratepayers in respect of new build properties, where these shall not attract rates for one year following completion, and to ratepayers who invest in property by refurbishing and/or extending. Moving forward the Scottish Government is seeking to operate these reliefs through the Valuation Roll rather than on application by ratepayers to Council Finance Departments. The SAA is in discussion with Government to find the best method by which this can be achieved.

- Self-Catering Properties

The Government is seeking to restrict the current loophole that allows self-catering properties to move from the Council Tax List to the Valuation Roll, thereby receiving Small Business Relief, by introducing the requirement of actual letting of 70 days in any one year in addition to the current requirement of 140 days letting availability. This shall require a further monitoring process undertaken by Assessors.

- Commercial Activities in Parks

To provide an element of fairness Barclay recommended that commercial activities in parks be subject to rating. This matter is under discussion with Government where further clarity is required as to the nature of subjects that should be entered in the Roll.

3.0 BARCLAY ROADMAP

3.1 In order to introduce Barclay as effectively as possible and ensure the transition from the 5 to 3 yearly revaluation cycle is achieved while maintaining service delivery, a Barclay Implementation Plan has been created. This is supported by a Barclay Roadmap.

3.2 The Barclay Roadmap, in headline form, is attached as appendix 1. This provides two layers of information. First are the headline milestone achievement dates commencing in 2018 and concluding in 2025. The second layer shows the key projects already identified that are required to support successful delivery. A third more detailed layer, underpinning the Roadmap, exists which breaks down each of these key projects into individual implementation plans.

3.3 The Roadmap spans a number of years reflecting the preparation period leading to the 2022 revaluation and through the first 3 yearly revaluation cycle concluding in 2025. This extended period of preparation is required, not only due to some of the complexities, but also owing to the process of revaluation itself. Once the 2022 revaluation is delivered there shall be no time thereafter to adjust processes to fit the 3 year cycle and deliver the next revaluation in 2025. All preparation and required change implementation must be concluded for delivery of the 2022 revaluation.

3.4 The key projects can be summarised as follows;

- ICT development that further enhances the automated valuation process, providing greater confidence in first pass valuations and allowing more emphasis on the analysis of information. In addition the creation of a shadow revaluation file that shall allow the ongoing calculation and maintenance of revaluation figures.
- Further development of the information gathering process both in terms of its collection and initial analysis.
- The deployment of new technology to the current Council Tax process allowing an assessment of how that technology may be used in respect of Valuation Roll activities, and the opportunity to release staff resource from Council Tax towards Valuation Roll maintenance.
- The development of an engagement process with ratepayers which shall both support the information gathering requirement and provide the ratepayer with more information and a better level of understanding of rating valuation.
- Two further projects provide a general supportive role and underpin effective delivery of Barclay, these being the development of a Training Framework and a Performance Framework. While the Training Framework aims to support staff with the development of essential skills, both technical and non-technical, the Performance Framework aims to ensure the effective use of resources and identify areas for further improvement.

4.0 FINANCIAL IMPLICATIONS

4.1 The Barclay Review of NDR and subsequent Scottish Government consultation documents both comment on the impact on Assessor organisations in terms of the scale of change, increasing workloads and as a consequence the need to review funding levels.

4.2 At this stage discussions are ongoing between the SAA, COSLA and Scottish Government concerning the levels of required funding. It is anticipated that an indication of funding to be granted shall be included in the Government's budget proposals due to be announced during December 2018.

4.3 As detailed discussions are ongoing on many of the Barclay recommendations, in terms of both their interpretation and application, the ability to provide an accurate indication of possible funding requirements is restricted. However the current estimate for LVJB is an additional average annual funding requirement of £300k to £400k.

4.4 This represents an investment in additional professional/technical and technical support staff, (£340k), further investment in the SAA Portal to meet national engagement activities, expenditure on local ratepayer engagement, and an investment in field technology. (£30k)

4.5 As discussions progress regarding funding and further clarity on requirements is established a more accurate financial indication shall be provided to the Board.

5..0 BARCLAY RISK REGISTER

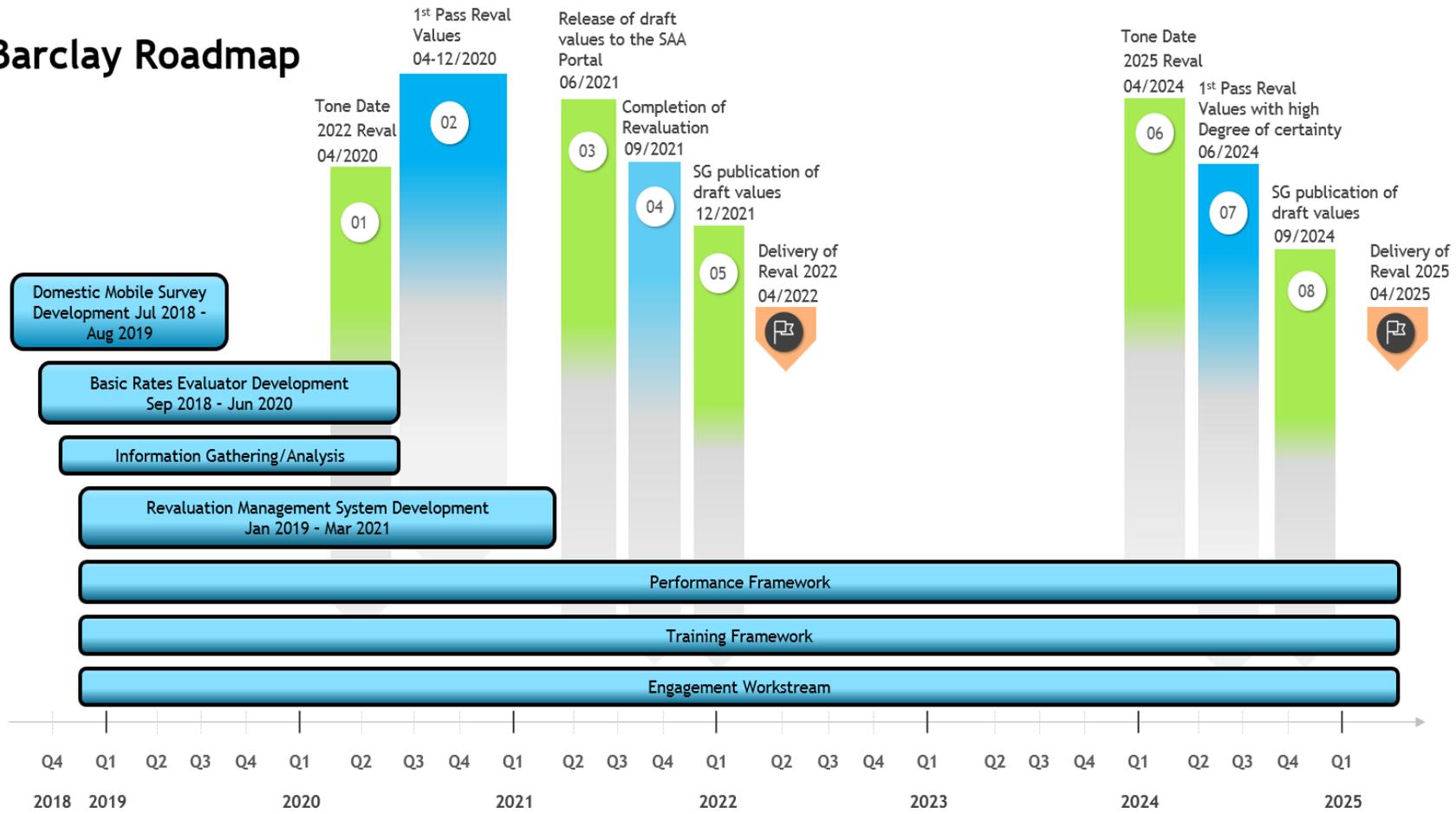
5.1 Attached as appendix 2 is a Barclay Risk Register. This reflects a range of possible risks across a number of criteria and indicates what action is or shall be taken in order to provide mitigation. At this stage a number of identified risks are marked as "high" due to the final outcome of ongoing discussions being currently unknown. This risk register is subject to regular review and scrutiny by the LVJB Governance Group.

6.0 RECOMMENDATION

- 6.1 The Board is asked to note the content of this report and be advised that further reports shall be provided as the impact of the Barclay recommendations develop further, and by way of progress in respect of the Barclay Implementation Plan.

Graeme Strachan
ASSESSOR & ERO

Barclay Roadmap



APPENDIX 2

Risk Description	Category	Pre mitigation Rag Rating	Mitigation & Controls	Post mitigation Rag Rating	Allocation	Further Action	Responsibility	Action Date
Failure to secure additional funding	Finances		Barclay funding under discussion between SAA, SG and COSLA. Failure to secure funding or adequate funding shall seriously undermine the delivery of certain elements of Barclay. Access approved to LVJB Reserve Fund in order to support essential ICT development that shall increase levels of automated valuation process.		G Strachan	Continue to monitor national discussions. Consider a Barclay model where no additional funding is awarded.	G Strachan	Dec 18
Failure to estimate adequate additional funding	Finances		The additional funding estimate has been based on the cost of securing the additional ICT output required to support 3 yearly revaluations. This having been established at the Barclay away days and now reflected in the emerging Barclay implementation plan. Additional funding is based on an assessment of the challenges presented within the 3 yearly cycle of dealing with large volumes of appeals, undertaking revaluations, and maintaining running roll activities and the direct impact on current staffing levels. In addition a number of the lesser Barclay recommendations have given cause to reflect on administrative and supportive roles within LVJB. Current estimates have been provided to the SAA where a process of refinement and comparison has been undertaken. The current LVJB estimate compares favourably with the other larger assessor areas and provides justification to the funding level request.		G Strachan	Continue to consider at the national level.	G Strachan	Dec 18
Annual reduction in Core funding	Finances		A forced reduction in core budget funding shall impact on the effectiveness of any additional Barclay funding achieved. Where no additional Barclay funding is achieved and pressure on the Core budget is maintained then representation to Finance Directors and the Board shall be required. The option to enter into litigation against the Board for non-provision of adequate funding may have to be considered.		G Strachan	Continue discussion with core budget providers. Consider a Barclay model where no additional funding is awarded.	G Strachan	Feb 19

Risk Description	Category	Pre mitigation Rag Rating	Mitigation & Controls	Post mitigation Rag Rating	Allocation	Further Action	Responsibility	Action Date
Delays with Barclay legislation	Legislation	Major	Current legislative timetable being driven by SG with an implementation date of 1 st April 2020 for all primary legislative requirements. Delays in this timetable beyond this point may hinder the required changes within LVJB and place pressure on the internal Barclay Implementation Plan. At present the Barclay Bill is on timetable.	Significant	G Strachan	Continue to monitor.	G Strachan	March 19
Lack of clarity within Barclay legislation	Legislation	Significant	A lack of clarity may cause delays with implementation or the incorrect deployment of changes that are not fit for purpose as they were based on false interpretation. All draft legislation is normally offered up for consultation to the SAA prior to enactment. During the pre-legislative drafting phase the SAA shall remain active to ensure clarity is provided around proposed legislation.	Moderate	G Strachan	Continue to monitor.	G Strachan CLT	March 19
Project Board failure to ensure implementation of Barclay Roadmap	PB	Major	Break down in the operation of the Project Board within the LVJB shall seriously hinder the successful delivery of the Barclay requirements. The PB is fully supported by the Assessor, meets to a regular timetable and provides progress reports to the CLT. Any project failure or problems within the PB itself shall be apparent and action can be taken.	Moderate	G Strachan	Monitor PB progress reports	B Callaghan	Ongoing
Lack of senior team consensus on Barclay Roadmap detail	PB	Major	Current proposals for Barclay deployment have arisen from CLT away days and ongoing discussion with senior team members. Further away day planned to roll out detailed implementation plan (Barclay Roadmap) at which consensus shall be sought. Barclay is a team activity.	Significant	G Strachan	Review following planned away day.	G Strachan Project Board	October 2018
Failure within senior team to adopt roles, deliver on requirements, maintain momentum on Barclay Roadmap.	PB	Major	Following adoption of the Barclay Roadmap and identification of supporting projects all senior staff shall be aware of the specific roles and responsibilities they have. These shall be embedded within the project and have PB overview with progress discussed at CLT and through the Governance Group.	Moderate	G Strachan	GS to maintain an effective leadership presence throughout this project.	G Strachan Project Board Governance	Ongoing

APPENDIX 2 BARCLAY RISK REGISTER

RAG rating – Major ■ Significant ■ Moderate ■

Risk Description	Category	Pre mitigation Rag Rating	Mitigation & Controls	Post mitigation Rag Rating	Allocation	Further Action	Responsibility	Action Date
Lack of resilience, robustness within Barclay Roadmap	PB	Major	A key element of the Roadmap shall be the ability to provide flexible options to deployment of the requirements. In addition the map should provide “space” within the timetable to accommodate changes and issues. Key dependencies shall be identified and mitigation provided.	Major	G Strachan	Place Roadmap under regular review schedule.	Project Board	Nov 2018
Failure to identify risks within Roadmap process	PB	Major	Part of the Roadmap development is the identification of implementation plan risks. This shall be developed at the next away day and throughout the life cycle of the plan. The Governance Group shall review the plan periodically assessing risk areas.	Significant	G Strachan		Project Board Governance	Nov 2018 & ongoing
Failure of ancillary projects that underpin and support Barclay delivery	PB	Major	These projects are identified within the Barclay Roadmap and shall fall under the same level of scrutiny through the PB and CLT.	Significant	G Strachan		Project Board Governance	Nov 2018 & ongoing
Lack of ICT resource to support Barclay requirements	ICT	Major	ICT plays a crucial part in the successful delivery of Barclay. Access to the LVJB reserve fund has secured funding for additional development resource to underpin the key development areas.	Moderate	B Callaghan	Proceed with recruitment	B Callaghan	Dec 2018
Lack of, inaccurate specification for ICT development provided	ICT	Major	This shall fall under the oversight of the PB in order to ensure specification detail is sufficient for ICT development to proceed upon. This is a risk area. Adequate technical resource must be allocated to this particular activity.	Major	B Callaghan	Identify key technical staff to fulfil the necessary roles and activities.	Project Board	Dec 2018 & ongoing
Required ICT Development fails or is not delivered on time	ICT	Major	The accompanying ICT timetable that shall underpin Barclay delivery shall be reviewed regularly by the PB. Appropriate resource shall be applied to any testing requirements.	Significant	B Callaghan		Project Board	Dec 2018 & ongoing
Lack of Technical staff resource to deliver Barclay requirements	Resources	Major	Early identification of likely technical resource required during the implementation phases shall be undertaken, thereafter the satisfaction of the 3 yearly revaluation cycle shall become an ongoing organisational target, hopefully supported by additional funding.	Significant	CLT	Identify key technical staff to fulfil the necessary roles and activities.	CLT	Dec 2018 & ongoing

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RAG rating – Major ■ Significant ■ Moderate ■

Risk Description	Category	Pre mitigation Rag Rating	Mitigation & Controls	Post mitigation Rag Rating	Allocation	Further Action	Responsibility	Action Date
Lack of Administrative resource to deliver Barclay requirements	Resources	Yellow	Certain Barclay requirements involve increased activity of an administrative nature for example the processing of civil penalties, the continuous flow of ingathered information, and the monitoring of SCU's. These tasks as yet clearly defined could fall within any/all of the non-technical staff areas. This has been recognised in the additional funding request.	Yellow	CLT	Following legislative changes assess impact on internal processes and associated resource availability	CLT	April 2019
Organisational staffing structure fails to support Barclay delivery	Resources	Red	Pressures arising from Barclay may require a redesign of existing staff resource in order to meet requirements. The need for flexibility within the staff resource in terms of work activity allocation shall be important.	Red	G Strachan	Use the Road map to identify areas for possible change.	CLT	April 2020
Unrecognised impact on VR maintenance tasks arising from Barclay requirements	Resources	Red	This is a risk area. Insufficient resources are retained to undertake ongoing VR maintenance tasks. Or resources are moved away from Barclay and 3 yearly revaluations to deal with maintenance tasks at the expense of Barclay requirements. The requested funding aims to mitigate this risk, in addition, identifying additional flexibility within existing resources through improved internal processes is reflected in a number of current workstream projects, for example by improving the main CT processes a technician resource could be released towards NDR activity.	Red	G Strachan	Monitor outcome of current workstream projects.	CLT	April 2020
Ancillary internal processes unable to support Barclay delivery	Process	Red	The Roadmap/implementation plan should identify any existing internal process which shall come under pressure and require review and change. These shall be taken up by the PB for investigation.	Yellow	B Callaghan		Project Board	Nov 2018
Lack of internal communication throughout delivery process	Comms.	Red	Existing communication channels through CLT, WLT and group meetings shall be supported by specific Barclay meetings to staff. In addition overview meetings for all staff shall be held.	Green	CLT	Consider the creation of a schedule of Barclay communication meetings. General update/overview meetings for all staff should be arranged.	CLT	Nov 2018

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RAG rating – Major ■ Significant ■ Moderate ■

Risk Description	Category	Pre mitigation Rag Rating	Mitigation & Controls	Post mitigation Rag Rating	Allocation	Further Action	Responsibility	Action Date
Lack of external communication throughout delivery process	Comms	Major	Communication to the Board shall be provided through the existing reporting mechanisms by the Assessor. Any additional meetings can be provided as necessary.	Moderate	G Strachan		G Strachan	Nov 2018
Lack of ratepayer engagement undermining the information gathering process	Comms	Major	This forms part of an identified project work stream underpinning the Barclay Road map and as such comes under the management of the PB and CLT through which performance shall be monitored.	Significant	B Callaghan		Project Board	Nov 2018
Lack of co-ordination at a national and SAA level to ensure successful delivery of Barclay	Comms.	Significant	The SAA is working closely with SG and COSLA to ensure successful delivery of all Barclay requirements. In addition the SAA has identified a number of workstreams at a national level aimed at supporting the implementation process for all Assessors.	Moderate	G Strachan		G Strachan	ongoing
Lack of adequate training provided to staff to ensure Barclay delivery	Training	Significant	Current staffing make –up indicates a high level of trainee technical staff. These staff are required to be able to contribute effectively to the office as quickly as possible. A current Training programme is underway to support this aim and the trainee staff. In addition as ICT is developed to support Barclay delivery, system training shall be required for all staff. This shall again be taken up under the developing Training Programme. Training profiles are currently under design for Trainee staff and shall be developed for other posts in due course.	Significant	CLT	The Training Project workstream shall be periodically reviewed to ensure that all current and future training needs identified under Barclay are provided. This shall be reflected in the Barclay Implementation Plan.	R Mackenzie	ongoing