

SUBMITTING EVIDENCE TO A SCOTTISH PARLIAMENT COMMITTEE
DATA PROTECTION FORM

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Date:	30th May 2019
Organisation: (if required)	Association of Convenience Stores
Topic of submission:	Non-Domestic Rates Bill

I have read and understood the privacy notice about submitting evidence to a Committee.

I am happy for my name, or that of my organisation, to be on the submission, for it to be published on the Scottish Parliament website, mentioned in any Committee report and form part of the public record.

I would like to be added to the contact list to receive updates from the Committee on this and other pieces of work. I understand I can unsubscribe at any time.

Non-standard submissions

Occasionally, the Committee may agree to accept submissions in a non-standard format. Tick the box below if you would like someone from the clerking team to get in touch with you about submitting anonymously or confidentially (not for publication). It is for the Committee to take the final decision on whether you can submit in this way.

I would like to request that my submission be processed in a non-standard way.

LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE**CALL FOR VIEWS ON THE NON-DOMESTIC RATES (SCOTLAND) BILL****SUBMISSION FROM: ASSOCIATION OF CONVENIENCE STORES**

1. ACS (the Association of Convenience Stores) welcomes the opportunity to submit evidence to the Scottish Parliament Local Government and Communities Committee on the Non-Domestic Rates Bill. Business rates represent the largest fixed cost for convenience retailers. There are 5,000 local shops and petrol forecourts in the Scottish convenience store sector, including Co-op, McColls, BP and thousands of independent retailers, many of which trade under brands such as Spar, Nisa and Costcutter. Further information about ACS is available at Annex A.
2. We welcome that the Scottish Government has committed to implementing the Barclay Review's recommendations through primary legislation where necessary. The Review has made a series of welcome policy recommendations for retailers on delivering more frequent revaluations, the Business Growth Accelerator and improving the transparency of rates information available to ratepayers.
3. Business Growth Accelerator Relief has been a success story for incentivising investment. We support the Relief being made permanent and would encourage Scottish Ministers to extend relief from 12 to 24 months to unlock further investment beyond the £76m invested by local shops over the past year¹. We also support the move to three-yearly revaluations to provide a balance between rateable values flexing with the property market and certainty for business but would encourage revaluations to be aligned with England and Wales in the medium-term.
4. Policy makers in Scotland should develop a bespoke appeals system and avoid the mistakes of English reform. The Bill as drafted would require retailers to provide an alternative valuation as part of the appeals process and introduce time limits on ratepayers. These reforms would create new barriers for retailers seeking to correct inaccurate bills, when a functioning appeals system must be accessible, transparent and deliver consistent outcomes. We are concerned that requirements to notify of property changes under Section 16 would lead to many retailers being unfairly fined due to an unreasonable expectation to understand how all internal features may affect rates bills.
5. The Scottish Government is also currently tendering for a review of the Small Business Bonus Scheme (SBBS) after the Barclay Review called for the scheme to be evaluated for its effectiveness. The SBBS is crucial for convenience retailers and supporting the provision of services in all communities close to where people live. Local shops in Scotland trade from high streets (15% of stores) to small parades (31%) and as isolated stores (42%), providing services including bill payments (63%) and Post Offices (25%)². Many small convenience retailers are reliant on the SBBS to continue to offer these services - we urge the Scottish Government not to curtail or remove these important reliefs.

¹ ACS/Scottish Grocers' Federation Scottish Local Shop Report 2018

² ACS/Scottish Grocers' Federation Scottish Local Shop Report 2018

6. These points are expanded on in further detail below. For more information, contact Steve Dowling, ACS Public Affairs Manager, via steve.dowling@acs.org.uk or 01252 533009.

Section 2 - Delivering More Frequent Revaluations

7. We support Section 2 of the Non-Domestic Rates Bill delivering three-yearly revaluations, which will strike the right balance between rateable values following the property market and certainty for business. The merits of delivering more frequent revaluations is one of the few areas where there is evident consensus amongst business groups. The UK has the highest non-domestic property taxes in Europe, so the Scottish Government should use its business rates powers to ensure the rating system doesn't bill based on out-of-date information.
8. The next rating list for England and Wales will take force in April 2021, 12 months before the next rating list for Scottish properties. We would welcome the Scottish Government considering how to re-align business rates revaluations with England and Wales beyond 2022 to simplify administration for multiple retail businesses and support UK-wide business planning.

Section 7 - Appeals

9. At least 30% of Scottish convenience retailers lodged an appeal after the 2010 revaluation, with 71% of those to have received a hearing outcome seeing their rateable value change³. The new 'Check, Challenge, Appeal' appeals system introduced in England from the 2017 rating list has caused an 80% decline in appeals cases lodged in the first 18 months of the rating list from 2010 (314,130) to 2017 (65,380)⁴. The Scottish Government must learn lessons from the new English appeals system, which is failing its objectives to deter rogue agents from the market.
10. The Scottish Government should ensure the appeals system is accessible for all ratepayers regardless of professional representation, embeds transparency for ratepayers and encourages consistent outcomes. However, we are concerned that some aspects of Section 7 will make the appeals system more difficult for retailers to engage with to obtain an accurate bill.
11. Specifically, the Bill as drafted would require convenience retailers of all sizes to provide an alternative valuation at the 'proposal' stage. This requirement would not support fairness in the appeals system as arriving at an alternative valuation would require use of an agent for most retailers. This introduces unavoidable costs for retailers seeking to correct inaccurate rates bills.
12. Introducing time limits on retailers for submitting an appeal would also put unnecessary pressure on ratepayers. The appeals system should resolve cases efficiently to allow funds held up in the system to be more quickly reinvested by retailers and local authorities to support economic growth. The Barclay Review called for the appeals system to be as

³ ACS Voice of Local Shops Survey: February 2015

⁴ <https://www.gov.uk/government/statistics/non-domestic-rating-challenges-and-changes-2017-and-2010-rating-lists-december-2018-experimental>

streamlined as possible with a fast track process but did not call for time limits on ratepayers⁵. If the Scottish Government insists on time limits for ratepayers, time limits should also apply to the Scottish Assessors to support efficiencies in the system.

Section 9 - Business Growth Accelerator Relief

13. A common criticism made of the business rates system is that it disincentivises investment by punishing businesses through higher rates bills. We were therefore pleased when Business Growth Accelerator Relief was introduced in April 2019, which is incentivising investment from retailers by allowing them time to recoup the cost of their investments by delaying associated increases in their rates bills.
14. For the convenience sector, these higher bills have previously arisen when a retailer extends their premises or adds CCTV, fire safety systems, air conditioning units or other internal items to their shop. These higher bills subdued investments, reduced economic activity and prevented the positive benefits of store improvements from being realised, such as increased energy efficiency or reduced crime.
15. To further incentivise investment, we would encourage Scottish Ministers to extend the length of delay in increased rates bills caused by investments from 12 months to 24 months. This would unlock further investment from the Scottish convenience sector, which invested £76m over the past year⁶.

Section 16 - Notifying Changes in Circumstances

16. We recognise that reducing avoidance activity is essential to ensure the fair sharing of the rates burden amongst ratepayers. However, determining the rateable value of a property is a complex process which goes far beyond the 'shell' of the property to consider a range of internal items and other building features. It is unreasonable to expect all retailers to be able to track internal features within their store(s) and understand whether they affect rateable value.
17. For example, 76% of Scottish convenience stores are run by independent retailers, often without the in-house expertise of a property or estates team⁷. Multiple retailers would also find a legal obligation to notify local authorities about property changes difficult, many of whom do not have a central recording of changes made to properties. Existing powers for local authorities to request property evidence from ratepayers means there is limited justification for introducing a new obligation for ratepayers to proactively notify local authorities when they make changes to their properties.
18. Introducing a new requirement for retailers to notify the Scottish Assessors of any changes in their property which may affect their rateable value would catch out unsuspecting retailers with large fines. 21 days is a very short timeframe to require retailers to notify the authorities about any changes. The £100 penalty for non-compliance, rising by an additional £20 per day, will cause significant and unfair financial penalties for convenience retailers improving

⁵ [Barclay Review](#) p.64

⁶ ACS/Scottish Grocers' Federation Scottish Local Shop Report 2018

⁷ ACS/Scottish Grocers' Federation Scottish Local Shop Report 2018

their properties. Penalties should only be issued to unscrupulous ratepayers who have knowingly withheld or provided false information and not catch ratepayers who are unaware of a need to notify when making property improvements or their impact on rates liability.

Annex A

ABOUT ACS

The Association of Convenience Stores lobbies on behalf of over 46,000 convenience stores across mainland UK on public policy issues that affect their businesses. ACS' membership is comprised of a diverse group of retailers, from small independent family businesses running a single store to large multiple convenience retailers running thousands of stores.

Convenience stores trade in a wide variety of locations, meeting the needs of customers from all backgrounds. These locations range from city centres and high streets, suburban areas such as estates and secondary parades, rural villages and isolated areas, as well as on petrol forecourts and at travel points such as airports and train stations.

ACS | the voice of local shops

WHO WE REPRESENT

INDEPENDENT RETAILERS



ACS represents over 19,000 independent retailers, polling them quarterly to hear their views and experiences which are used to feed in to Government policy discussions.

These stores are not affiliated to any group, and are often family businesses with low staff and property costs. Independent forecourt operators are included in this category.

SYMBOL GROUPS AND FRANCHISES



ACS represents over 14,000 retailers affiliated with symbol groups. Symbol groups like SPAR, Nisa, Costcutter, Londis, Premier and others provide independent retailers with stock agreements, wholesale deliveries, logistical support and marketing benefits.

Symbol group forecourt operators and franchise providers like One Stop are also included in this category.

MULTIPLE AND CO-OPERATIVE BUSINESSES



ACS represents over 12,000 stores that are owned by multiple and co-operative retailers. These businesses include the Co-Operative, regional co-operative societies, McColls and others.

Unlike symbol group stores, these stores are owned and run centrally by the business. Forecourt multiples and commission operated stores are included in this category.

THE CONVENIENCE SECTOR



In 2018, the total value of sales in the convenience sector was £39.1bn.

The average spend in a typical convenience store transaction is £6.50.



There are 46,262 convenience stores in mainland UK. 72% of stores are operated by independent retailers, either unaffiliated or as part of a symbol group.



The convenience sector provides flexible employment for around 365,000 people.

24% of independent/symbol stores employ family members only.



24% of shop owners work more than 70 hours per week, while 19% take no holiday throughout the year.

70% of business owners are first time investors in the sector.



Convenience stores and Post Offices poll as the two services that have the most positive impact on their local area according to consumers and local councillors.

81% of independent/symbol retailers have engaged in some form of community activity over the last year.



Between August 2017 and May 2018, the convenience sector invested over £814m in stores.

The most popular form of investment in stores is refrigeration.

OUR RESEARCH

ACS polls the views and experiences of the convenience sector regularly to provide up-to-date, robust information on the pressures being faced by retailers of all sizes and ownership types. Our research includes the following regular surveys:

ACS VOICE OF LOCAL SHOPS SURVEY

Regular quarterly survey of over 1,200 retailers, split evenly between independent retailers, symbol group retailers and forecourt retailers. The survey consists of tracker questions and a number of questions that differ each time to help inform ACS' policy work.

ACS INVESTMENT TRACKER

Regular quarterly survey of over 1,200 independent and symbol retailers which is combined with responses from multiple businesses representing over 3,000 stores.

ACS LOCAL SHOP REPORT

Annual survey of over 2,400 independent, symbol and forecourt retailers combined with responses from multiple businesses representing 7,669 stores. The Local Shop Report also draws on data from HIM, IGD, Nielsen and William Reed.

BESPOKE POLLING ON POLICY ISSUES

ACS conducts bespoke polling of its members on a range of policy issues, from crime and responsible retailing to low pay and taxation. This polling is conducted with retailers from all areas of the convenience sector.

For more information and data sources, visit www.acs.org.uk