

**Our Reference 002/2017**

**REQUEST UNDER THE FREEDOM OF INFORMATION (SCOTLAND) ACT 2002 (FOISA)**

Your request

You asked:

“I presume therefore that the additional entries still to be made (that you estimate as being equivalent to the value for the highest value 1000 entries on the roll) will have an RV of £6 million (your figure) minus £1.7 million (current RV on roll) = £4.3 million.

Do you have any data on how the RV of these subjects still to be added break down in terms of individual RV specifically, how many are £15,000 or less and how many >£15k?

You see where I am going with this – I want to estimate impact of Small Business Bonus scheme on the net yield from shootings rates.”

Response to your request

I enclose a copy of some of the information you requested, setting out how we reached a £6 million revenue estimate following the Land Reform Act 2016, and the assumptions we made around the Small Business Bonus Scheme.

While our aim is to provide information whenever possible, in this instance the Scottish Fiscal Commission does not hold some of the information you have requested. We do not hold information on the RV of the entries still to be added to the roll and how many are £15,000 or less and how many have an RV greater than £15,000. We set out the assumptions we used to estimate the RV of these entries below.

**Land reform costing**

Shootings and Deer forests are to be entered to the valuation roll as a consequence of the Land Reform Act 2016. These had previously been made exempt from paying rates in 1995 and have not been entered on the valuation roll since. Assessors began to make these entries in September 2017, and a costing was produced to reflect the expected NDR income that would be generated.

The costing used an extract of the valuation roll from 10 October 2017, which showed 10,426 entries on the roll with a rateable value of £16.2 million and a Gross Bill (prior to any reliefs) of £7.8 million. This was then adjusted to reflect the entries on the roll that are expected to have their bill reduced due to the Small Business Bonus Scheme (SBBS).

Manual inspection of the valuation roll was carried out to calculate business-wide RV, which then allowed SBBS entitlement to be estimated. An SBBS take-up rate of 85% was assumed for eligible entries, reflecting that not all eligible entries on the roll apply for the relief they are entitled to. This produced a final costing for entries currently on the roll of £2.1 million.

Finally, an adjustment was made for entries still to be added, with information gained from discussions with Assessors. We assume 2,000 entries are still to be added to the valuation roll. The RV and net NDR bill assumed for these entries is based on the average of the 1000 largest shootings and deer forest entries currently on the valuation roll. Therefore we assume the same proportion of RV claims the SBBS as we assume for the 1,000 largest entries already added. This approach resulted in an estimated net NDR bill of £3.9 million, which combined with entries on the roll resulted in a final costing of £5.9 million. This is a one-off adjustment to reflect that these properties were not included on the valuation roll on 1 April 2017. This will no longer be a necessary adjustment for our future forecasts once all entries are on the roll and local authority data on reliefs is available.

The table below summarises the final land reform costing for 2018-19, showing estimated SBBS entitlement and the assumptions relating to the entries still to be added to the roll by Assessors.

£ million	Currently on the roll	Additional entries to be added (assumption)	Total (Final costing)
Rateable Value	16.2	16.6	32.9
Gross Bill	7.8	8.0	15.8
Small Business Bonus Scheme	5.7	4.1	9.9
Net Bill	2.1	3.9	5.9

Note: figures may not sum due to rounding