



Northern Ireland
Assembly

Committee for Finance

OFFICIAL REPORT (Hansard)

Non-domestic Rates Valuations
(Coronavirus) Bill: Department of Finance

3 November 2021

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Dr Steve Aiken (Chairperson)
Mr Keith Buchanan (Deputy Chairperson)
Mr Jim Allister
Mr Pat Catney
Ms Jemma Dolan
Mr Philip McGuigan
Mr Matthew O'Toole
Mr Jim Wells

Witnesses:

Ms Sharon Magee	Department of Finance
Mr Ian Snowden	Department of Finance

The Chairperson (Dr Aiken): Ian and Sharon, it is good to see you again. Let me know, Ian, when you are ready to go, and we can crack on.

Mr Ian Snowden (Department of Finance): I have an opening statement. It is reasonably lengthy and might take about five to 10 minutes to get through, but there is some stuff in it that I think is quite important in explaining the background to this issue.

The Chairperson (Dr Aiken): OK, Ian. Over to you.

Mr Snowden: Thank you for the opportunity to brief the Committee on the Bill that the Department intends to introduce, the Non-domestic Rates Valuations (Coronavirus) Bill. The effect of the Bill, if it is passed, will be to remove the impact of the coronavirus pandemic as grounds for challenging non-domestic rating valuations.

I will explain a little of the context and give some background information on the non-domestic rating system to help to explain why the Department considers it necessary to introduce the Bill. A key feature of the system is that non-domestic properties are valued for rates on the basis of their net annual value (NAV). That reflects the annual rent that the property would be expected to achieve in the market. The NAV of every property is recorded in the non-domestic valuation list that is published by the Commissioner of Valuation for Northern Ireland. The rates bill for each property is calculated by adding together the regional rate and the district rate to create a single rate poundage that is then multiplied by the NAV. If your NAV is £10,000, and the regional rate is 28p in the pound and the district rate is 25p in the pound — the two combine to make 53p — your rates bill will be £5,300. That is how it works.

Since NAVs are supposed to reflect market rents, the valuation list needs to be updated periodically to make sure that changes in the property market are factored into valuations and, ultimately, into the rates bills that people pay. The valuation list is updated through general non-domestic revaluations that are undertaken by Land and Property Services (LPS). The most recent revaluation exercise took effect on 1 April 2020. In a non-domestic revaluation, the NAVs of all properties are assessed at the same date. That date is known as the antecedent valuation date. The use of that common date is important because it ensures that every property is taxed on the same basis and, therefore, that there is fairness in the system.

Revaluations are complex exercises, so they take some time to complete. Typically, there is a two-year gap between the antecedent date and the date of publication. The antecedent valuation date for the current list was 1 April 2018, and the list was published on 1 April 2020. After the publication of the list, there is a three-stage appeals process by which ratepayers can challenge the NAVs in the new list: stage one is that you apply to the district valuer; stage two is that you can appeal to the Commissioner of Valuation; and the third stage is to appeal to the Lands Tribunal. Any change in the NAV that results from that appeals process is backdated to the start of the valuation list, so it would be backdated to 1 April 2020.

It is important to explain that the outcome of an individual challenge does not affect just that one property. To maintain fairness between ratepayers, which is the purpose of the revaluation, the implications of the outcome of any challenge have to be considered according to how it might affect similar properties. You look at what is called the tone of the list for that category of property, and you see how the impact of that one challenge affects others. If you have a challenge to the NAV of a shop, for example, you also need to look at the impact on other shops on the same street or in the same shopping development and at what the impact might be on other shops in the same town, or towns elsewhere. There is a wider impact from each challenge.

Typically, since there is a two-year gap between the antecedent valuation date and the date of publication, things will happen that might affect the property market. There could be an economic boom in some sectors, for example, or a recession, or there might be a local economic shock because of a factory closing in a town. Even if it were possible in practice, trying to take account of every shift in the property market between the antecedent valuation date and the publication date would be disruptive to the preparation of the list and to the planning of rates revenue by councils and the Executive. To maintain the transparency of the tax and certainty for ratepayers, councils and the Executive, any economic changes that happen between the antecedent valuation date and the date of publication are not taken into account in the NAVs when they are published.

Economic changes are dealt with at the next revaluation. That is one of the reasons why frequent revaluations are important. That said, the net annual value of a property can be affected by physical changes to the property. There is a distinction between physical and economic changes. If something physical happens between the antecedent valuation date and the date of publication, it has to be reflected in the published valuation. That is specified by article 39A(1A) of the Rates Order. When that was added to the rating legislation, the intention was that, if something happened that affected a property at a local level, it would be taken into account before the list was published. The Primark fire is an example of a situation in which a localised event affected certain properties, and those properties had their access, or whatever, affected by that event. That ought to be taken into account when the list is being published.

What was not envisaged, however, when article 39A was added to the rating legislation was an event that would simultaneously affect every property in Northern Ireland. The coronavirus pandemic, or, more specifically, the restrictions on businesses that were put in place by the Executive to control the pandemic, has had an impact on all properties, and it also affects the physical enjoyment of those properties. Through the Bill, we intend to deal with the unintended consequences of that unexpected confluence of events.

I will give a little more detail on what that means in practice and the specifics of what happens. The Health Protection (Coronavirus, Restrictions) Regulations 2020 came into effect at 11.00 pm on Saturday 28 March 2020, which was exactly 73 hours before the valuation list was due to come into effect. Those regulations specified businesses that were required to close completely and those that had to restrict how they operated in practice. After extensive legal consultations, we have confirmed that those restrictions constitute the kind of matters that come under the ambit of article 39A of the Rates Order.

The Chairperson (Dr Aiken): Ian, has that been tested in Northern Ireland, or is it based on what happens in England?

Mr Snowden: We have taken two separate legal opinions on this matter, and we have done extensive consultations on it. We have picked through that quite significantly. In England and Scotland, separate work has been done to that effect. Everyone has come to more or less the same conclusion. The work in England and Scotland is based on different legislation, which is not exactly the same in its specifics, but the basic principles apply.

The Chairperson (Dr Aiken): It has been tested, and the legal opinion is that it applies.

Mr Snowden: Yes. We have had two opinions on it.

In particular, businesses that were not allowed to open engage paragraph (a) of that article, which refers to "matters affecting the physical state" or — this is the important bit — the "physical enjoyment of the hereditament". If you are not allowed to open your business, that obviously affects your physical enjoyment of it. Other businesses were allowed to continue to operate but were affected by the general economic impact of other businesses being required to shut. Therefore, they engage paragraph (d) of article 39A, which refers to matters affecting:

"the use or occupation of other premises situated in the locality of the hereditament".

So, for example, if your cafe is allowed to remain open when every other business around you is shut, you are clearly affected by what is going on in the locality.

The consequence of that, in legal terms, is that the impact of those restrictions ought to have been taken into account in all 74,000 NAVs in the valuation list. When I say taken into account, it cannot be assumed that every one would have been changed, but all 74,000 would have had to be reviewed before the list was published on 1 April. Legally speaking, because that was not done, ratepayers may now challenge their NAVs and seek to get them reduced to take account of the impact of coronavirus and the restrictions. Given that we need to consider the implications of the outcome of any individual appeal for similar properties, the consequential impact on the valuation list could be quite extensive. Many properties could be affected. So far, 4,260 challenges have been lodged with the Department — of 74,000 valuations — but we cannot assume that only 4,260 properties are potentially at risk. It could run into tens of thousands.

The Chairperson (Dr Aiken): Ian, how does that number compare with the normal number of challenges?

Mr Snowden: Last time, we had roughly 7,000 challenges. Sharon will know.

Ms Sharon Magee (Department of Finance): After the 2015 revaluation, in the first year after that list was published, we had closer to 5,000 challenges. The number is not far off, but we would have expected a bigger influx of challenges in the first year. However, the impact was mitigated this time because so many people had rates holidays that their rates bill did not factor as something that they wanted to work on.

Mr Snowden: Rates bills are based on NAVs, so a reduction in the NAV also produces a reduction in the rates bill. The change to the NAV is backdated to the start of the valuation list, and, typically, that produces a refund to a ratepayer who has, in effect, been overcharged, because the NAV has now been reduced.

Around 4,200 applications have been made to challenge NAVs. The majority include some reference to the impact of the pandemic amongst the grounds for the challenge. When we work all those cases through and apply the potential impacts across the whole of the valuation list, a realistic estimate of the total revenue that could be lost because of refunds is between £196 million and £255 million.

The Chairperson (Dr Aiken): Say that again, please.

Mr Snowden: It is between £196 million and £255 million. That covers the three years from 1 April 2020 to 31 March 2023. Of course, a number of assumptions are behind those calculations, and we

can go into more detail if you want. One assumption is that, as the result of the valuation exercise that is under way, a new valuation list will take effect on 1 April 2023.

That loss has to be shared between the Executive and district councils. Approximately, 55% falls to the Executive and 45% to district councils. The impact on the Executive would be difficult to manage in the current budgetary situation, but it is fair to say that it would be pretty devastating for most of the councils, because they depend on the rates to provide about 75% of their income, and, in some cases, the amount of refunds might be close to the total annual business rates take for an individual council.

After taking extensive legal advice and considering the alternatives, the Department considers that new primary legislation is required to mitigate that loss to the non-domestic rates revenue, which arises from the timing of the coronavirus health measures in March last year. I will explain. If the measures in the coronavirus restrictions had come into effect on 1 April, this issue simply would not have arisen. A margin of days caused this to happen. We propose to introduce a Bill to remove the impacts of the coronavirus pandemic and the associated health protection restrictions as valid grounds for challenging an NAV. It will do that by providing that the matters mentioned in article 39A of the Rates Order are to be treated as not including and never having had included any matter directly or indirectly attributable to the coronavirus pandemic.

As I mentioned, the Committee is aware that the Minister has announced that a further non-domestic revaluation is being undertaken. The antecedent valuation date for that is 1 October this year, and the effective date will be 1 April 2023. The Bill includes a future-proofing mechanism to ensure that, if there are more restrictions related to COVID or to the pandemic in 2023, this same problem cannot happen again. We are future-proofing the legislation to make sure that that does not happen.

It is important to be very clear about what the Bill will not do. It will not restrict, in any way, any ratepayer's right to challenge their NAV on any other grounds.

The Chairperson (Dr Aiken): Just on the grounds of COVID.

Mr Snowden: Just on the grounds of COVID. All other applications and appeals continue to be processed as normal.

We are asking to use the accelerated passage procedure to ensure that the Bill is passed before the end of this mandate. In one sense, because this is retrospective-acting legislation — in that sense, it is quite unusual — it could, in theory, be passed in the next mandate and still have the same effect. However, we need to create some certainty around the rates base for councils in their rate-setting process. If I were the finance director of a local authority and this risk existed, I think that I would be setting a higher rate to make sure that I had money to cover the costs of this. I would be trying to defray or mitigate the uncertainty. Again, that would have negative consequences for businesses, which would be hit by higher rates bills than they would be were this Bill to be passed. I can confirm that the Attorney General has confirmed that the Bill is within the legislative competence of the Assembly.

I will compare the position with that in England, Scotland and Wales. As I mentioned earlier, the specifics of their rating legislation are different from ours, but all four jurisdictions face the same problem of COVID-related challenges to rateable values and a potentially large loss of revenue as a consequence. The Administrations in England, Scotland and Wales have determined that a legislative solution is the only viable option for dealing with the issue. Therefore, similar legislation will be brought forward in those jurisdictions. The UK Government have introduced primary legislation, covering England, to prevent challenges to rateable values being brought on COVID-related and health-restrictions grounds. The Welsh Government have agreed that the English legislation should be extended to cover Wales. The Scottish Government are bringing forward their own legislation to cover Scotland, and that will, effectively, have the same impact as our proposal.

The UK Government have announced a supplementary £1.5 billion rates relief package to accompany the legislation when it is brought in. The package has been introduced by way of compensation for removing the right to challenge an evaluation on these grounds.

The Chairperson (Dr Aiken): What would our take be on that one?

Mr Snowden: It would be £45 million to £50 million.

Access to funding from that rates relief package will be conditional on the successful passage of the legislation at Westminster. If the legislation is not passed, the funding will not become available. If it does not become available in England, it will not be available here.

The Chairperson (Dr Aiken): Does it have to go across all nations before that funding becomes available, or is it just in England?

Mr Snowden: Just in England. The Barnett consequential flows from the English measure.

The intention in England is that the relief will be administered by local authorities and that there will be an application-based process that will exclude from the scope of that relief package any businesses that have benefited from an NAV-related relief or NAV-related grant up to this point.

It is our intention to ring-fence any associated Barnett consequential funding to ensure that it can be allocated to business ratepayers in the 2022-23 financial year. The value of that is in the region of £45 million to £50 million. The mechanism for distributing the funding here has not been decided. However, it is highly unlikely that we will follow the English approach, because we have given 29,000 businesses rates relief — the 12-month rates holiday — every business received a four-month rates holiday last year, and tens of thousands of businesses received one or other of the business support grants that are based on their NAV. By a quick calculation, I have worked out that somewhere between 38,000 and 40,000 businesses have received one or other of those grants or rates reliefs. That would exclude them from the rates relief in the English scheme, which I do not think is viable or sustainable in our situation. It is not right for our context. We will therefore design our own approach, and we will advise the Committee what that will look like.

While £45 million to £50 million might not seem a huge amount when put against other measures that have been undertaken, we need to consider that this compensation package is not the only thing that has been done to assist businesses during the pandemic. We also put in place the 12.5% real-terms reduction in the non-domestic regional rate that was introduced last year, and that has been carried forward in a freeze in the current financial year. That is worth around £38 million to £40 million a year in a reduced rates burden for businesses. We also had the four-month rates-free period for all businesses between April and July 2020, and the extended 24-month rates holiday for targeted sectors that were identified as being in greatest need supported 29,000 businesses, which paid no rates for two years. Those last two rates relief measures have been worth more than £515 million over the past two years. That is in addition to the £695 million of grants that LPS has administered since March of last year.

In conclusion, the draft Bill is the Department's response to an unprecedented and unforeseeable set of events that has had complex legal consequences that are likely to lead to large losses of revenue that will roll out over a long number of years for the Executive and district councils. Bearing in mind the unprecedented levels of support that have been provided to business ratepayers over the past two years, the Minister shares the view taken by Ministers in Britain that the revenue losses within the business rates system that would occur as a result of the COVID-19-related challenges would be unsustainable, unjustifiable and, of course, contrary to the public interest. The loss would be particularly severe for local authorities here. As in Britain, we have determined that the only viable option available to us to effectively deal with the risks is to introduce primary legislation to remove coronavirus and associated restrictions as valid grounds for appeal against NAVs in the 2020 valuation list. We are happy to take questions.

The Chairperson (Dr Aiken): Has there been anything about force majeure for any event in any previous legislation that we looked at, or has there never been anything of this scale?

Mr Snowden: I do not know whether there is any previous reference to force majeure.

Ms Magee: There is not. This is the first time that we have had anything of this scale, and so widespread. We have never faced anything like this, and the Rates Order is certainly not designed to deal with it.

The Chairperson (Dr Aiken): The intent is that it will be written in such a way that it will specifically refer to COVID, not to anything else.

Mr Snowden: Yes. It refers to "SARS-CoV-2" and related or similar *[Inaudible]* pandemics and viruses.

The Chairperson (Dr Aiken): So, basically, pandemics.

Mr Snowden: Yes, coronavirus pandemics in particular.

The Chairperson (Dr Aiken): Part of the Westminster legislation that has come through was considered by the Department for the Economy, I think, in May. Why is it coming to us now? Why was it not considered then?

Mr Snowden: The Westminster legislation covers two things: this rating aspect and the disqualification of directors from companies during the pandemic.

The Chairperson (Dr Aiken): That was the relief for directors who, because of COVID, could not do their accounts within a certain period.

Mr Snowden: Yes. The Department for the Economy has responsibility for the Insolvency Service and other matters relating to the disqualification of directors, so it took forward that part of the legislation. We were looking at the rates element. The Department for the Economy would never have taken forward that particular part of the legislation. We had looked at whether we should put the rates issues into another Bill, but we decided that the most transparent approach was to have a single-clause Bill dealing with that one particular issue so that it would be clear.

The Chairperson (Dr Aiken): Even though we could take it into the next mandate, you would like it done in this mandate because we will be in some form of stasis for a considerable time. It would be better to get it passed so that it is in position and you do not have to put in retrospective legislation.

Mr Snowden: It will still have a retrospective effect.

The Chairperson (Dr Aiken): That is what I was thinking.

Mr Snowden: Of more concern to us is what it will require district councils to do when they are considering their rates for next year. What they are currently presented with, with no guarantee that it will be dealt with, is a substantial risk of having to make major refunds to businesses if NAVs are changed, which means there could be a hole in their finances. They will price that into the rates that they set, so they will inevitably be higher as a consequence. That does not need to happen. You cannot set the rates for businesses and domestic properties at a higher level while we are in a pandemic, because it would be damaging for householders and businesses.

Mr K Buchanan: Ian and Sharon, I thank you for all the work that you have done, but particularly last year and this year: you have been very helpful to me, and no doubt other members will say the same. There have been lots of emails on Sunday nights, so I appreciate that it is not just a Monday-to-Friday job and, more importantly, so do businesses.

Of the 4,200, if I have got that figure right, who have appealed the figures, how many have done so based on COVID?

Ms Magee: Over 2,000 of them have quoted COVID-19 as the reason for the appeal. However, now that valuers are speaking to the various ratepayers, it is clear that there is an underlying impact of COVID. They might not have necessarily written it on their application form, but, when you speak to them, they talk about a fall in trade and a change in their circumstances. So, there are very few that you could process as being completely unrelated to COVID, and over 650 of them have been handled already by LPS valuation.

Mr K Buchanan: Those are non-COVID.

Ms Magee: Yes.

Mr K Buchanan: You might not know the exact date, but I presume that nobody appealed prior to 1 April 2020?

Ms Magee: Yes. Again, those are appeals that arose from the new valuation list that came into force in April 2020, so any challenges made after 1 April 2020 only apply to this list.

Mr K Buchanan: What is the normal period to address those appeals? Going back three or five years, if somebody appealed, what would have been the normal period for the process? Let us say that someone appealed in July of last year and based it purely on COVID, I take it that that application is just sitting.

Ms Magee: That is just sitting because we are waiting to see whether we can get this resolved through legislation. The Rates Order says that your application should be dealt with within three months, but people have been waiting two years. After revaluation, there is always an influx of appeals and it takes longer to process them, but, for the 2015 list, the valuation team had cleared all the challenges within a two-year period, whereas, in these circumstances, the team has not cleared any that are related to COVID.

Mr K Buchanan: You referred to 74,000 being on the NAV list. Businesses got four months of a rates holiday and then a further eight; is that correct?

Ms Magee: Yes.

Mr K Buchanan: Was there a certain type of business that got an additional year?

Mr Snowden: Any of the businesses that got the additional eight months last year also got the full 12 months this year.

Mr K Buchanan: So, ultimately, they will not get a rates bill until April 2022.

Ms Magee: They have not had a rates bill for two years.

Mr K Buchanan: I do not want to know about individual business, but have any businesses that have no rates to pay put in a — what is the word?

Ms Magee: An appeal.

Mr K Buchanan: Yes.

Ms Magee: Yes. Anybody can appeal any valuation at any time; there is absolutely no bar on that. When the challenges and appeals started coming in in April 2020, it was unclear to businesses how much of a rates holiday that they would get. People were thinking ahead: the lockdown restrictions were still temporary at that point, so they thought that they would still get a rates bill later that year and put in their appeals. So, yes, we do have some.

Mr K Buchanan: This is the last question from me, Chair. I presume that the legislation, if passed, will wipe out those 2,000 appeals — or whatever the figure is — because we are going back to 1 April 2020.

Ms Magee: It will wipe out the appeals that have COVID-19 grounds as a valid challenge, but there are lots of other appeals that we can deal with that have nothing to do with COVID-19. We still have to do those.

Mr K Buchanan: If an individual appealed the valuation on other grounds, for example, they thought that it was too high, can they add in the COVID appeal later, or must they do that at the point when they make their appeal? If they use a reason at that point in time, can they add to it, using COVID?

Ms Magee: You can make as many challenges as you like, but you can only make one at a time.

Mr K Buchanan: Can you make a second one when the first is still in the process, or do you have to wait until the first is completed?

Ms Magee: You must wait until it is completed because, when that decision is issued, you have a right of appeal to the commissioner. You can bring other things in at that point, if you want the commissioner to consider other things that were not taken into account in the first stage. It is not really the norm, but it can happen.

Mr K Buchanan: That is fine for now, Chair. Thank you.

Mr McGuigan: Is the £250 million that you referred to the worst-case scenario for the potential cost of this? How many businesses need to be successful in their appeals to amount to that figure?

Mr Snowden: That is the upper end of the scenario: £255 million. We looked at two possible interpretations of the legislation and how it might be applied. There is a narrow definition and a broader one. With the narrow definition, the amounts involved are smaller, because you reduce the range of circumstances and the impact of that on the valuation. However, we think that that is the less likely of the two scenarios. The more likely one is that a broader interpretation would be applied by the Lands Tribunal to any case that came there, and then that gets embedded into case law and has to be applied to other cases. We will be working through that.

Some types of businesses will not be affected by coronavirus, and they will not have a reduction. Other types of businesses will be much more severely impacted, and there is a range in between. We have made some assessments of different categories of business: how many are involved and what kind of loss might be involved in each one. There is a range of potential losses in each case.

As I mentioned earlier, it may only require a couple of hundred cases to produce quite a large impact on the rates base and the revenue, because, as I said, you have to apply the outcomes of an individual challenge against similar properties elsewhere on the list.

Mr McGuigan: Following on from some of the points that Keith made, there is the normal applicant, who is unhappy with their valuation, and then there are ones affected by COVID. This Bill will close down the COVID applicants. The £45 million that you referred to will be specifically for businesses that can demonstrate in some way, when the process is put in place, that COVID still impacts on them. Am I right?

Mr Snowden: We have still to decide how we are going to handle this and what the best approach is. The process that you have described is one option, but it would be an application-driven process. As you can imagine, there are subjective issues about the extent to which they might have been affected, whether they would have been affected, and whether they should be entitled to a reduction. We are going to have to look at what is equitable: who will be affected by it, and also what it is possible to administer quickly, easily and transparently.

Mr McGuigan: Fair enough, thank you.

Mr Allister: I apologise for my late arrival; I was caught up in an overrunning Audit Committee. I did not hear all your introductions, so you may have answered the questions that I am about to ask you.

There was Westminster legislation on this very subject. We would have had the option of a legislative consent motion. Yes?

Mr Snowden: I do not think that that would have worked in this case, because English rating legislation is differently structured and ordered from ours.

Mr Allister: It applied to Wales, did it not?

Mr Snowden: Wales operates under the same rating legislation as England, even though the rates are a devolved matter. We have separate rating legislation here. The references to the articles, the terms that are used and so forth, are different. They have a different cycle of valuations.

Therefore we have a different kind of problem, in a sense, from what England has. In the English situation, they deal with what is called a "material change of circumstances". At any point during the life of their list, if there is a material change to the circumstances of your property, you can make an appeal on that ground. That is what is happening with all their COVID-related appeals. Ours is about whether the original list is correct, so we did not look seriously at the option of piggybacking on the English legislation. Instead, we decided that it would be better, more transparent, clearer and easier to understand to have our own legislation.

Mr Allister: Why did it take you so long?

Mr Snowden: It has taken every part of the UK quite some time to work through all the implications of this. As you can imagine, this is not a measure that we would take lightly. It is retrospective legislation. We needed to make sure that we understood what the actual impact was and whether this was a proportionate response.

Mr Allister: Was the delay in the Department or the Executive?

Mr Snowden: No, the Department has taken quite some time to make sure that we understand fully what the issue is. While it is easy for me, in November 2021, to explain the nature of the issue in, I hope, quite straightforward terms, it has not been clear all the way through this process. It took us until August 2020 to get it confirmed that there was a legal implication from article 39 applying to the new list. It has taken some time thereafter to gather the information about what the extent of that impact would be. Bearing in mind that the list is on 1 April, it should reflect what a reasonable set of actors would do in a transaction relating to the rent of a property on 1 April 2020, at which point nobody knew really what the impact of coronavirus would be.

Mr Allister: From the business point of view, COVID has not been a one-off event.

Mr Snowden: No.

Mr Allister: It has legacy issues that will impact, maybe for years to come, on some businesses. What you want to do is to deny businesses any relief on the basis of the legacy impact.

Mr Snowden: I really have to dispute the notion that we have denied them any relief. We have spent £515 million on rate relief for businesses for two years.

Mr Allister: Yes, for those specific years. The point is that the damage of COVID business-wise will not end at the end of this rating year.

Mr Snowden: No.

Mr Allister: It permeates beyond that, but you want to shut off the opportunity for the business that otherwise could succeed in an appeal on that premise.

Mr Snowden: It will be for one year for those businesses, given that we are doing another revaluation exercise that will have a new list that will take effect from 1 April 2023. That list will take account of, amongst other things, the economic impact of the pandemic. Effectively, with this piece of legislation, we are changing the COVID impacts from being a physical impact on the property to being an economic impact of the kind that is best dealt with in revaluation.

Mr Allister: The antecedent date that you brought to us was what, October?

Mr Snowden: It was October 2018.

Mr Allister: You told us at that time that there would be no financial implications. Is that right? The antecedent valuation date was changed to 1 October 2021.

Mr Snowden: Yes, for the current valuation exercise.

Mr Allister: The current one, which will impact the rates review.

Mr Snowden: The revaluation exercise is a revenue-neutral exercise, so the changes in the valuations should not produce a higher or lower rate bill overall across the whole of Northern Ireland on all businesses. You redistribute the current rate burden in a different way, depending on the shifts in the market. So, after the revaluation is done, you have your total new net annual value. There will be a growth factor or difference between that and the previous one and then you adjust the regional rate by that factor. It is a revenue-neutral exercise.

Mr Allister: Did you consult anyone on this proposal?

Mr Snowden: No.

Mr Allister: So, the people most affected and the organisations that represent them have not been consulted about this.

Mr Snowden: No.

Mr Allister: Why is that?

Mr Snowden: Given the nature of the issue that we are dealing with, I cannot imagine that there would be any outcome from the consultation that would change what we are likely to do. There is a general principle that a consultation has to be meaningful; otherwise there is no point in conducting it. If we were to enter into a consultation for the sake of form, which is, essentially, what we would have to do to be able to say that we had done a consultation, knowing full well that the options available to us were no different before or after the consultation —

Mr Allister: It is a disarmingly honest answer to say that you were not going to consult on something on which you were not going to change your mind. Surely, however, there is some semblance of need to consult those whose pecuniary and other interests you are about to damage.

Mr Snowden: I am not damaging anybody's pecuniary or other interests.

Mr Allister: You obviously concede that their appeals would be likely to succeed; therefore you have to shut them down. In shutting them down, you deny them the pecuniary advantage that they would have gained in winning the appeal.

Mr Snowden: We do. We have not consulted the district councils about taking this course of action. We have looked at alternative options, however. One is to try to work through the process and manage it by the way in which we handle appeals. That does not mean doing nothing — a lot of work is involved in it — but it means not taking any specific action against the process. The other is to introduce a very expensive rates relief package to buy ourselves out of the problem eventually by having more substantial rates relief. Neither option is sustainable. There is a very serious danger to the tax base here, which needs to be dealt with; it cannot simply be ignored. Having considered all the options and having looked at what has happened in England, Scotland and Wales, where, as far as I am aware, there has similarly been no significant consultation on any of those measures, we are taking the same approach.

Mr Allister: Is it sustainable not to consult while, at the same time, coming to us and saying, "Give us accelerated passage"?

Mr Snowden: There is no common-law obligation to consult on any issue unless there is a specific statutory obligation to do so. In this case, if you are going to consult, you need to conduct a meaningful consultation exercise. However, if there is no likely prospect of any alternative to what you propose, your consultation effectively becomes meaningless. Why would we do that?

Mr Allister: The alternative is to find the money to pay the businesses.

Mr Snowden: From?

Mr Allister: From wherever you find the money. Your Minister is very good at putting his hand out to Westminster.

Mr Snowden: I will not get into the politics of that. Any money that has to be found to pay for rates relief has to come from within Northern Ireland's Budget. That means that prioritisation has to be undertaken. You could make a political argument, if you were minded to do so, that we ought to just put in another very expensive package of rates relief for next year and take the money off health, education or other public services in order to do so. Alternatively, we can take the course of action that we are proposing.

The Chairperson (Dr Aiken): Ian, is it your view — sorry, Jim, to cut across you —

Mr Allister: That is all right.

The Chairperson (Dr Aiken): — that, if we decided not to go down this line, the £50 million that you talked about as a Barnett consequential would not come in our direction?

Mr Snowden: I will need to check the position on that.

The Chairperson (Dr Aiken): We probably need a bit of clarity on that.

Mr Snowden: The Barnett consequential flows from the release of the £1.5 billion from the passage of the English legislation. As far as I know, they have not made it conditional on our doing something similar.

Ms Magee: That is right.

The Chairperson (Dr Aiken): We might need to seek some clarity on that.

Mr Allister: Of course, we have no guarantee that the £50 million would be used to help business. It could be siphoned off into something else.

Mr Snowden: This £50 million has been earmarked and ring-fenced for this purpose.

Mr Allister: Has it?

Mr Snowden: Yes, if the legislation is passed.

Mr Catney: Thanks very much, Ian, and thanks, Sharon. I thank the Department for all the help that I have received. My go-to man for everything during the pandemic was Tony Loughran, and I found him to be a great help even with things that were not being dealt with by your Department. He helped me to get names for people in other Departments.

Some Members: Hear, hear.

Mr Catney: I had a question about the fact that the Department was doing no public consultation. However, that was covered extensively in the answer to Jim's question.

Are you saying that there is a guarantee that the £50 million will, if we go down the route that you want us to go down —

Mr Snowden: Let me make this clear. The Barnett consequential coming from England is conditional on English legislation being passed. There is no £50 million unless that English legislation is passed. If the English legislation passes, the £50 million comes to Northern Ireland.

The Chairperson (Dr Aiken): Regardless of what we do?

Mr Snowden: Yes. It has been set aside to put in place a package of rates relief as partial compensation against that measure, if the legislation passes. There are two conditions for that.

Mr Catney: Thank you.

Mr Wells: First, I saw the New Year's Honours list, and I expected at least a knighthood and a dollop of OBEs to be given to your team. Unfortunately, they have been lost in the post, but they certainly would have been deserved. I endorse Pat's comments about the excellent member of your staff who liaised with the Committee. He deserved at least a knighthood, but he did not get that either.

Jim Allister has covered some of what I was going to ask. I have a few examples from my constituency, where a hot-food takeaway is beside a nightclub that closed as a direct result of coronavirus. The nightclub was completely wiped out. I am not a great supporter of nightclubs, but I can understand that they were dealt a desperately bad blow by coronavirus. The hot-food takeaway's

takings have been dramatically reduced as a direct result of coronavirus. The hot-food takeaway kept going throughout coronavirus, but the associated business was down.

Travel agents have also been absolutely hammered by coronavirus. Had coronavirus not come along, travel agents would not be launching appeals because business was ticking along merrily. The travel industry has had an 80% or 90% decline over the past 18 or 19 months. Whilst I understand where you are coming from — I can see your logic: you are trying to protect the public purse and stop the floodgates opening to a lot of cases — surely in the dire situation, where it is incontrovertible that coronavirus has had a dramatic impact on their profitability, is it right to close the doors completely on that type of business?

Mr Snowden: It is not closing the doors completely. It is one particular basis on which an appeal against a valuation might —

Mr Wells: That is the only reason they would appeal at all.

Mr Snowden: It is not always the case because they can appeal for lots of other reasons.

Mr Wells: I know businesses that would not have a care in the world, had it not been for coronavirus. No business likes its rates or accepts that it has been rated fairly, I accept that. However, these are businesses that have been hammered, and they are a very small percentage of the overall economy. Everyone accepts that they have been hammered. There are travel agents in south Down who can show that 80% of their business went in a 15-month period. Is it fair to deny them any opportunity to appeal their rateable valuation, given those circumstances?

Mr Snowden: Obviously, there are issues about taking away anyone's right to appeal against a public decision. Set against that, is it fair that a piece of legislation, which was designed to deal with a very specific localised set of circumstances and difficulties, gets a general application across all businesses in Northern Ireland, with the resulting very serious damage to the public purse? There are aspects of fairness in both directions. We believe that the package of rates relief that has been put in place has been substantial, extensive and comprehensive. We have taken a lot of measures to support businesses, such as grants, in addition to rates relief and a substantial cut to the regional rate. Whilst it is not desirable, and we would not want to do that if there were any other options available. Set against that, it is, overall, a fair package of measures. In and of itself, you can certainly argue that individual businesses may feel aggrieved because we are doing that. However, when you look at the totality of what has been done with rates and support for businesses over the pandemic, it is a fair package.

Mr Wells: At first glance, yes. I can see exactly where you are coming from. I am uneasy about legislation of this importance that has had no consultation. I must congratulate you for being utterly honest and saying, "We did not consult anybody", and then being incredibly honest and telling us why you did not consult anyone. That does not sweeten the bitter pill, however, in the sense that there is a retrospective element to the legislation. There has been no consultation. I worry about the precedent that we set for less-deserving legislation in the future and perhaps about officials whom we do not trust as much as we trust your staff coming along with cunning plans to wipe out people's rights. I wonder whether what you are trying to do would stand up in court if it were judicially reviewed — I really do — because what you are trying to do is quite sweeping, and it can sometimes be wrong to do right.

Mr Snowden: There are unusual aspects to the legislation. I will not shy away from that. It is retrospective in its application, which is not normal. We are removing a right of appeal against a decision of a public authority, which, in itself, is not something that you would want to do.

On whether the legislation is sweeping, we have endeavoured to ensure that, insofar as we future-proof it for the continuation of the pandemic, it is specifically limited to one set of circumstances and one ground for appeal. We are therefore trying to strike the right balance between those unusual aspects of the legislation and what you normally would not want to do and trying to make sure that it is as targeted, as specific and as limited in its scope as we can possibly make it.

Mr Wells: The other point to make is that some businesses have made an absolute fortune out of coronavirus. They have done exceptionally well on their balance sheets. I talked to an accountant recently, and he told me that businesses that had never made a profit or had not broken even for years have, suddenly, as a result of coronavirus, made a fortune. Their rates are not being increased

to reflect that, however, because of the date of the valuation. Some people have been denied their appeal, but you will notice that the big, multinational supermarkets have been very quiet over the past 19 months about their off-licences. The off-licence industry has kept its head down, because it has done fabulously well out of coronavirus. There is no attempt, however, to redistribute the load, as it were, by increasing their rates, whilst, in some way, compensating businesses such as travel agents who have been absolutely taken to the wall by this.

Mr Snowden: That is what the revaluation exercise is about. It is an effort to redistribute the rates burden. Those businesses that have done well during the pandemic and that will continue to do well in its aftermath should expect to see their proportion of the rates burden increase. Those that have been badly affected by it and continue to be badly affected by it can expect to see theirs come down.

Mr Wells: That is good to hear. Thank you.

The Chairperson (Dr Aiken): The revaluation will have to reflect considerably the changes that have been brought about. We know that supermarkets, off-licences and other businesses have done quite well out of the pandemic, whereas others have done quite badly, but the revaluation will mean a significant change to the whole structure. It will not be just a tinkering with the structure to reflect those changes. You say that it is to be a cost-neutral piece, so it will be a really significant shift. That shift will be subject to challenge as well, will it not?

Mr Snowden: Yes. Every revaluation is subject to that. Sharon is the expert valuer, so she can talk more about how that works in practice, although I caution against anybody making too rash a prediction about what the outcome of the revaluation will be. It all has to be based on evidence, which we are still in the process of gathering.

Ms Magee: That is what I was just about to say. We are at the point in the revaluation at which LPS is seeking the rent and lease information from the business community. We have therefore sent out 50,000 requests since 1 October asking for people to tell us their rent and tell us what has happened since the previous revaluation. It is that evidence that will be analysed and used to set the values for the next list when it comes into force in April 2023. It is therefore extremely important that the business community respond to those requests for information.

At the start of November, the Commissioner of Valuation was getting ready to start sending out the first wave of reminders to all the businesses that have not provided the information yet. She will send out another reminder in December, because people sometimes need two reminders. It is that evidence that the valuers in LPS will analyse and use to set the values for the next revaluation.

It is impossible to say at this stage what the outcomes will be. We would expect to see some shifts in values in areas where rental values have increased compared with areas where rental values have decreased. That is the point of a revaluation. We look at those shifts and reflect them in your new list, but it really depends on the level of uptake that we get from the business community, because this is its opportunity to influence the outcome of that list.

The Chairperson (Dr Aiken): We are therefore doing that through a revaluation exercise, but, as you said very clearly, you do not think that there is any value in going out to consultation.

Mr Snowden: Yes.

The Chairperson (Dr Aiken): We are also consulting on the revaluation.

Ms Magee: No. We are not consulting on the revaluation. We are doing it. The Minister announced the revaluation in June. It is the shortest period between revaluations that we have ever had. It will have been three years between the previous one and this next one. We have never done anything that fast before, and it is being done to reflect what has happened since April 2020. The impact of the pandemic will come forth in the evidence that is collected for the revaluation. It may even take a bit longer. It may take two, or even more, revaluations for all the impacts to be worked through. The revaluation takes into account the impact not only of COVID but of all economic changes. Brexit will have had an impact as well. It is about taking into account all economic changes. That is why it is important that economic changes on that scale be dealt with properly by a revaluation rather than by challenging the valuation list. Those are changes on a huge scale, right across Northern Ireland, and they are properly reflected through revaluation, not through appeals to the commissioner.

Mr O'Toole: I accept the point that you made about there being no point in doing a false consultation. You have effectively decided that, in your opinion, force majeure has made you take this action. England, Wales and Scotland have done something similar. If consultation were not a credible or meaningful option, would it not have been better to communicate earlier in the year to business groups that this is happening, given that Westminster announced the start of its process at some stage in the springtime?

The Chairperson (Dr Aiken): March.

Ms Magee: Yes, March.

Mr O'Toole: It started later in Scotland. Would it not have been better simply to say, "This is happening. I appreciate that you may not like it, but it is happening"?

Ms Magee: We got to the point of getting agreement to do it only at the start of September. After the announcement that Westminster was doing its in March, we liaised with our counterparts in Westminster, Scotland and Wales during the summer months. Scotland was in the same position as us. We listened very carefully to, and took note of, what was going on in Westminster. We thought that perhaps we could try to do that here, because, up until that point, we had not been trying to legislate for this particular set of circumstances. It was only after that announcement that we took the opportunity very seriously and started delving into how we could go about doing that. Over the summer months, we worked on costing the various scenarios that Ian mentioned, including the cost of not legislating for it. In September, we put it to the Minister right away. In our opinion, we have got to this point quite fast. The reason that we have not announced it is because we have only just got approval.

Mr O'Toole: Approval from the Executive?

Ms Magee: Yes.

Mr O'Toole: Did you seek to do any modelling or costing? Did you seek legal opinion? The modelling of the costs and the legal opinion of the liability are two bits of the rationale that are connected. Did you seek either of those opinions before you became aware that Westminster was introducing legislation?

Ms Magee: We sought very extensive legal opinion on whether our legislation would stand up to the level of appeals.

Mr O'Toole: I know that. Had it occurred to you to seek those opinions before the legislation was created at Westminster?

Mr Snowden: It certainly was one of the potential options identified during the legal consultations that we had in the latter half of 2020.

Mr O'Toole: Was it discussed that there was the potential for —?

Mr Snowden: Yes.

Mr O'Toole: OK.

Mr Snowden: Again, as I said to Mr Wells, it is not a piece of legislation that we take forward lightly. Its actions are retrospective, and it takes away citizens' right of appeal, even if that is in limited circumstances. If we could have avoided it, we would not have jumped towards doing it.

Mr O'Toole: A basic principle — I do not know whether it is a common-law principle, but, if not, Mr Allister will correct me — is that citizens should be able to appeal, and you are removing that right.

I have one final question. We do not know yet, but COVID-19 may have marked a structural change in how commercial property works, specifically in the retail and hospitality sectors. Lots of people assume that it has done so. In that sense, is there not more merit in the idea of someone appealing,

given that it is sort of observable already that COVID has marked a structural change? It is not just cyclical. Do you see what I mean?

Mr Snowden: That is actually an argument in favour of treating it as an economic impact —

Mr O'Toole: Because there will be another one. Right.

Mr Snowden: — and doing a revaluation, as opposed to treating it as a physical impact on the individual property. It goes back to the issue of what article 39A was intended to deal with. Remember that it is about your physical enjoyment of your property or an impact on your property because of other things happening in the locality. The structural impact on the property market is therefore an economic outworking of COVID, not a physical inhibition of how you can use your own property. That is why I made the point to Mr Wells about it being unfair to take one piece of legislation that is designed to deal with a particular set of circumstances and then apply it to some kind of economic outworking of COVID.

Yes, there will be that structural impact of COVID on the property market. I do not think that anybody doubts that that will happen. We do not know what it will look like, and it will probably take a couple of revaluation cycles to work its way through into the valuations properly, because deals get made, remade and renewed over extended periods, so it may well be the middle part of this decade before we can see properly what the impact has been.

The Chairperson (Dr Aiken): Ian, you are asking us to balance the potential risk of a loss of up to £250 million coming from rateable value —

Mr Snowden: Yes.

The Chairperson (Dr Aiken): — against the economic impact on our businesses being dealt with by the revaluation situation.

Mr Snowden: Yes.

The Chairperson (Dr Aiken): That is the trade-off that we are being asked to consider.

Mr Snowden: Yes. It is to treat the impact of coronavirus and the restrictions as an economic issue as opposed to a physical issue affecting an individual property and to look at it in that context and through that lens and then balance the removal of the right to appeal, and the retrospective nature of the legislation —

The Chairperson (Dr Aiken): Which is fairly significant.

Mr Snowden: — against the other measures that we have taken around rates to protect and support businesses over the pandemic.

Mr K Buchanan: I have a quick question. Ian, I want to ask about the recovery review panel and where that sits with the localised restrictions support scheme (LRSS) — the £10,000 and £15,000 scheme, as I refer to it — and rates holidays. We got a letter from the Minister, and I want to clarify something. This specifically relates to rates holidays, and it states:

"A letter will issue to the ratepayers impacted advising them of the withdrawal of the award but that LPS will not pursue the amounts as unpaid rates."

Where are you at with what I will call "errors" in all those different schemes? I do not mean that disrespectfully. Call them "mistakes", or whatever you want. Are you trying to recover that money? Where do you go with that? There is a point about good faith in there as well.

Mr Snowden: There are two aspects: the rates holiday and the grants. On the rates holiday, we found a relatively small number and proportion of 12-month rates holiday awards that were made in error. It would be things such as a few estate agents — commercial estate agents, as opposed to residential — and other types of businesses that were misidentified as being retail, hospitality, tourism or one of the other categories that was entitled to the grant. Those people had that award applied automatically

to the rate account. They did not apply for it, so it was not as if they came and asked for something fraudulently. They probably, reasonably enough, assumed that the Department knew what it was doing and had made the award correctly, so we will not pursue those people for a backdated rate bill, although, to keep the account correct, we will have to withdraw the rate award from those businesses and then write off the amount of money that was awarded. The amounts involved, as I said, are relatively small compared with the total value of the rates holiday.

For the grants, altogether, we have identified, I think, about £6.7 million of payments made in error, some of which have been dealt with, because people have repaid them already, and some of which have been offset against entitlements to other grants. That leaves us with about £4.2 million still outstanding. We will look at those cases. Some of them, a bit like with the rates holiday, will have been mistakes on the part of the Department. One reason for that may be because the regulations changed very rapidly. For example, the Executive decided, on 6 January, to allow phone repair shops to reopen, when they had previously been closed. That was an unexpected announcement. We issued a payment on 7 January for another amount of money for businesses of that type. Technically, they have been overpaid, but they did nothing wrong. There was a very rapid change in the rules that we did not catch up with. We therefore ought to consider whether they ought to be asked to repay that money. At the other end, some people definitely were never entitled to the grant. They should have known that, and if they had read the guidance notes, they probably were aware but chanced their arm anyway, and we then made a mistake.

Between those two extremes, we have to work out whether good faith should be applied or whether we should pursue payees for that money and get it repaid. We will take those decisions over the next couple of weeks. We will write to those whom we decide need to repay the money, and from whom we will pursue recovery, to ask them to repay.

Mr K Buchanan: What do you think is the figure sitting out there that, theoretically, should not be there?

Mr Snowden: We know that the overpaid figure is £4.2 million.

Mr K Buchanan: For every scheme.

Mr Snowden: Other schemes were more recent. The £10,000 scheme from last year is the Department for the Economy's scheme. As I understand it, £5.7 million was potentially paid in error out of the total £247 million paid out under that scheme. The Department for the Economy is dealing with the recovery of that. That is not ours, but we are taking basically the same approach to all the schemes.

The LRSS is far and away the biggest scheme. The error rate on the new schemes that we announced in March and administered over the spring and summer is around 0.1%, so it is a very tiny sum of money by comparison. For the top-up payments, somewhere in the region of £80,000 may have been paid in error. Far and away, the bulk of the payments paid in error were under the LRSS.

Mr K Buchanan: This is my final question, Chair. Roughly, what do you think the total figure out there is? What LPS figure is out there that, theoretically, should not be out there? I appreciate your point about goodwill.

Mr Snowden: Even not allowing for goodwill, I think that it is about £4.4 million to £4.5 million.

Mr K Buchanan: Does that cover all Department of Finance schemes?

Mr Snowden: Yes.

Mr K Buchanan: OK. Thank you.

The Chairperson (Dr Aiken): Ian, I have just a quick one. I am looking at the language used in the legislation in England, and there are some fairly broad definitions of what is meant by "coronavirus". It would be good if I were a drafter of legislation, because it provides a catch-all that covers just about everything. What is the specific language that we are proposing to use?

Ms Magee: We defined coronavirus as:

"severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)".

That is all.

There is an enabling power in the Bill so that if the coronavirus were to mutate in the future and become known by a different name, and if there were another lockdown, we could introduce regulations, which would need affirmative resolution.

The Chairperson (Dr Aiken): I am looking at the English legislation. I will not go over the whole thing, but it states:

*"with a view to compliance with any legislation which concerns the incidence or spread of coronavirus,
... with a view to compliance with any other legislation for reasons relating to the incidence or spread of coronavirus" —*

"any other legislation" is quite a catch-all phrase —

*"or,
... in response to, or otherwise in consequence of, any advice or guidance given by a public authority relating to the incidence or spread of coronavirus."*

That obviously affects everything that comes from it.

Are we proposing the same thing?

Ms Magee: Do you have our clause 2? You do not want me to read it out to you, do you?

The Chairperson (Dr Aiken): Yes, if you could.

Ms Magee: Our clause 2 states:

*"For the purposes of this section, matters attributable to coronavirus include (but are not limited to) anything done by any person—
(a) with a view to compliance with any statutory provision which concerns the incidence or spread of coronavirus,
(b) with a view to compliance with any other statutory provision for reasons relating to the incidence or spread of coronavirus, or
(c) in response to, or otherwise in consequence of, any advice or guidance given by a public authority relating to the incidence or spread of coronavirus."*

We have tried to limit our Bill to a very specific clause so that it cannot be interpreted any wider than we need. It is just one thing that we are trying to deal with, and it is for fiscal reasons only.

The Chairperson (Dr Aiken): Okey-doke.

Mr Catney: I have a short question, Chair. It is for Sharon. You spoke about the business community and the response to the call for evidence on rents.

Ms Magee: Yes, please.

Mr Catney: I did not see that anywhere, although you have mentioned it here today. It is great that we can do that, and we would encourage that happening as much as possible. Is there any information on that out there anywhere?

Ms Magee: There is a Reval2023 website.

Mr Catney: Right. It is on the website.

Ms Magee: Yes.

Mr Catney: OK.

Ms Magee: The letters that we send out included information about why we need it.

Mr Catney: That was not sent to us at all, though, was it? Was it sent only to businesses?

Ms Magee: Yes, it was sent only to business addresses.

Mr Catney: OK. Can you send that to me?

Ms Magee: Certainly.

Mr Catney: I know that you said —.

Ms Magee: I will send you some information about Reval2023.

Mr Catney: I would like that. Thank you.

Ms Magee: Absolutely, and then you will send it to 55,000 other people.

Mr Catney: Yes, I will. *[Laughter.]*

The Chairperson (Dr Aiken): There are 55,000 other people who watch us every week. *[Laughter.]*

Mr Catney: I will definitely *[Inaudible.]*

Mr K Buchanan: You own 55,000 businesses.

The Chairperson (Dr Aiken): You would be surprised at the number of people who watch us.

Thank you very much indeed, Ian and Sharon. You have given us an awful lot to think about. It is safe to say that we have a lot of questions, but thank you, as usual, for your forthrightness. I do not know how well it is going to do for you, but thank you for the honesty and clarity that we have come to know and respect you for. Thank you, Sharon.

Ms Magee: You are welcome.

The Chairperson (Dr Aiken): Give our best to LPS for all the hard work that it has been doing. Thank you very much indeed.

Mr Snowden: OK. Thank you.

Ms Magee: Thank you very much.