

The Highland & Western Isles

VALUATION JOINT BOARD

**ANNUAL
REPORT
2010/2011**

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INTRODUCTION

The general aim of the report is to summarise the functions and finances of the Board in a manner that is as accessible as possible and to say something of the business that has been undertaken in the year in question and that which appears to lie ahead.

This year the accounts provide additional information in accordance with the IFRS approach to accounting which is being adopted across local government. The more comprehensive treatment of certain issues should aid understanding of the Board's financial position

The main electoral business of the year was preparation for the unique combination of Scottish Parliamentary Elections and a referendum on the alternative vote system. This involved a number of unprecedented challenges to electoral officials. In the event, polling day passed without significant issues being encountered and it is anticipated that the Electoral Commission report that will emerge in due course will be positive. As I indicated last year, the spread of elections now means that it is a rare event for there not to be an election in any given year and so preparations for the Scottish local government elections in 2012 are already well under way.

The year commenced with the new valuation roll coming into effect. The number of appeals received was marginally up on the number for the equivalent point in the last cycle which is perhaps unsurprising given that no transitional relief scheme was introduced and the general economic climate had deteriorated between the reference date for the revaluation and the coming into effect of the roll. These market conditions have given rise to a considerable number of 'material change of circumstances' appeals being received in the last quarter of the financial year and it may well be that this will continue until the economy has fully stabilised and confidence is rising. The additional appeal numbers will have an impact on the resources required to meet disposal deadlines and limit the availability of staff to deal with other matters.

It would appear, following the return of the Scottish Government in May, that the council tax will continue to be levied while alternatives are considered and policy developed towards its replacement at a point after the 2015 Scottish Parliamentary elections. From the perspective of the Board it will therefore be necessary to ensure that the resources are in place to ensure that statutory duties can be met for the next five years.

During the course of the year savings were made that resulted in our budget being underspent. These savings have been consolidated into the 2011/12 budget representing a real cut in expenditure. However in the difficult economic times faced by the country it will be necessary to continue to scrutinise expenditure closely and while the activities of the Board are fundamental to civic society, it would be unrealistic to suppose that continued pressure on levels of expenditure can be avoided.

I commend this report to you and trust that its new accounts format provides greater clarity.

Helen Carmichael
Convener
Highland and Western Isles Valuation Joint Board

COMMENTARY BY THE ASSESSOR & ELECTORAL REGISTRATION OFFICER

Electoral Registration

As the Convener has indicated, the May elections had unique dimensions with the combined Scottish Parliamentary elections and referendum taking place on different franchises. This gave rise to complex issues both in the polling places and for postal voting. There was also a direct operational involvement by the Electoral Commission where the Chair was the Chief Counting Officer for the referendum. The usual close liaison with the Returning Officers meant that problems were identified early and the polls passed without any major issues coming to light.

The routine business of the annual canvass went well with doorstep canvassing being carried out more efficiently and the numbers on the registers being increased.

The year ahead will see the local government polls taking place and in the medium term significant change is afoot with the Government's proposed Westminster constituency boundary changes and individual registration policies being worked up for implementation from 2013. While the details are yet to be finalised it would appear that the registration process will be rather more complicated than present arrangements and that it will not simply be a broad doubling of the number of forms to be issue and processed. Balancing the perceived need to foster confidence in the security of the electoral system while keeping costs as low as possible in an era of financial stringency is unlikely to be straightforward given the likely statutory character of the steps that it will be necessary to take to maintain the register.

Council Tax

As the Convener indicated, the council tax seems certain to continue until 2015 at least. While the reform agenda may thereafter favour abolition, the certainty provided by policy announcements adds force to our efforts to hone procedures and speed up processing of additions and changes to bandings. The time taken to enter new council tax subjects on the list improved slightly over the previous year but there is scope for further improvement. Inevitably, with fixed resources the priority of this work has to be balanced against the need to resolve rating appeals and other matters, however, I am hopeful that a refreshing of the internal arrangements should improve the out-turn.

Valuation for Rating

The 2010 revaluation coming into effect was the most significant event of the year and 4474 appeals against the valuation of 4193 properties were received by the final date. This was slightly up on the previous cycle (4193 appeals on 4005 properties) possibly due to the absence of a transitional relief scheme, however, it should also be acknowledged that the small business bonus arrangements may have resulted in some ratepayers dispensing with appeal. Appeal clearance has progressed at a good pace and, at the time of writing, around 25% of appeals have been resolved.

However, the uncertainty caused by the economic downturn has given rise to a further 2500 appeals being lodged in the course of the year. It is quite possible that this will repeat in future years until recovery is secure. As there is a 'protective' element to at least some of these appeals it may be that not all cases are pursued with equal vigour but it is true to say that the general circumstances are unprecedented in the rating field in Scotland and it is likely that

there will be significant amounts of litigation both to establish and elaborate the effect of the law as it stands.

The effects of economic circumstances are not uniform across sectors and locations and there seems likely to be a great deal of work involved in addressing these cases. There is also likely to be some delay in dealing with specialist subjects as it seems probable that some of the technical issues arising will require the attention of the Lands Tribunal and the Lands Valuation Appeal Court.

It is not clear that all revaluation appeals will be cleared by the statutory date in 2013 or that there is sufficient capacity in the system to deal with the unprecedented numbers of material change appeals. There is also a likely need to publish valuations for the 2015 revaluation even earlier than was done for 2010. The demand on finite staff numbers is therefore likely to run at a high pitch for the foreseeable future.

Budgetary Pressures

Considerable savings were made in 2010/11 due to not filling vacancies and other measures. These have been carried forward into 2011/12 and the level of resources available to me is therefore reduced in real terms. We shall make every effort to make further cash savings where we can and to improve our efficiency in the period ahead. However, the novel appeal volumes arising out of the timing of the revaluation and recession together with legislative changes on the electoral front may pose real difficulties.

Staffing

I have to thank both my clerical and technical staffs for having successfully delivered the election and referendum and for the considerable progress in clearing rating appeals. It is their continuing effort and support throughout the year across all of our activities that provide the public with the service that they expect and deserve.

The introduction of a pay freeze across the public sector is not welcome news for staff in a time of high inflation and it says much for their character and professionalism that they have continued to approach their work with their usual commitment.

I am grateful to Councillor Carmichael, the Convener of the Board, and to her Members for their advice and support.

Douglas J. Gillespie
Assessor & Electoral Registration Officer

BACKGROUND INFORMATION

THE BOARD

The Highland and Western Isles Valuation Joint Board took operational legal effect on 1 April 1996 when the most recent reorganisation of local government was implemented. Prior to this similar duties were carried out by a Joint Valuation Committee.

The Board has full administrative oversight of the department but does not have operational responsibility for the determination of valuations, bands or electoral registration. These operational matters are for the Assessor and Electoral Registration Officer to decide subject to the independent appeal procedures which exist for each area of activity.

The Board normally meets four times a year with its budget meeting taking place in January.

The Clerk to the Board in 2010/2011: Michelle Morris, Assistant Chief Executive, The Highland Council.

MEMBERS OF THE BOARD FOLLOWING THE MAY 2007 ELECTIONS AS AT MARCH 2010

Highland Council

Mrs H. Carmichael – Convener
J McGillivray
Ms M Smith
P Cairns
R Rowantree
J Gray
L Fraser
S Black

Comhairle nan Eilean Siar

M. MacLeod – Vice-Convener
K Murray

SUBSTITUTES

Dr A Sinclair
Mrs J Urquhart
A. Torrance
A Graham
N Donald
J Finnie
F Parr
Miss J Campbell

G MacLeod
D I Nicholson

THE ASSESSOR

The Assessor is a statutory official appointed by the Valuation Joint Board who is directly responsible for carrying out valuations for council tax and rating purposes and related matters. The present Assessor is Mr Douglas J. Gillespie. The law requires that the Assessor be a corporate Member of the Royal Institution of Chartered Surveyors.

THE ELECTORAL REGISTRATION OFFICER (ERO)

The ERO is an official appointed by the Highland Council and Comhairle nan Eilean Siar who is directly responsible for compiling the register of electors and related matters. The present ERO is Mr Douglas J. Gillespie

THE DEPARTMENT'S FUNCTIONS

RATING

Valuation Roll

Valuations are compiled at rating revaluations, the most recent one taking effect on 1 April 2010. The valuation roll contains what may loosely be referred to as “non-domestic” properties. It is more technically correct to say that it lists all property other than “dwellings” (which appear in the council tax list) and properties which are not exempt from inclusion in the roll.

Apart from the address of the property, the valuation roll contains details of the proprietor, tenant and occupier of the subject together with its net annual value and rateable value.

The valuation roll may be inspected at the Assessor’s Offices and at the National Library and the Scottish Records Office. It is also available on the Scottish Assessors Portal – saa.gov.uk.

Definition of Value

Net annual value is the rent at which the property might reasonably be expected to let on a year to year basis on the assumption that the tenant is responsible for repairs and insurance and any other expenses necessary to maintain the property in a state to command the rent.

The rateable value of the property, in most cases, is the same as the net annual value, however in a few cases the legislature provides for relief to be given by requiring a reduction from net annual value to reach rateable value.

Calculation of the Rates Bill

The rates bill which is actually paid is calculated by multiplying the rateable value which appears in the valuation roll by the relevant rate poundage for the property. The rate poundage is determined annually by the Scottish Government. This basic calculation may require further adjustment to take account of any reliefs which apply to particular properties. The Assessor is responsible for determining the net annual value and rateable value only. The

levying of rates and their recovery is the responsibility of the Revenues Sections of the two constituent Councils.

Changes to Value

The values determined for the purposes of the 2010 Rating Revaluation were based on the physical circumstances as at 1 January 2010 and the levels of value applicable as at 1 April 2008. Once a roll is in force, the Assessor has a duty to maintain the roll to take account of material changes of circumstances affecting value which includes adjustments necessitated by extensions or demolitions or other changes which may affect the value of the property. The Assessor also has a duty to correct any errors (as defined) which come to light.

Appeals

The Valuation Acts provide for a right of appeal to the Valuation Appeal Panel, with further rights of appeal to the Lands Tribunal for Scotland and the Lands Valuation Appeal Court, which is a division of the Court of Session.

COUNCIL TAX

The Assessor is required to ascribe all dwellings to one of eight value bands. The Assessor is not obliged to carry out an individual valuation if he is satisfied that the property clearly falls into a particular band. The bands are as set out below:

	Band
Up to £27,000	A
Over £27,000 and up to £35,000	B
Over £35,000 and up to £45,000	C
Over £45,000 and up to £58,000	D
Over £58,000 and up to £80,000	E
Over £80,000 and up to £106,000	F
Over £106,000 and up to £212,000	G
Over £212,000	H

Definition of Value

In broad terms, the value of a property for council tax purposes is the price that it might reasonably be expected to sell for in the open market on 1 April 1991 on the assumption that it was in a reasonable state of repair. Certain additional assumptions apply in the case of agriculture, crofting, fish farming and forestry related dwellings.

Calculation of the Bill

The Assessor is responsible only for the determination of which band applies to a property. The amount of the council tax bill to be paid is set by the local authority who require to determine each year the amount that will be payable for a Band D equivalent property. The related amounts payable by properties in the other bands are set out in statute. The Revenues Section of the local Council also applies in the billing any reliefs which are required in respect of persons living alone, benefit recipients etc.

Changes to Banding

Once they are established there are only limited circumstances in which the Assessor can change the banding of a property. He may do so if there is an error. He may also do so if a property has been reduced in value by virtue of a demolition. He may change the band where the property has increased in value following alteration, sufficient to carry it into a different valuation band, but only if the property has been sold after the alteration was carried out. Notices are sent intimating any change which explain the position in greater detail.

Appeals

There is a right of appeal against council tax banding to the Valuation Appeal Panel and a further right of appeal, on a point of law only, to the Court of Session.

ELECTORAL REGISTRATION

The Electoral Register

The canvass for the electoral register takes place between 1 September and 1 December each year. A new register is published on 1 December.

Anyone entitled but not registered or anyone who has changed address during the course of the year can apply to register at their current address at any time. The date at which they will be added to the register depends on the point in the month at which they apply. Normally it will take between two and six weeks. Special rules apply during the canvass period.

The Right to Vote

A person is entitled to vote as an elector if on the date of the poll he or she –

- is registered in the relevant register of electors for that constituency;
- is not subject to any legal incapacity to vote (age apart);
- is either a Commonwealth citizen or a citizen of the Republic of Ireland;
- or is a European Union citizen (local government and European parliamentary elections only); and
- is of voting age (that is, 18 years or over).

A person is not entitled to vote as an elector –

- more than once in the same constituency at any election; or
- in more than one constituency.

Persons under the Age of 18

While no-one can vote until they are eighteen, names can be added to the register showing their date of birth up to a maximum of two years before they achieve voting age, depending on the time of application.

Absent Votes

Electors have a right to vote by post which can be exercised by completing the relevant form which includes provision of a specimen signature and date of birth in order that security checks can be carried out at election times. No reason need be given nor is it necessary to wait until an election is called to make an application.

Voters may also arrange to vote by proxy whereby another person is authorised to vote on their behalf. Proxy votes are available to electors who cannot reasonably be expected to vote at the polling station allotted to them because of

- the nature of their employment
- their attendance on a course of education
- their physical incapacity
- the necessity of a journey by air or sea to get to the polling station.

Appeals

An elector's first line of appeal against a determination is at a hearing held by the ERO. If the appellant remains dissatisfied, there is a right of appeal to the Sheriff. Further appeal rights exist to the Registration Court, a Division of the Court of Session.

PERFORMANCE REPORT

The overall aim of the Department is:

“To discharge fully the Office of Assessor and Electoral Registration Officer in a manner that is exemplary”

This broad aim requires to be rendered more specific and to this end The Scottish Executive, in consultation with the Accounts Commission, established the following key performance indicators for use by Assessors in connection with the ‘best value’ regime.

KEY PERFORMANCE INDICATORS – 2010/2011

VALUATION ROLL	2010/11	2009/10	2008/2009
Total number of entries	18,996	18,874	18,652
Total Rateable Value	£322.6m	£244.3m	£243.6m
No of Amendments Effected	1,692	1,689	1,694
Amendments within time periods (%)			
0-3 months	56	47	42
3-6 months	22	21	25
Over 6 months	22	32	33
Adjustment from Appeal Settlement (%)	n/a	n/a	n/a
<u>COUNCIL TAX</u>			
Total No of Entries	129,962	128,528	127,268
Adjustment to Band D Equivalent	120,965	119,505	119,501
New Entries Added	1,434	1,937	1,996
New entries within time periods (%)			
0-3 months	69	68	74
3-6 months	23	23	19
Over 6 months	8	9	6
<u>GENERAL</u>			
Costs of All Permanent Staff	£1.71m	£1.72m	£1.70m
Number of FTE staff as at 1 April each year	52.3	53.4	54.0

COMMENTARY ON PERFORMANCE REPORT

The foregoing statistics require some explanation and interpretation.

Valuation Roll

There was a slight improvement in performance on day to day rating maintenance work on static volumes with slightly fewer staff. However the bulk of the rating work was concerned with receipt of appeals and the handling of initial enquiries developing, as the year advanced into appeal clearance as the Valuation Appeal panel cited cases for hearing. The additional volume of material change of circumstances appeals is unprecedented and involved a considerable amount of extra administration as well as adding considerably to the workload ahead.

Council Tax

Again there was a slight improvement in performance but volumes were down and the improvement was therefore less than had been hoped for due to the need to divert resources to rating work and the general impact of the elections activity. While it remains that there is no complaint from the public in this area as against a less relaxed position on the rating front, it seems reasonable to maintain the current bias for action. Never the less there has been a reorganisation of the day to day approach to maintenance of both the council tax list and the valuation roll in order to wring improvement in time related performance. Other aspects of the work such as banding accuracy do not give rise to any concern. It should be acknowledged that the best laid plans may need to be cast aside if a labour intensive major rating appeal is called for hearing, however, within bounds, it should be possible in the year ahead to improve time related performance.

Electoral Registration

The Electoral Commission performance regime came into effect in 2009. The second self assessment was submitted to the Commission at the end of 2010 and this gave rise to a low key inspection visit in the spring 2011. The department's view that it meets the appropriate standards under all relevant heads was not disputed by the Commission officials and no matters of concern were identified. It is anticipated that the Commission will re-visit in a year or two by which time there are likely to be changes in their performance regime to engross lessons learned from the introduction of the scheme, which is fairly light touch at present and also to take account of the emerging legislative changes to the system. It is possible that the approach to this aspect of the Commission's work will harden over time if the form of the new legislation is more prescriptive in character. The broad view is taken that electoral registration performance in the North is good, as it should be given the demographics of the area, and that prescriptive legislation will require appropriate funding that will ensure that the level of registration is maintained at its proper level.

General

The number of full-time equivalent staff again reduced in the course of the year and remains at its lowest for a quarter of a century. Staff costs constitute around 70% of the department's budget.

Across the course of the year, the performance of the department is viewed as satisfactory. The absence of any organisational slack made it inevitable that as rating work moved into appeal clearance the demand for resources reduced the scope for improvement elsewhere and the need to effect savings reduced the overall capacity.

The road ahead is somewhat uncertain as it is unclear whether the clearance of bulk rating appeals relating both to revaluation and material change of circumstances can continue to proceed at the current rate or whether test cases on issues of principle will slow progress and create a medium term 'logjam'. If that was to arise then it might be that the Scottish Government would require to consider extending the appeal disposal timetable. However, it is not anticipated that such a move will be contemplated until the middle of 2012 at the earliest.

While the electoral registration function is carried out to a high standard, future legislative developments will give rise to considerable amounts of development work and planning in advance of boundary change and the introduction of individual registration. This will require to be undertaken with essentially fixed resources.

As I indicated last year, against a background of severe financial constraint, meeting all obligations to an acceptable standard will pose a very considerable challenge.

Douglas J Gillespie
Assessor & Electoral Registration Officer