

The Highland & Western Isles

VALUATION JOINT BOARD

ANNUAL REPORT 2017/2018

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INTRODUCTION

This report relates in the main to the first year of operation of the Board that was elected in May 2017 and will continue until the next local government election in May 2022.

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.

While Electoral Registration has transitioned into what is hoped will be a more stable phase, it has continued to provide challenges for the organisation. Local Government Elections were held in May 2017 and were quickly followed by an unexpected mid-term General Election in June. These two major polls in quick succession and with varying franchises added a level of complexity and required particular focus to avoid errors and achieve a successful outcome.

The rating revaluation that was scheduled to take place in 2015 was postponed by Government and rescheduled for April 2017. Commitments that were given to substantially complete the revaluation by the autumn of 2016 were met. Time related performance has declined slightly over the period as a consequence of increased workloads. The reintroduction of shooting rights and deer forests into the Valuation Roll has provided an additional workload and a national commitment to complete the task by September 2017 was fulfilled.

Council Tax continues to provide a steady workload of new and altered and sold properties that require amendments to the Council Tax List. Time related performance in relation to the Council Tax List has improved slightly.

Once again, we have been able to achieve a modest underspend against the provisions that were made, albeit there was some fluctuation in certain budget heads. While additional funding was provided by the UK Government to assist with electoral matters, it continues to be the case that public expenditure is severely constrained. The increased workload in electoral registration seems set to continue together with increased valuation responsibilities. Every effort will continue to be made to contain expenditure and deliver savings wherever possible.

I would like to thank all of the staff for their professionalism and support throughout the year.

I commend this report to you and trust that it provides a helpful guide to the work of the Board.

Jimmy Gray
Convener, Highland and Western Isles Valuation Joint Board

COMMENTARY BY THE ASSESSOR AND ELECTORAL REGISTRATION OFFICER

2017 was a year of revaluation and the revised valuations took effect from 1 April 2017. There then followed a 6 month period in which appeals could be lodged. The process of appeal disposal got underway formally in March when the first hearings took place.

As a consequence of the Land Reform (Scotland) Act 2016, shooting rights and deer forests were entered in the Valuation Roll for the first time in over twenty years.

The Barclay Review of non-domestic rates published its findings on 22 August 2017 and the Scottish Assessors have been working to implement those recommendations that have been accepted by the Scottish Government.

Council Tax has continued in maintenance mode over the period; however there was a slight increase in the total number of new houses built during the period compared with the previous financial year.

Valuation for Rating

The 2017 revaluation came into force on 1 April 2017 and as always was based on the level of value two years prior to the revaluation coming into force. In common with other Assessors across Scotland, the revaluation was delivered on time. The revaluation scheduled for 2015 was postponed by the Scottish Government and this was therefore the first revaluation for seven years. This presented some additional challenges as there is greater scope for change in value the longer the cycle. Indeed some very significant increases in value had taken place within certain sectors during the latter part of the period. This was particularly so within the hospitality sector.

The Land Reform (Scotland) Act 2016 reintroduced shootings and deer forests into the Valuation Roll. Given that these subjects had been excluded from the Valuation Roll for over twenty years this represented a major information gathering task as previous records were either out of date or had been destroyed. Due to the size of the task and the limited time available to complete the exercise, valuation notices were not issued throughout Scotland until September 2017. Over 1800 subjects were entered in the Valuation Roll for Highland & Western Isles at that time.

The valuation of shootings and deer forests proved to be a challenging task in the valuation area due to the size, number and variety of shootings subjects. This was compounded by some very difficult valuation and legal argument that had to be resolved prior to completing the task. Highland & Western Isles Assessor took a leading role in the execution of the valuation process in support of the work of the Scottish Assessors Association.

It has become the norm that a revaluation produces a very large volume of appeals and 2017 was no exception, although the total number of appeals was slightly less than in previous revaluation years before shootings are taken into account. In total 4080 appeals were lodged by the end of September, which compares with 4474 in 2010. A further 757 appeals were lodged against the valuation of shootings and deer forests.

The first revaluation appeal hearing took place in March and further hearings are scheduled over the remainder of the calendar year. The final disposal date is 31 December 2020.

The business of maintaining the Valuation Roll continued throughout the period, although other pressures on staff resource has resulted in a reduction in the staff available to carry out

this task with a consequent decline in time related performance. This is however against a background of an increase in the total number of subjects in the Valuation Roll of over 10% and an increase in the number of changes to the Valuation Roll of over 15%.

The Barclay Review of non-domestic rates was published on the 22nd August 2017 and made a number of recommendations for improvement in service delivery. The recommendations sought improvements in transparency and consistency across the valuation areas. The Scottish Assessors are committed to working with Government to implement the elements of the report that have been adopted by Government. Some of these recommendations have resource implications and this is particularly so in the planned move to three yearly revaluations.

Electoral Registration

The electoral landscape was particularly busy at the start of the year. Local Elections were scheduled to take place in May and a snap mid-term General Election was called for June. The consequential overlapping timetable required careful management and provided significant challenges for staff.

A by election was also held in Ward 7 – Tain & Easter Ross.

All three of these events were concluded successfully from an Electoral Registration perspective with no clerical errors on the day of election. The number of postal voters continues to increase.

A full household canvass was carried out in autumn 2017. The canvass continues to be more complex and more onerous than that held previously. It is essentially a two stage process involving a household enquiry phase followed by a secondary registration process before electors can be added at an address. This process also requires the ERO to carry out a doorstep visit to all non-responders at both stages of the exercise. The requirement to carry out a doorstep visit to all non-responders continues to result in a significant increased burden on the ERO with significant financial consequences. The additional financial burdens as a consequence of the introduction of IER continue to be largely funded by the UK Government; however the funding position for future years is not yet certain. Continued efforts are being made to find more efficient ways of satisfying the existing legislative requirements and the Cabinet Office is also investigating ways in which costs may be reduced. The facility to provide a household return by phone, text or internet has been encouraged by changes to the messaging on the covering letter accompanying the canvass form. The uptake of this facility has continued to improve and has reached 29% of all returns. This results in a significant saving in postages and staff time. The feedback received from users was positive, indicating that the system was simple to use and that they were very satisfied with the experience. Many users cited their desire to save money for the Council as being a main driver for using the system.

Council Tax

The maintenance of the Council Tax List continues to be a broadly stable workload and continues in an orderly fashion. Given the established character of the regime and the freeze on the levels of tax ingathered there has been relatively little controversy in recent years however, periodic appeal hearings are held to consider the small number of appeals that cannot be resolved by discussion with the taxpayer. While there has been a slight increase in enquiry as a consequence of changes to the banding payment ratios, this has not been particularly significant.

Information Technology

The department's valuation system continues to cope with the demands placed upon it. There has been limited scope for changes and improvements to the valuation systems due to the demands placed on the service. However, some development has taken place in relation to the reintroduction of shootings. The demands made by legislation relating to the storage and management of public records will require further development of our office systems, particularly in relation to document management. Some progress has been made in this field.

The electoral registration system is provided by one of the major suppliers of registration and other electoral software in the UK. It is used by many other authorities throughout the UK and the company has now merged with one of the other major suppliers, reducing the number of firms currently active in Scotland to two. Individual Electoral Registration has changed the necessary approach to electoral registration and this has resulted in increased costs. Opportunities to reduce these costs by the application of technology are sought and we have continued to utilise the capabilities of our present software systems to achieve this goal. A keen interest has been taken in whether and how any improvements to our electoral software systems and capabilities can be enhanced in the interests of improved efficiency.

The online registration system is relatively straightforward and continues to work well.

We continue to co-operate with other Assessors in the maintenance of the SAA Portal which has become a central feature of the access to information for ratepayers and their agents. While there remains scope to improve the coverage of the portal, the current economic climate continues to restrict the scope for such work although the Barclay Review recommendations may require this position to be reviewed.

Staffing

The workloads on the department continue to be onerous. While we would appear to be moving into a more stable period in electoral registration, the background level of activity has been set at a higher bar as a consequence of the new regime. Pressures on the valuation staff have continued as a consequence of increased workloads and there is no let up in the workload on the horizon. Once again I must thank all of my staff for delivering another successful year, and playing their part in meeting statutory deadlines and implementing change in a time characterised by extremely demanding workloads and resource pressures.

Team working and co-operation has been essential as the demands on the organisation change. I am fortunate in having a team of conscientious, experienced staff who understand the significance of the work that they undertake. I must thank them all for their dedicated effort over the past year which has supported the democratic process by maintaining a register of over 205,000 electors and provided a Valuation Roll and Council Tax List facilitating £239M of local government funding.

I am also grateful to Councillor Gray, the Convener of the Board, and to his Members for their advice and support throughout the year.

William J. Gillies
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 these 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 2017/2018: Stewart Fraser, Head of Corporate Governance, The Highland Council.

MEMBERS OF THE BOARD AS AT 31 MARCH 2018

Highland Council

Councillor J. Gray – Convener
Councillor L. Fraser
Councillor M. Paterson
Councillor A. MacKinnon
Councillor K. Currie
Councillor M. Smith
Councillor P. Munro
Councillor D. Macleod

Comhairle nan Eilean Siar

Councillor A. Macleod – Vice-Convener
Councillor J. Mackay

SUBSTITUTES

Councillor H. Morrison
Councillor D. Macpherson
Councillor J. Campbell
Councillor D. Mackay
Councillor L. MacDonald
Councillor M. Cockburn
Councillor B. Boyd
Councillor A. Jarvie

Councillor D. Finlayson Crichton
Councillor F. Cunningham

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 William J. Gillies. 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 William J. Gillies.

THE DEPARTMENT'S FUNCTIONS

RATING

Valuation Roll

Valuations are compiled at rating revaluations, the most recent one taking effect on 1 April 2017. 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. 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

The Council Tax List may be inspected at the Assessor's Offices and at the National Library. It is also available on the Scottish Assessors Portal – saa.gov.uk.

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 July and 30 November each year. A new register is published on 1 December.

The electoral register may be inspected at the Assessor's Offices and at the National Library.

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.

Electoral Registration Officers have a duty to maintain a register of parliamentary electors and a register of local government electors, as well as a register of relevant citizens of the European Union entitled to vote at European Parliamentary elections and a register of those peers living outside the UK who have made a declaration to vote at European Parliamentary elections.

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, 16 years or over for Scottish elections and 18 years or over for UK Parliamentary and European Parliamentary elections).

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 16

From 5 May 2016, the Scottish Elections (Reduction of Voting Age) Act enables 16 and 17 year olds in Scotland to vote at Scottish Parliamentary and local government elections.

The local government register will include 16 and 17 year olds as full electors. Additionally, 15 year olds and some 14 year olds are entitled to be included on the local government register as 'attainers'. For the purposes of the local government register in Scotland, an attainer is someone who turns 16 by the end of the twelve months following the 1 December after the 'relevant date'.

No information on those aged under 16 is included on **any** version of the register published or otherwise made available, except in very limited circumstances.

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 an educational course
- their physical incapacity
- the necessity of a journey by air or sea to get to the polling station
- A British citizen living overseas
- A Crown Servant or a Member of Her Majesty's Armed Forces

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 – 2017/2018

VALUATION ROLL	2017/18	2016/17	2015/16
Total number of entries	22,509	20,329	20,158
Total Rateable Value	£407.0m	£385.0m	£340.0m
No of Amendments Effected	2,005	1,746	1,691
Amendments within time periods (%)			
0-3 months	53	57	55
3-6 months	19	17	18
Over 6 months	28	26	27
<u>COUNCIL TAX</u>			
Total No of Entries	140,459	139,474	138,208
Adjustment to Band D Equivalent	132,054	131,099	129,768
New Entries Added	1,509	1,401	1,648
New entries within time periods (%)			
0-3 months	75	72	77
3-6 months	16	21	16
Over 6 months	9	7	7
<u>GENERAL</u>			
Costs of All Permanent Staff	£1.824m	£1.844m	£1.858m
Number of FTE staff as at 1 April each year	45.3	47.7	49.8

COMMENTARY ON PERFORMANCE REPORT

The foregoing statistics require some explanation and interpretation.

Valuation Roll

The additional workload placed on the department in relation to the valuation of shooting rights has been significant. No additional budget was provided for this task. There was also a high level of enquiry from ratepayers following the issue of valuation notices which required investigation and response by valuation sections.

The demands of this essential work had a compromising effect on time related performance relating to the Valuation Roll as can be evidenced in a reduction in the proportion of alterations made within 3 months of a change and an increase in the number of alterations made in excess of 6 months after a change when compared with 2016-17. There has however been an increase in the total number of changes over the period of the order of 15%.

Council Tax

Time related performance in Council Tax has improved slightly when compared with the previous year. The number of new entries to the Council Tax List has increased compared to 2016-17 but has not reached 2015-16 levels. The slight improvement in performance level is related to the freeing of some technical resource in the wake of the 2017 revaluation.

Electoral Registration

The Electoral Commission performance regime came into effect in 2009. The fifth self-assessment was submitted to the Commission at the end of 2013 and this did not give rise to an inspection visit. This was the last set of performance standards compiled on the basis of household registration and is included for information. The new IER regime is more prescriptive as to the circumstances in which doorstep visits are carried out and revised standards shall apply in future years to take account of this and other changes.

It is therefore unlikely that these performance measures shall be particularly informative in relation to future standards based on the new regime.

PERFORMANCE STANDARDS FOR ELECTORAL REGISTRATION OFFICERS	OUTCOME
Performance standard 1: Using information sources to verify entries on the register of electors and identify potential new electors	Above the standard
Performance standard 2: Maintaining the property database	Above the standard
Performance standard 3: House-to-house enquiries	Above the standard
Performance standard 4: Maintaining the integrity of registration and absent vote applications	Meeting the standard
Performance standard 5: Supply and security of the register and absent voter lists	Above the standard
Performance standard 6: Public awareness strategy	Meeting the standard
Performance standard 7: Working with partners	Meeting the standard
Performance standard 8: Accessibility and communication of information	Meeting the standard
Performance standard 9: Planning for rolling registration and the annual canvass	Meeting the standard
Performance standard 10: Training	Meeting the standard

General

The number of full-time equivalent staff has once again fallen slightly when compared with previous years taken net of the temporary staff employed for the introduction of Individual Electoral Registration (IER). Staff costs constitute around 65% of the department's budget.

The performance of the department is viewed as being satisfactory over the year although the continuing significant workloads associated with IER and the 2017 Revaluation have a limiting effect on the capacity of the organisation to carry out other improvement measures at the pace that had been desired. There has also been some impact on time related performance, particularly in respect of changes to the Valuation Roll which was a foreseen consequence of the additional workload relating to the revaluation and the reintroduction of shooting rights and deer forests into the Valuation Roll.

Against a background of financial constraint the department's budgetary requirements have been contained in recent years. Increased costs associated with IER have largely been met by additional funding from Government. The budget for the forthcoming financial year represents a reduction in real terms and the continued capacity to carry out the statutory functions satisfactorily will be dependent on efficiency savings. While the UK Government continues to fund additional costs relating to IER for the time being, the future funding mechanisms remain in some doubt and the requirements of the Barclay Review will add to the financial pressures on the Board.

William J. Gillies
Assessor & Electoral Registration Officer