

The Highland & Western Isles

VALUATION JOINT BOARD

DRAFT

ANNUAL REPORT 2012/2013

August 2013

CONTENTS

Part 1	Page
Introduction by the Convener	1
Commentary by the Assessor and Electoral Registration Officer	2 – 3
Background Information	4 - 8
Performance Report	9 - 11
Part 2	
Unaudited Statement of Accounts	

INTRODUCTION

This report relates to the first year of operation of the Board that was elected in May 2012 and will continue until the next local government election in 2017.

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.

The electoral year, following the local government election, might be viewed as routine with there being no further major election and the annual canvass giving rise to no significant issues. However the underlying situation has involved initial legislative and other preparatory activity in connection with the Scottish Independence Referendum, the European Parliamentary Election and the transition to Individual Electoral Registration, all of which will come to fruition in the course of 2014. Each of these highly significant electoral events would constitute a sizeable workload in itself. Arising as they do in the same broad timeframe they constitute a major challenge to electoral administrators both locally and nationally.

On the rating valuation front, the resolution of revaluation 2010 appeals has advanced considerably, assisted by the clarification of certain important points of law by the Lands Valuation Appeal Court. With the deadline for disposal of appeals approaching, the current programme will see more than double the number of appeals being resolved as against the same period for the 2005 revaluation. This is a significant achievement given the difficulties that have been experienced in the property market over the revaluation period.

The Scottish Government has decided to postpone the next rating revaluation from 2015 until 2017. This means that there will be less overlap with the very heavy electoral activity in 2014, however there will still be overlap with major electoral events in the form of the Westminster general election in 2015 and the Scottish Parliament election in 2016.

Council tax work continues to provide a steady workload of new and altered properties that requires timely attention. A reduction in volumes resulting from the lower level of activity in the housing market has permitted an improvement in time related performance. In the period ahead it seems likely that the technical staff dealing with this work will have an increased involvement in electoral matters as efforts are enhanced to ensure maximum levels of registration over a period involving major polls and administrative change.

While there was some fluctuation in certain budget heads, most notable a greater than expected cost arising from the volumes of appeal clearance, overall we have been able to achieve a modest underspend against the provisions that were made. It remains that public expenditure is severely constrained and while it will be necessary to fund the increases in costs that will arise from the new electoral registration regime, every effort will be made to contain expenditure.

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

Helen Carmichael
Convener
Highland and Western Isles Valuation Joint Board

COMMENTARY BY THE ASSESSOR & ELECTORAL REGISTRATION OFFICER

Electoral Registration

As the Convener has indicated, a ‘quiet year’ on the electoral front has been taken up with much consultation, study of draft legislation and other preparatory work. While the European election is familiar territory, the Scottish Referendum and the introduction of individual electoral registration are novel.

The referendum is not the first to be held in recent years but it is the first to involve the enfranchisement of 16 year old voters, giving rise to the need to create a ‘young person’s register. While the franchise bill has now passed into law there remains a great deal of detailed legislative provision to be concluded before the necessary forms, computer amendments and other arrangements can be concluded.

Individual electoral registration is the most significant change to registration procedures in a century and marks a movement away from household to individual registration, the creation of opportunity for on-line registration, as well as the establishment of greatly enhanced checking arrangement to ensure that electoral fraud is prevented. While the enabling Act has passed into law the detailed regulations setting out the full and administrative arrangements have yet to be finalised but will undoubtedly require wholesale change to existing procedure with the need to re-cast computer systems, administrative regimes and established ways of thinking. A thorough retraining of all staff will be required.

Across the UK the traditional autumn canvass has been deferred until October through to March in order to improve the currency of the registers in the run up to the introduction of IER. The ‘transition’ to IER in Scotland has been delayed until after the Scottish Referendum on 18th September, which I welcome. However this does not obviate the need to carry out all of the preparatory work in advance. It is no exaggeration to suggest that on the electoral front 2014 will be the busiest in memory.

In the longer term it seems likely that with IER established the annual duties placed on the ERO will be more onerous and costly than hitherto in an effort to ensure high levels of registration and to guard against the new regime improving security at the cost of completeness.

As I have acknowledged previously, the levels of consultation on the content of the legislation below the policy level has been good and I am hopeful of this continuing to the stage that it is finalised. If I have a concern it is that the guidance that follows after the finalisation of the legislation will be rather later than would be ideal and that the specification and delivery timetable for the necessary changes to the software that are being delivered by the Cabinet Office will not meet the practical requirements of ERO’s.

Valuation for Rating

Following the leading cases that confirmed that the approach taken by assessors to the 2010 revaluation was correct, given the circumstances in the property market at the time, there has been a concerted effort to resolve the outstanding cases, both as a matter compelled by the statutory timetable and in an effort to provide ratepayers with certainty. In broad terms the number of appeals to this point in the 2010 cycle is double that of 2005.

One concern that I expressed last year was that the peaks of electoral activity and rating appeal clearance and revaluation preparation would pose a critically high workload in 2014. The

decision of the Scottish Government to defer the revaluation until 2017 is therefore welcome, as it is their decision not to extend the appeal disposal timetable.

Taken together, these decisions should allow a measure of reduction in overall rating workload in 2014 when every available resource will require to be turned to making it a successful electoral year.

Council Tax

The maintenance of the council tax list is a broadly stable workload that simply requires to be carried out week by week in an orderly manner. 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 and the Valuation Appeal Panel has only required to sit occasionally to resolve accumulated cases.

Information Technology

The department's valuation system has stood up well to the demands upon it and has been the subject of gradual improvement to allow an increasing proportion of essential records to be held electronically and a greater proportion of valuation calculations to be published on-line. This work will be advanced in concert with other assessors with a view to achieving improved coverage when the 2017 revaluation comes into effect.

The electoral registration system is provided by one of the three majors suppliers of registration and other electoral software in the UK. It is used by more than a hundred other authorities. The Cabinet Office has been arranging for the necessary changes to the software to handle IER, not least because they are also responsible for procuring the on-line registration software as well as the upload and download facilities needed to check the EROs' registers against the Department of Work and Pensions database en-mass and on a day to day basis for individual changes across the year.

The success of IER will in large measure depend upon the ability of these system changes properly to meet the needs of ERO's in the face of a more complex regime applying across increased volumes of transactions.

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. As I have mentioned every effort is being made to improve the coverage of the portal, as resources allow, with the main focus now being the 2017 revaluation.

Staffing

I have to thank all of my staff for having delivered a successful year. While it is convenient to emphasise clerical staff as being associated with electoral work and technical staff with valuation work the fact is that both functions depend upon both clerical and technical input and the fullest of co-operation is vital. I am greatly favoured in having a vastly experienced staff and their efforts over the last year have addressed very demanding workloads.

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

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 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 2012/2013: Michelle Morris, Assistant Chief Executive, The Highland Council.

MEMBERS OF THE BOARD FOLLOWING THE MAY 2012 ELECTIONS AS AT MARCH 2013

Highland Council

Councillor H. Carmichael – Convener
Councillor D. Bremner
Councillor I. Cockburn
Councillor J. Ford
Councillor L. Fraser
Councillor K. Gowans
Councillor M. Green
Councillor J. Stone

Comhairle nan Eilean Siar

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

SUBSTITUTES

Councillor C. Caddick
Councillor J. Douglas
Councillor A. Duffy
Councillor D. Fallows
Councillor N. Donald
Councillor J. Gordon
Councillor J. Gray
Councillor M. Paterson

Councillor R. Mackinnon
Councillor G. Murray

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 normally takes place between 1 September and 1 December each year. A new register is published on 1 December. In 2013/14 this has been changed to October to March.

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.

For the purposes of the Scottish Referendum to be held on 18th September 2014, persons who are sixteen on the day of the poll will be entitled to vote in the referendum.

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 – 2012/2013

VALUATION ROLL	2012/13	2011/12	2010/11
Total number of entries	19,582	19,378	18,996
Total Rateable Value	£329.01m	£324.76m	£322.6m
No of Amendments Effected	1,593	1,640	1,692
Amendments within time periods (%)			
0-3 months	62	59	56
3-6 months	16	16	22
Over 6 months	22	24	22
Adjustment from Appeal Settlement (%)	n/a	n/a	n/a
<u>COUNCIL TAX</u>			
Total No of Entries	134,524	131,337	129,962
Adjustment to Band D Equivalent	125,596	122,224	120,965
New Entries Added	1,586	1,712	1,434
New entries within time periods (%)			
0-3 months	84	84	69
3-6 months	12	10	23
Over 6 months	4	6	8
<u>GENERAL</u>			
Costs of All Permanent Staff	£1.69m	£1.74m	£1.71m
Number of FTE staff as at 1 April each year	52.1	52.3	52.3

COMMENTARY ON PERFORMANCE REPORT

The foregoing statistics require some explanation and interpretation.

Valuation Roll

The preponderance of rating work throughout the year was concerned with clearance of revaluation appeals and subsequent appeals on the grounds of material change of circumstances. Overall, the volume was at a level twice that of the preceding revaluation at the same point in the cycle. The programme of disposal established by the Valuation Appeal Panel, in light of the statutory timetable, will see the appeals effectively cleared by the middle of October 2013 with only a few cases in the course of the process of referral to the Lands Tribunal for Scotland remaining outstanding. Given the very considerable resource that required to be put into that activity, it is very pleasing to note that the more routine maintenance saw a small improvement in the time related performance.

Council Tax

Despite the technical staff being largely dedicated to the clearance of rating appeals, it proved possible to maintain the level of time related performance on council tax maintenance work. The volume of transactions being slightly lower assisted in that regard although the amount of checking for completion that required to be undertaken was broadly the same as it involves periodic sweeps of localities.

Electoral Registration

The Electoral Commission performance regime came into effect in 2009. The fourth self-assessment was submitted to the Commission at the end of 2012 and this did not give rise to an inspection visit. However the Commission engaged in a dialogue with all ERO's concerning the extent to which they had carried out 'doorstep canvassing' of properties where no return had been received. Following that dialogue, the Commission took no exception to the self-assessment. The results are set out below.

It is worth noting that as presently understood the new IER regime will be more prescriptive as to the circumstances in which doorstep visits are carried out and there is a concern that visits will require to be made to properties at considerable expense in cases and at times of year where there is no elector resident in the property and little to no prospect of an answer to the door-knock.

The Commission is currently consulting on changes to the existing regime designed to improve it and more particularly to address the altered circumstances arising out of the IER regime. It is unlikely that year to year comparison will prove particularly illuminating until the new regime has settled down and the revised performance regime is 'de-bugged'.

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 performance standard
Performance standard 2: Maintaining the property database	Above the performance standard
Performance standard 3: House-to-house enquiries	Above the performance standard
Performance standard 4: Maintaining the integrity of registration and absent vote applications	Meet the performance standard
Performance standard 5: Supply and security of the register and absent voter lists	Above the performance standard
Performance standard 6: Public awareness strategy	Meet the performance standard
Performance standard 7: Working with partners	Meet the performance standard
Performance standard 8: Accessibility and communication of information	Meet the performance standard
Performance standard 9: Planning for rolling registration and the annual canvass	Meet the performance standard
Performance standard 10: Training	Meet the performance standard

General

The number of full-time equivalent staff was static 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 reached a peak of appeal clearance that demand for resources reduced the scope for improvement elsewhere. Never the less it has been possible to maintain time related performance on maintenance work.

The programme ahead will mark a reorientation of priority from valuation to electoral activities with a particularly demanding two years through to the UK general election in May 2015. Thereafter, revaluation will become a more pressing activity.

Against a background of financial constraint the department's budgetary requirements have been contained in recent years. While the establishment of IER will undoubtedly increase costs substantially, the Cabinet office has indicated that it will meet the incremental costs of implementing the regime. Whether the basis of that arrangement will truly recoup the increased cost and whether, in the long term, the enhanced cost will be fully funded, remains to be seen.

Douglas J Gillespie
Assessor & Electoral Registration Officer