

The Highland & Western Isles

VALUATION JOINT BOARD

DRAFT

ANNUAL REPORT 2014/2015

SEPTEMBER 2015

CONTENTS

Part 1	Page
Introduction by the Convener	1
Commentary by the Assessor and Electoral Registration Officer	2 – 4
Background Information	5 - 9
Performance Report	10 - 12
Part 2	
Audited Statement of Accounts	

INTRODUCTION

This report relates to the third 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.

This has been another particularly busy year in the field of electoral registration. The European Parliamentary election was held on 22 May 2014 and The Scottish Independence Referendum was held on 18 September 2014. The referendum resulted in a very heavy workload which involved the majority of the Board's employees and necessitated significant overtime working. The referendum produced a high level of interest in the democratic process which resulted in an increased level of public engagement with the organisation. The opportunity to vote in the referendum was extended to 16 and 17 year olds which provided further additional workload in terms of electoral registration. A new system of electoral registration was formally introduced in Scotland on the day following the referendum. This system which is entitled "Individual Electoral Registration" (IER) changes the way in which we must register to vote from a household system to one where each elector must register separately. The introduction of this new system continues to place a significant additional workload on the Electoral Registration Officer and his staff.

The two year postponement of the rating revaluation which was scheduled to take place in 2015 released some of the pressure on the organisation and allowed some additional resource to be directed towards electoral registration. During the course of the year the last remaining appeals from the 2010 Revaluation were disposed of by the Lands Valuation Appeal Court. There now only remain a small number of appeals that have been referred to the Lands Tribunal for Scotland and it is envisaged that these shall be cleared in the months ahead. The valuation sections are now turning their attentions to the 2017 Revaluation.

The postponement of the revaluation now has the effect of aligning the preparation for the 2017 Revaluation with the Scottish Parliamentary Election in 2016 and the Local Government elections in 2017.

Council tax work continues to provide a steady workload of new and altered and sold properties that require amendments to the council tax list. While time related performance in relation to the valuation roll has been broadly maintained there has been some reduction in the number of council tax changes made within the three month target. This can largely be related to the increased involvement of technical staff in the process of electoral registration during the period of major polls and legal and administrative change outlined above.

Overall 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 both the Scottish and UK Governments to assist with electoral matters, 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 in the future, every effort will continue to 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 AND ELECTORAL REGISTRATION OFFICER

This report is written against a background of change in the organisation. Major changes in the system of electoral registration are still ongoing as we remain in what is deemed to be a transitional phase. There have also been significant changes in both management structure and personnel. While the valuation function has seen a postponement of the five yearly cycle of non-domestic revaluation we are now embarking on the familiar but challenging process of a new valuation cycle. Council tax continues in what is essentially maintenance mode while the business of deciding its future is considered by Government.

Electoral Registration

The Convener has reported that we have experienced yet another exceptionally busy year for Electoral Registration. There were two major polls, the European Parliamentary Election and the Scottish Independence Referendum. The referendum was particularly challenging as a consequence of the high level of interest shown by the voting public together with changes to the legislation governing absent voting. The franchise was also changed to allow 16 and 17 year olds to vote and this required the creation of a "Young Persons Register" and associated changes to computer systems and office procedures. All of these factors resulted in a requirement for many members of staff to work long hours in order to ensure that deadlines were met and the poll could proceed against a background of accurate and complete material. I am pleased to report that the level of reported clerical error was very low.

In addition to these major polls there were also local by-elections in May 2014 and March 2015 together with Cairngorm National Park elections that were also held in March.

All of these events were concluded successfully from an Electoral Registration perspective.

Individual Electoral Registration was formally introduced on 19 September 2014 and represents the most significant change to registration procedures in a century. The process is more complex and moves away from household registration. The changes have presented significant challenges for the organisation and resulted in a very demanding workload for staff. The new system incorporates a means of verifying potential electors against information held by the Department of Work and Pensions (DWP). This verification procedure operates via a link that allows a check to be carried out which indicates whether the applicant can be matched against a DWP record. This is seen as a means of preventing electoral fraud. This element of the system worked well, however other aspects performed less well. The processes involved in the new system are complex and this together with some system performance issues resulted in a requirement for additional staff resource.

A traditional canvass was not carried out in the autumn of 2014 as a consequence of the introduction of IER, although a partial deferred canvass was carried out which continued through to March 2015 and there shall also be a full household canvass in autumn 2015. In place of the traditional autumn canvass a matching exercise was carried out against DWP records and this resulted in the majority of electors being confirmed on the new register. Those that were not confirmed by this method were then written to and invited to individually register in terms of the legislation. This process also required the ERO to carry out a doorstep visit to all non-responders. This aspect of the legislation places a significant additional burden on the ERO and the financial consequences of this cannot be avoided.

The end of the financial year was spent in electoral terms preparing for the UK Parliamentary Election in May, which was the first major poll to be held under the new regime and was a

success from an electoral registration perspective. There is no doubt that 2014 was the busiest year in memory for electoral registration and that 2015 shall be just as demanding.

The additional financial burdens as a consequence of both the Scottish Independence Referendum and the introduction of IER have been largely funded by the Scottish and UK Governments respectively, however the funding position for future years is not yet known. It seems inevitable that IER shall prove to be both more onerous and consequently more costly than the system that it has replaced.

Valuation for Rating

The year 2014-15 was characterised by rather less activity as a consequence of the postponement of the 2015 rating revaluation. The fact that this coincided with a peak in electoral activity helped to alleviate the demands on the service. That said, the business of maintaining the valuation roll continued and there were a number of hearings of the Valuation Appeal Committee. In addition one case was appealed to the Lands Valuation Appeal Court and that was heard at the Court of Session in January. All appeals were resolved in terms of their statutory disposal dates.

One major issue remaining from the 2010 Revaluation related to mobile telecommunications masts and this was resolved by the Lands Valuation Appeal Court. The decision resulted in significant changes in the way that these subjects should be treated for rating purposes. All necessary changes were made to the valuation roll.

The second half of the financial year has seen the valuation sections increasingly turn their attention to the 2017 Revaluation. The work of ingathering the necessary rental, cost and financial information has commenced and the valuation staff have started to carry out the analysis. This work shall continue through 2015 and 2016.

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.

Information Technology

The department's valuation system continues to cope with the demands placed upon it and has been the subject of some further improvement to allow an increasing proportion of essential records to be held electronically and a greater proportion of valuation calculations to be held on the main system. Further development has been carried out to allow greater scope for electronic transfer of information between the Assessor and the Planning Services of the constituent Councils. The system underwent some minor enhancement to improve the information that is reported to the Scottish Government.

The electoral registration system is provided by one of the three major suppliers of registration and other electoral software in the UK. It is used by more than a hundred other authorities. The Cabinet Office arranged for the necessary changes to the software to handle IER. They were 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 throughout the year.

While the general system changes were made to allow for the introduction of IER, it is hoped that capability could be improved to ease the pressures on staff beyond the transitional period.

The online registration system is relatively straightforward and despite a few teething issues appears 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. Efforts will continue to be made to improve the coverage of the portal, with the main focus now being the 2017 revaluation; however, in the current economic climate, resources may restrict the scope for such work.

Staffing

Once again I must thank all of my staff for delivering a successful year at a time of very significant change together with extremely demanding workloads.

They have at times had to work long hours in support of a successful outcome. While the burden of the electoral work has largely fallen on administrative and clerical staff, they have been supported at times of peak activity by valuation and technical staff.

Team working and co-operation has been essential. I am fortunate in having a team of conscientious, experienced staff who understand the significance of the work that they undertake and I must thank them for all of their dedicated effort over the past year.

I am also grateful to Councillor Carmichael, the Convener of the Board, and to her 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 2014/2015: Michelle Morris, Depute Chief Executive, The Highland Council.

MEMBERS OF THE BOARD AS AT 31 MARCH 2015

Highland Council

Councillor H. Carmichael – Convener
Councillor D. Bremner
Councillor I. Cockburn
Councillor J. Ford
Councillor L. Fraser
Councillor M. Paterson
Councillor A. Graham
Councillor A. Duffy

Comhairle nan Eilean Siar

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

SUBSTITUTES

Councillor C. Caddick
Councillor J. Campbell
Councillor A. Mackinnon
Councillor D. Fallows
Councillor N. Donald
Councillor J. Gordon
Councillor J. Gray
Councillor C. Fraser

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 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 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. 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

Traditionally the household canvass for the electoral register took place between 1 September and 1 December each year with a new register published on 1 December. In 2014/15 the canvass period was between 1 October 2014 to 2 March 2015. A new register was published on 27 February 2015.

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.

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 held on 18 September 2014, persons who were sixteen on the day of the poll were 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 – 2014/2015

VALUATION ROLL	2014/15	2013/14	2012/13
Total number of entries	19,770	19,564	19,582
Total Rateable Value	£333.21m	£329.63m	£329.01m
No of Amendments Effected	1,527	1,682	1,593
Amendments within time periods (%)			
0-3 months	61	59	62
3-6 months	19	18	16
Over 6 months	21	24	22
Adjustment from Appeal Settlement (%)	n/a	n/a	n/a
<u>COUNCIL TAX</u>			
Total No of Entries	136,232	136,028	134,524
Adjustment to Band D Equivalent	128,613	127,432	125,596
New Entries Added	1,471	1,535	1,586
New entries within time periods (%)			
0-3 months	77	83	84
3-6 months	17	11	12
Over 6 months	5	6	4
<u>GENERAL</u>			
Costs of All Permanent Staff	£1.711m	£1.64m	£1.69m
Number of FTE staff as at 1 April each year	56	52	52.1

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, allowed for the disposal of outstanding appeals by 31 December 2013 in terms of the statutory timetable, with only a few cases referred to the Lands Tribunal for Scotland and remaining outstanding. Completing this work required a significant resource and it is perhaps not surprising that there has been a slight fall in performance against the measures indicated, albeit that the total number of changes has increased.

Council Tax

Despite the technical staff also having involvement in the clearance of rating appeals, there has been only a minimal fall in time-related performance on council tax maintenance work. The volume of transactions is again slightly lower than in the previous year, although the amount of checking for completion that required to be undertaken was broadly the same, as it involves periodic review of localities.

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 will be 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 is broadly static, slight overall net increase is due to temporary staff that were employed for the introduction of Individual Electoral Registration (IER). Staff costs constitute around 70% of the department's budget.

The performance of the department is viewed as being satisfactory over the year although the very significant workloads associated with the introduction of IER reduced the capacity of the organisation to carry out other improvement measures at the pace that had been originally anticipated. There has also been some impact on time related performance for council tax which was a foreseen consequence of the deployment of resources to fulfil statutory electoral responsibilities.

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. There shall be increased ongoing costs relating to the new electoral system and the funding mechanism is yet to be finalised.

William J. Gillies
Assessor & Electoral Registration Officer