

Agenda Item 8
Report No. VAL/28/16

The Highland & Western Isles

VALUATION JOINT BOARD

DRAFT

ANNUAL REPORT 2015/2016

November 2016

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INTRODUCTION

This report relates to the fourth 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.

Electoral Registration has continued to provide challenges for the organisation. The UK Parliamentary Election was held on 7 May 2015 following quickly on the back of other electoral events. A new system of electoral registration was formally introduced in Scotland on 19 September 2014 and the UK Parliamentary Election was the first election to be held under the new system. Individual Electoral Registration (IER) has changed the way in which we must register to vote from a household system to one where each elector must register separately. While IER is now well established, it 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 additional resource to be directed towards electoral registration; however as the 2017 Revaluation approached the scope for utilising valuation technical staff in support of the electoral function was reduced. While the number of 2010 appeals that remain to be disposed of by the Lands Tribunal for Scotland has been reduced, there still remains a very small number of 2010 revaluation appeals outstanding. It is envisaged that these appeals shall be cleared shortly. The valuation sections are now fully engaged in the preparation of values for the 2017 Revaluation.

Council tax 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 council tax list has been broadly maintained against an increase in the total number of new entries, there has been some reduction in the number of valuation roll changes that have been made within the monthly target times. This can be attributed to the requirement for valuation staff to carry out work in support of the 2017 Revaluation.

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. While 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.

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.

Ken Gowans
Convener, Highland and Western Isles Valuation Joint Board

COMMENTARY BY THE ASSESSOR AND ELECTORAL REGISTRATION OFFICER

Following a period of significant change in the organisation, this year has seen the beginning of a more familiar cycle. The previous changes to management structure and personnel have now had an opportunity to take effect and the electoral changes have now been fully invoked.

While the valuation function has seen a postponement of the five yearly cycle of non-domestic revaluation, the 2017 Revaluation is approaching and draft valuations will be made available later this year. Council tax continues in what is essentially maintenance mode and the changes being introduced by government are largely finance related.

Electoral Registration

The Convener has reported that Electoral Registration has continued to provide challenges for the organisation. There has been one major poll, the UK Parliamentary election in May 2015. This was the first major electoral event carried out in terms of the new system of individual electoral registration.

In addition to these major polls there were also three local by-elections.

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. As previously reported, the process is more complex and this has presented significant challenges for the organisation resulting in a very demanding workload for staff. Most elements of the new system, such as links with the Department of Work and Pensions, are now working smoothly and as staff became more familiar with the changes involved, performance has improved. There remains some scope to improve other elements of the information systems which would increase efficiency and reduce some of the onerous burdens placed on staff at peak times.

A full household canvass was carried out in autumn 2015. The canvass is now more complex and more onerous than that held previously. It is essentially a two stage process involving household enquiry and then 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 autumn 2015 canvass was characterised by a much reduced level of return compared with previous years. This phenomenon was experienced throughout the country and would appear to be a consequence of the introduction of the new system. The requirement to carry out a doorstep visit to all non-responders resulted in a significant increased burden on the ERO with significant financial consequences.

The additional financial burdens as a consequence of the introduction of IER have been largely funded by the UK Government; however the funding position for future years is not yet certain, although thus far the UK Government continues to provide additional funding. IER in its current form is more onerous and consequently more costly than the system that it has replaced.

Valuation for Rating

The year 2015-16 was initially characterised by rather less activity than may have been the case as a consequence of the postponement of the 2015 rating revaluation, however the workloads for the valuation sections gathered pace as preparations for the 2017 rating revaluation got underway. The task has involved ingathering rental and cost information and

the compilation of schemes of valuation as part of shared work through the Scottish Assessors Association. In addition to these national schemes of valuation for more specialist subjects, local schemes of valuation were being compiled for comparative subjects, such as shops, offices and workshops.

The remainder of 2016 shall see the implementation of these schemes of valuation and the provision of draft valuations towards the end of the year.

Shootings and deer forests are being reintroduced into the valuation roll as from April 2017 and there shall be an additional workload associated with this change.

The business of maintaining the valuation roll continued and there were a number of hearings of the Valuation Appeal Committee. All appeals were resolved in terms of their statutory disposal dates.

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. The level of activity may increase in future years if proposed change results in increased liability.

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 by the needs of electoral registration, although it has been possible to further utilise some additional functionality that had been provided previously. There has been a further increase in the number of valuation records and calculations that are held on our main systems and this, together with increased use of our document management systems, forms an essential element of compliance with the requirements of the recently introduced public records legislation.

The electoral registration system is provided by one of the four major suppliers of registration and other electoral software in the UK. It is used by more than a hundred other authorities. The software was previously altered in order to handle IER. These changes included a capability to check registration information against the Department of Work and Pensions database on a day to day basis for individual changes throughout the year. These systems are now working routinely, although there remains scope to improve the efficiency of the registration systems and relieve some of the pressures on staff.

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 restricts the scope for such work.

Staffing

Once again I must thank all of my staff for delivering a successful year, and implementing significant change in a period of extremely demanding workloads.

Once again, 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 Gowans, 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 2015/2016: Michelle Morris, Depute Chief Executive, The Highland Council.

MEMBERS OF THE BOARD AS AT 31 MARCH 2016

Highland Council

Councillor K. Gowans – Convener
Councillor H. Carmichael
Councillor J. Ford
Councillor L. Fraser
Councillor M. Paterson
Councillor A. Graham
Councillor A. Duffy
Councillor A. Mackinnon

Comhairle nan Eilean Siar

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

SUBSTITUTES

Councillor C. Caddick
Councillor J. Campbell
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

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 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 – 2015/2016

VALUATION ROLL	2015/16	2014/15	2013/14
Total number of entries	20,158	19,770	19,564
Total Rateable Value	£340.0m	£333.21m	£329.63m
No of Amendments Effected	1,691	1,527	1,682
Amendments within time periods (%)			
0-3 months	55	61	59
3-6 months	18	19	18
Over 6 months	27	21	24
Adjustment from Appeal Settlement (%)	n/a	n/a	n/a
<u>COUNCIL TAX</u>			
Total No of Entries	138,208	136,232	136,028
Adjustment to Band D Equivalent	129,768	128,613	127,432
New Entries Added	1,648	1,471	1,535
New entries within time periods (%)			
0-3 months	77	77	83
3-6 months	16	17	11
Over 6 months	7	5	6
<u>GENERAL</u>			
Costs of All Permanent Staff	£1.858m	£1.711m	£1.64m
Number of FTE staff as at 1 April each year	49.8	56 *	52

* includes 5 temporary staff who were employed to assist with the implementation of individual electoral registration

COMMENTARY ON PERFORMANCE REPORT

The foregoing statistics require some explanation and interpretation.

Valuation Roll

The decision by Government to postpone the 2015 Revaluation by two years had resulted in some reduced pressures on the valuation sections. A relatively small number of running roll and material change of circumstances appeals required to be addressed during the course of the year, together with the 2010 Revaluation cases that had been referred to the higher courts. However, the activity related to preparations for the 2017 Revaluation progressively increased during the course of the year as schemes of valuation were prepared. The demands of this essential work had a compromising effect on time related performance as can be evidenced by the 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. There has however been a slight increase in the total number of changes over the period.

Council Tax

Time related performance in council tax has broadly been maintained at the levels from the previous year, although this falls short of the performance achieved in 2013/14. There has however been a significant increase in the number of new entries to the Council Tax List. The performance level is partly related to the high level of activity in Electoral Registration which continued to require some resource to be diverted from survey, but more significantly the demands made by preparation for the 2017 Revaluation on the valuation sections.

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 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 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 IER and preparations for the 2017 revaluation have continued to reduce the capacity of the organisation to carry out other improvement measures at the pace that had been originally anticipated. There has also been a further impact on time related performance, particularly in respect of valuation for rating which was a foreseen consequence of the deployment of resources to fulfil statutory obligations of the 2017 Revaluation.

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 has been a necessary increase in budget for the forthcoming financial year in order to maintain the capacity to carry out the statutory functions satisfactorily. While the UK Government continues to fund additional costs relating to IER, the future funding mechanism remains in some doubt.

William J. Gillies
Assessor & Electoral Registration Officer