

**AGENDA ITEM 8  
REPORT NO. VAL/20/17**

**The Highland & Western Isles**

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**VALUATION JOINT BOARD**

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**DRAFT**

**ANNUAL  
REPORT  
2016/2017**

**November 2017**

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## INTRODUCTION

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

While Electoral Registration has transitioned into what is hoped will be a more stable phase, it has continued to provide challenges for the organisation. A Scottish Parliamentary election was held in May 2016 and was quickly followed by the European Referendum 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. While this provided a slight lull in valuation activity in the latter part of the previous cycle, preparation for the 2017 Revaluation has resulted in peak levels of activity throughout this year. Commitments that were given to substantially complete the revaluation by the autumn of 2016 were met and time related performance has broadly been maintained over the period. The reintroduction of shooting rights and deer forests into the Valuation Roll has provided an additional workload and a national commitment was given to complete the task by September 2017.

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 decreased slightly. This can be attributed to the requirement for valuation staff to carry out work in support of the 2017 Revaluation and it is hoped to improve this measure in the forthcoming year.

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.

Ken Gowans, Cert SocSci, PG Cert TQFE, MFA  
Convener, Highland and Western Isles Valuation Joint Board

## COMMENTARY BY THE ASSESSOR AND ELECTORAL REGISTRATION OFFICER

This year has seen the full implementation of Individual Electoral Registration (IER). The system was introduced in September 2014 and this was followed by a transitional phase which ended on 31 December 2015. Scottish Parliamentary Elections were scheduled to take place on 5<sup>th</sup> May 2016 and some additional complexity was then added by the announcement that there would be a referendum on the continued membership of the European Union on 23<sup>rd</sup> June.

While the valuation function has seen a postponement of the five yearly cycle of non-domestic revaluation, a Revaluation was scheduled for completion in 2017. Council Tax continued in what is essentially maintenance mode and the changes introduced by Government are largely finance related.

### Electoral Registration

It had been known well in advance that there would be a Scottish Parliamentary Election in May 2016 and that this would be the first major election to be held following the transition period for IER. The end of the transition phase included a requirement to delete any electors who had not confirmed their registration by that time. Many electors who fell into this category and who remained resident at the address took the necessary steps to re-register in time for the election. While it was anticipated that the requirement to delete any elector who had not confirmed their registration may present some issues at this election if any of them attempted to vote, those electors who fell into this category generally accepted the situation when it was indicated to them that a number of requests had been made by the Electoral Registration Officer which they had failed to respond to.

Some complexity was added to the electoral landscape when it was announced by the UK Government that a referendum on the continued membership of the European Union would be held on 23<sup>rd</sup> June 2016. The short notice and close proximity to the Scottish Parliamentary Elections presented a number of issues. The close proximity meant that the timetables were overlapping and could not be dealt with in isolation. In addition, each of these elections was on a different franchise and this presented challenges for messaging and voter information.

In addition to these major polls referred to above, one local by-election was held in October 2016.

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

A full household canvass was carried out in autumn 2016. 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. While the autumn 2015 canvass was characterised throughout the country by a much reduced level of return compared with previous years, the 2016 canvass saw a marked improvement. 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. One significant saving was realised this year by encouraging use of a facility to provide a household return by phone, text or internet. Further use of electronic methods such as tablets and email responses are being introduced where possible.

### Valuation for Rating

The year 2016-17 was a very busy year in valuation for rating. A revaluation was to take place effective from 1 April 2017 and a commitment had been made to have the revaluation substantially complete by the autumn of 2016. This would inform the Scottish Government as they set the rate paid in the pound and related policies and provide advanced notice to ratepayers of their impending liability.

The task involved finalising input into practice notes and schemes of valuation prepared collectively and cooperatively by the Scottish Assessors Association and deriving local schemes of valuation as required for subjects valued by comparison using local evidence such as shops, offices and workshops.

The valuation process was completed on time and with less budgetary impact than in previous years of revaluation. There was a significant response by ratepayers when the draft valuations were published, especially where there had been large increases in levels of value in the intervening seven year period. This manifested itself in press reports and comment, particularly in relation to the hospitality sector with an element of political support. Engagement with ratepayers took place through trade and industry bodies in advance of, during and after completion of the initial valuation process. Further discussions will take place with individual ratepayers or their agents where appeals are lodged.

Shootings and deer forests were reintroduced into the valuation roll effective from 1 April 2017 in terms of the Land Reform (Scotland) Act 2016 and this clearly represented a substantial additional workload on the organisation. The Bill received Royal Assent in April 2016. Shootings had not been valued since 1995 and the records that were held were either out of date or destroyed. It was therefore necessary to engage in a major exercise in data collection and identification to allow the valuation process to proceed and entries to be made in the Valuation Roll. Assessors throughout Scotland gave an undertaking to substantially complete the exercise by September 2017.

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. It is yet to be seen whether increases in the level of liability which is proposed in the coming financial year shall increase the activity in this field.

## 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 there has already been some development of systems in relation to the reintroduction of shootings and further development is envisaged to deal with this new category. The demands made by recent legislation relating to how public records should be stored and managed will require further development of our office systems, particularly in relation to document management.

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. Individual Electoral Registration has changed the necessary approach to electoral registration and this has resulted in increased costs. Efforts have been made to reduce costs by taking full benefit from any legislative change that would allow any change in approach that would result in reduced costs. We have continued to utilise the capabilities of 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.

## 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. The valuation staff have been under increased pressure over the last year as a consequence of the revaluation and this is set to continue as we move into the appeal phase. Once again I must thank all of my staff for delivering a successful year, and playing their part in meeting 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 approaching 200,000 electors and provided a Valuation Roll and Council Tax list facilitating £230M of local government funding.

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 2016/2017: Michelle Morris, Depute Chief Executive, The Highland Council.

### **MEMBERS OF THE BOARD AS AT 31 MARCH 2017**

#### **Highland Council**

Councillor K. Gowans – Convener  
Councillor H. Carmichael  
Councillor F. Parr  
Councillor L. Fraser  
Councillor M. Paterson  
Councillor A. Graham  
Councillor G. Sinclair  
Councillor A. Mackinnon

#### **Comhairle nan Eilean Siar**

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

#### **SUBSTITUTES**

Councillor C. Caddick  
Councillor J. Campbell  
Councillor L. MacDonald  
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](http://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:

	<b>Band</b>
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](http://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 – 2016/2017**

<b>VALUATION ROLL</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2014/15</b>
Total number of entries	20,329	20,158	19,770
Total Rateable Value	£385.0m	£340.0m	£333.21m
No of Amendments Effected	1,746	1,691	1,527
Amendments within time periods (%)			
0-3 months	57	55	61
3-6 months	17	18	19
Over 6 months	26	27	21
Adjustment from Appeal Settlement (%)	n/a	n/a	n/a
<b><u>COUNCIL TAX</u></b>			
Total No of Entries	139,474	138,208	136,232
Adjustment to Band D Equivalent	131,099	129,768	128,613
New Entries Added	1,401	1,648	1,471
New entries within time periods (%)			
0-3 months	72	77	77
3-6 months	21	16	17
Over 6 months	7	7	5
<b><u>GENERAL</u></b>			
Costs of All Permanent Staff	£1.844m	£1.858m	£1.711m
Number of FTE staff as at 1 April each year	47.7	49.8	56 *

\* 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

Preparations for the 2017 Revaluation represented a heavy burden on the valuation sections, with over 20,000 valuations being carried out during the financial year. This task was achieved with very little overtime compared with previous revaluations. In addition preparations were made to enter approximately 1,800 shooting rights and deer forests in the Valuation Roll. For the second year, the demands of this essential work had a compromising effect on time related performance as can be evidenced in a continued 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 2014-15. There has however been an increase in the total number of changes over the period.

### Council Tax

Time related performance in Council Tax has also been adversely affected when compared with the previous year. The number of new entries to the Council Tax List has reduced to 2014-15 levels. The performance level is related to the demands made by preparation for the 2017 Revaluation on the valuation sections and a reduction in resource due to vacancy management.

### 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.

<b>PERFORMANCE STANDARDS FOR ELECTORAL REGISTRATION OFFICERS</b>	<b>OUTCOME</b>
<b>Performance standard 1:</b> Using information sources to verify entries on the register of electors and identify potential new electors	Above the standard
<b>Performance standard 2:</b> Maintaining the property database	Above the standard
<b>Performance standard 3:</b> House-to-house enquiries	Above the standard
<b>Performance standard 4:</b> Maintaining the integrity of registration and absent vote applications	Meeting the standard
<b>Performance standard 5:</b> Supply and security of the register and absent voter lists	Above the standard
<b>Performance standard 6:</b> Public awareness strategy	Meeting the standard
<b>Performance standard 7:</b> Working with partners	Meeting the standard
<b>Performance standard 8:</b> Accessibility and communication of information	Meeting the standard
<b>Performance standard 9:</b> Planning for rolling registration and the annual canvass	Meeting the standard
<b>Performance standard 10:</b> 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 67% 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 preparations for 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 Council Tax banding which was a foreseen consequence of the deployment of resources to fulfil the 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. 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.

William J. Gillies  
Assessor & Electoral Registration Officer