Local Government and Communities Committee

Consideration of the Council Tax (Substitution of Proportion) (Scotland) Order 2016

Submission from the Scottish Assessors’ Association

Background

The Scottish Assessors’ Association welcomes the opportunity to provide evidence to the Scottish Government LGCC’s scrutiny of the above draft SSI.

The Scottish Assessors’ Association (SAA), which has been in existence in one form or another since 1855, has as its purpose:

“to encourage amongst its members the exchange of ideas regarding their statutory duties; to record the discussions on all subjects brought before its meetings; to promote consistency in the operation of the Valuation, Council Tax and Electoral Registration legislation; to act as a consultative and advisory body; and to represent the collective interests of its members”.

Although a voluntary organisation, all Assessors and their senior staff are members of the Association. One of the principal functions of the Association is to facilitate a consistency of approach in the administration of the valuation, council tax and electoral registration services. The policies and decisions of the Association have a bearing on how individual Assessors carry out their statutory duties. The Association gives each Assessor equal voice thus ensuring a balanced approach.

The Association works through a series of Committees which meet in advance of quarterly plenary sessions which are attended by representatives from all Assessors’ offices. The SAA also liaises with the Valuation Office Agency (VOA) in England and Wales, the Northern Ireland Valuation and Land and Property Services (NILPS) and the Republic of Ireland Valuation Office (RIVO) in matters of common interest.

Given that Assessors may be required to implement any changes arising from the scrutiny of the Draft Order, the SAA prefers not to influence policy decisions that are properly the responsibility of Ministers and Parliaments or make comment which might be prejudicial to objective implementation of the statutory scheme that is favoured. In this regard, the SAA views the Council Tax charging ratios as a matter primarily of government and ministerial policy.

The SAA has over the years provided advice to government on a wide range of issues connected with detail and practicality of local property taxation and would wish to make its experience available to the Government as policy is developed. It
should be added, however, that, as the SAA’s experience lies in the making up and maintenance of the Council Tax Valuation list, its competence to comment is limited to the above Draft Order and not to the draft Council Tax Reduction (Scotland) Amendment (No. 2) Regulations 2016 which are also under the Committee’s consideration.

SAA Submission

The SAA agrees that the Draft Order constitutes a step towards addressing the stated policy aim of reducing the regressive nature of the current system. The ratios proposed, however, will result in the system remaining regressive. It does not, therefore, fully address the fundamental issues highlighted by The Commission on Local Tax Reform.

The Draft Order also represents a missed opportunity to deal with other anomalies of the system such as the lack of a general Revaluation of properties and the inability of the Assessor to amend bands where alterations and extensions have taken place but no subsequent sale has been transacted.

Many contributions to the Commission identified the lack of a Revaluation of domestic property as one of the main contributors to the loss of confidence in the Council Tax system. The SAA advocates that, if the current banded system based on open market capital values is to be retained, then it must be subject to a general Revaluation.

It is understood that the process where a banding could only be increased as a result of property improvement when there had been a subsequent sale, was implemented in the expectation that these would be taken account of at a general Revaluation. The lack of the latter perpetuates the inequality of having comparable houses in differing bands due to one being sold subsequent to being altered and the other not. The SAA can envisage options for change which would address this unfairness without acting as an immediate disincentive to occupiers improving their properties and would be happy to expand on these with government.

It should be noted that effecting either a general Revaluation or implementing a change to address the anomalies related to property improvements would have a direct and significant effect on Assessors’ resource requirements.

With regard to implementation of the draft Order as it stands, there should, given that neither the bands nor the valuation process are subject to change, be little general effect on Assessors. Based, however, on the Assessors’ experience when the policy intention was first announced, it is probable that the Order will result in the submission of a significant number of proposals/ appeals from Council Tax payers in
Bands E and above at a time when Assessors will be focussing on the 2017 Revaluation of Non-domestic properties.

Whilst many of these will technically be ‘invalid’ it is normal practice for Assessors to check the band of any enquirer and, in any event, the appellant has the right to proceed to have their appeal heard by a Valuation Appeal Committee. This could be significant in terms of Assessors’ resource.