Local Government and Communities Committee

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

Supplementary 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:

“The object of the Association is to encourage amongst its members the exchange of ideas regarding their statutory duties; to record results of 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; engage in partnership work both internally and externally with organisations and public bodies; and to represent the collective interests of its members in carrying out their duties”.

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**

**General**

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 fails 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.

Whilst the SAA believes that the changes proposed for implementation in April 2017 represent only a small step towards improvement, it notes the statement by the Finance Secretary that he would be prepared to engage on longer term change as part of a ‘journey’ on local taxation.

Further, the SAA also notes that The Commission on Local Tax Reform concluded (Volume 1 – Just Change: A New Approach to Local Taxation, paragraph 12.17) that a “revised tax on property is the most readily administered alternative tax system”.

In light of the Minister’s comments and the Commission’s conclusion, the SAA would refer to its submission to the Commission (attached) which explores several opportunities for change to local taxation.

**General Revaluation of Property**

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 strongly advocates that, if the current system based on open market capital values is to be retained, then it must be subject to a general Revaluation.

To that end, the SAA would welcome the opportunity to work with government to explore its wider options in respect of a general Revaluation. Options for such a Revaluation are explored to some degree in the attached SAA submission to the Commission on Local Tax Reform but any consideration should certainly include whether a Revaluation should:

(a) be to discrete valuations for each property, or
(b) result in each house being allocated to a valuation band.
A system of ‘rounded’ discrete valuations or a series of narrow bands could be considered as intermediate approaches to the above.

It should also be noted that since the SAA made its submission to the Commission it has had the opportunity to work collaboratively with academic users of statistical modelling for ‘valuation’ purposes and would be keen to further investigate how such techniques could be used to assist, and possibly shorten, the Revaluation process.

Revaluation of Altered/Extended Properties

Secondary to the above, the SAA believes that the current situation whereby the band of an extended or altered property can only be reviewed if and when there has been a subsequent sale of the property cannot continue indefinitely.

It is understood that the current 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 alterations 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.

The SAA also proposes that this change could be effected in a shorter timescale than a general Revaluation and could be timetabled as one step in the review journey.

Resource Implications

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.

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.

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.