

## **ASSESSOR'S SEPTEMBER 2018 PROGRESS REPORT TO THE LOTHIAN VALUATION JOINT BOARD**

3<sup>rd</sup> September 2018

### **1.0 PURPOSE OF THE REPORT**

To advise and update members to the service overview and priorities, current issues and future direction.

### **2.0 ELECTORAL REGISTRATION**

#### **2.1 General Maintenance**

Throughout the year the electoral register is maintained by way of insert, deletion, amendment and update of elector information.

Detailed below is information on activity reflecting the period 1<sup>st</sup> April 2018 to 17<sup>th</sup> August by Council area for the principal maintenance activities.

<b>Council Area</b>	<b>No. of Additions</b>	<b>No. of Deletions</b>	<b>No. of Modifications</b>
<b>City of Edinburgh</b>	14325	11182	536
<b>East Lothian</b>	1526	1513	54
<b>Midlothian</b>	1686	1149	81
<b>West Lothian</b>	4297	3002	165
<b>Totals</b>	<b>21834</b>	<b>16846</b>	<b>836</b>

#### **2.2 2018 Household Canvass**

The annual household canvass is currently underway. The initial delivery of canvass forms commenced in early July followed by first reminders during August. To date 596,782 household enquiry forms have been issued, with an issue of final reminders scheduled for September. The current returns rate is 59.45% which compares with 52.63% at the same point in 2017. Electronic engagement continues to be popular with 50.36% of returns being made on a digital platform, online being the most popular (81%).

We are continuing to explore and test different approaches during the household canvass and an evaluation of these shall be undertaken at the end of the year when the canvass ceases. However the following are examples, increased use of email during the canvass and register update stages, early commencement of door to door canvass, increased flexibility surrounding the canvass tablet facility, improved levels of automatic update between door to door canvass and the electoral management system, improved internal processes and engagement activities.

## **2.3 Engagement**

As the current election timetable does not legislate for an election until 2021, although that could change at any time, the engagement role faces considerable challenge in supporting the ongoing requirement to maintain accuracy and completeness within the electoral register. While engagement events aim to encourage potential electors to register it is also important that information is easily and constantly available on ways to register and other aspects of registration, such as absent voting. The Scottish Government continues to investigate the possibility of amending the franchise for Scottish Parliament and Scottish Local Government elections, using residency as a key element. If this change proceeds engagement shall be vital to ensure the register is updated accordingly.

Since the appointment of the Engagement Officer in April there has been a greater focus on elector engagement opportunities and activities. The Engagement Officer has held initial meetings with the Communications departments of all four constituent Councils to further develop the relationship between the organisations and identify useful contacts/potential registration event locations.

Following these meetings three registration events have taken place, allowing people to check if they are registered, submit applications if they are not and have electoral registration related queries answered by ERO staff. The first of these events was hosted by Midlothian Champions Board and LLE - organised for care experienced young people, whilst the other two were conducted in connection with National Democracy Week at the beginning of July. There are five additional events with a similar focus, planned to take place in early September.

A range of further engagement activities have continued to be carried out since April, details of which are noted below:-

- Register newly qualified electors at British Citizenship Ceremonies (246 new citizens – 79 applications made & 169 information cards issued).
- TV and social media advertising campaign conducted to promote National Democracy Week and encourage return of annual canvass forms.
- Promotional materials on display at Museum of Edinburgh's exhibition and banner making workshops in connection with Processions March on June 10<sup>th</sup> to celebrate the centenary of women's suffrage.

- Article placed in upcoming CEC Tenants' Courier to encourage home movers to register to vote.
- Over 20,000 ITR's issued to new Council Tax Payers using data mining programs
- Working with student associations and universities to develop voter registration process for students and organise engagement events to promote voter registration.
- Working with various care homes to trial new approach to the canvass of care establishments.

## **2.4 Individual Electoral Registration**

The Board has been advised previously concerning the funding provided to EROs by Cabinet Office to off-set the additional cost burden created by the introduction of IER.

In 2017/2018, and following mitigation action taken as part of the Transformation Programme, this additional cost was identified as approximately £270k per annum. The funding provided by the Cabinet Office for 2018/2019 is £241k. It is understood that this additional funding shall further reduce and then cease after 2019/2020.

The Cabinet Office, following the evaluation of pilot exercises, has recently provided information on proposed alterations to the annual canvass process aimed at reducing, if not removing, the IER cost legacy. The new process is currently under evaluation and the Board shall be provided with further reports indicating the potential effectiveness of these canvass changes.

## **2.5 Service Priorities**

- Conclude the annual household canvass
- Publish the revised Electoral Register on 1<sup>st</sup> December 2018
- Continue general maintenance and engagement activities
- Undertake an evaluation of proposed changes to the annual canvass process
- Undertake pre-emptive planning in respect of an unexpected election and/or referendum

## **3.0 COUNCIL TAX**

General maintenance of the Council Tax List continues and the tables below indicate the number of houses by Band and Council area that have been added to the List since 1<sup>st</sup> April 2018 to 15<sup>th</sup> August 2018, 1,860 in total.

	<b>Edinburgh</b>	<b>Midlothian</b>	<b>West Lothian</b>	<b>East Lothian</b>
<b>A</b>	16	2	25	-
<b>B</b>	97	2	34	9
<b>C</b>	169	50	52	53
<b>D</b>	218	58	62	52
<b>E</b>	185	51	63	38
<b>F</b>	125	52	72	24
<b>G</b>	138	58	33	85
<b>H</b>	31	5	1	-
<b>Total</b>	<b>979</b>	<b>278</b>	<b>342</b>	<b>261</b>

<b>Entered on List</b>	<b>&lt; 3 months</b>	<b>3– 6 months</b>	<b>&gt; 6 months</b>
<b>Lothian</b>	<b>94.0%</b>	<b>5.0%</b>	<b>1.0%</b>

Work is ongoing in respect of point of sales, monitoring of house alterations and council tax appeals.

In respect of appeals, there are currently 105 appeals outstanding. During the period 1<sup>st</sup> April to August 2018 55 appeals have been dealt with and as a result 9 have received band reductions.

The current project to use external survey devices in connection with Council Tax progresses well with the first phase of having the capability to capture property detail electronically in the field under trial. The secondary phase of applying this information to repetitive housing following monitoring of occupancy and electronically flushing this remotely into the core domestic valuation system is in the detailed planning stage.

### **3.1 Service Priorities**

- Continue with Council Tax List maintenance activities
- Continue with disposal of Council Tax appeals
- Continue with trial and evaluation of external survey technology

## **4.0 NON-DOMESTIC RATING**

### **4.1 2017 Revaluation Appeals**

The disposal of appeals arising from the 2017 Revaluation is one of the principal activities ongoing within the organisation at present.

Since commencing the process of disposal in February 2018 3,514 appeals have been dealt with. These have primarily been bulk subject categories such as shop, office and industrial properties. The table below provides additional information.

Category	Withdrawn	% Withdrawn	Adjusted	% Adjusted
<b>Shops</b>	800	74.7%	270	25.3%
<b>Offices</b>	630	86.1%	102	13.9%
<b>Industrials</b>	462	66.5%	233	33.5%
<b>Car Spaces</b>	744	93.0%	56	7.0%
<b>Licensed</b>	46	58.2%	33	41.8%
<b>Others</b>	90	65.2%	48	34.8%
<b>Total</b>	<b>2,772</b>	<b>78.9%</b>	<b>742</b>	<b>21.1%</b>

The 2018 timetable for appeal disposal concludes on the 14th December by which time we are aiming to have dealt with 6,000 appeals. This represents 46% of the total number of revaluation appeals received. In addition to bulk class subjects, public houses, hotels and children's nurseries are also being dealt with.

A draft programme for appeal disposal during 2019 has been prepared and subject to the agreement of the secretary to the Valuation Appeal Committee, the aim is to have dealt with 80% by the end of that year. Currently 28 dates throughout 2019 year have been identified for VAC Hearings and the classes of property identified in addition to bulk classes include café's, restaurants, licensed premises, retail warehouses, advertising stations and specialised industrial subjects.

Further provisional planning has been undertaken to forecast the 2020 appeal disposal programme and the current aim is to deal with all revaluation appeals by autumn 2020.

Of all revaluation appeals dealt with so far 79% have been withdrawn with no reduction granted. The current loss in total appealed rateable value is 0.57%.

## 4.2 2018 Running Roll

The Valuation Roll is maintained throughout the year by inserting new properties, splits and mergers, deletions and reflecting physical alterations.

Between 1<sup>st</sup> April and 31<sup>st</sup> July 883 changes had been made to the Roll with the associated performance noted below.

Running Roll activity gives rise to additional appeal workload and there are currently 938 running roll appeals that require to be dealt with by December 2020. In many cases a revaluation appeal and running roll appeal relating to the same property shall be dealt with simultaneously.

	< 3 months	3 – 6 months	> 6 months
01/04 – 31/07/17	85.12%	14.88%	0.0%
01/04 – 31/07/18	82.45%	13.35%	4.20%

As disposal of revaluation appeals is a priority undertaking general maintenance activities places additional pressure on available resources.

As part of the Transformation Programme the creation of a Performance Framework is underway which is currently focused on reviewing Valuation Roll maintenance processes and resource allocation to ensure the most effective approaches are taken and performance maintained.

### **4.3 Barclay Review of NDR**

#### **4.3.1 Scottish Government Consultation**

The Scottish Government is currently out to consultation on the implementation of recommendations, arising from the Barclay Review, requiring primary legislative changes to be enacted.

There are six recommendations in the consultation of direct relevance to Assessors, these are;

- The adoption of a 3 yearly revaluation cycle
- A reduction in appeal volumes
- The adoption of a Business Growth Accelerator model
- The ability to levy a civil penalty for non-provision of information
- The entry in the Valuation Roll of commercial activities in public parks
- The requirement for self-catering properties to provide evidence of a minimum actual letting period before entry in the Valuation Roll can be made.

Within the consultation document, and associated Business and Regulatory Impact Assessment (Partial), it is recognised that Assessors may face additional financial burdens as a result of these recommendations.

The consultation is due to close on the 17th September 2018 and all Assessors shall respond in a joint capacity through the Scottish Assessors Association. The Association is also represented on the Barclay Implementation Advisory Group, created by the Scottish Government, to provide input to the practical applications of the adopted recommendations.

The current Scottish Government timetable shall see draft primary legislation go forward for Parliamentary scrutiny in March 2019.

#### **4.3.2 Scottish Assessors Association**

In response to the issues raised by the Barclay recommendations the SAA has created a framework focusing around 5 project workstreams. These cover the following issues funding implications, IT development, sourcing information, reducing appeal volumes, and identifying best practice.

These workstreams are due to provide preliminary outcomes by September 2018 with the aim of informing ongoing discussions with COSLA and Scottish Government.

#### **4.3.3 Barclay Road Map**

Within the LVJB the senior team has met to consider and develop the creation of a Barclay Road Map. This is in essence a high level implementation plan and associated timeline that shall see the Board successfully deliver the move to a 3 yearly revaluation cycle.

At the time of writing the Road Map remains under construction however this shall be presented to the Board in due course. Key elements that are under consideration are the identification of significant ICT development that shall bring the organisation nearer to the concept of a “push button” valuation process for bulk class subjects, the simultaneous maintenance of both a Valuation Roll and shadow Revaluation Roll, enhanced levels of engagement with key stakeholders, the flexible allocation of resources, and a supportive approach to training and performance development.

Successful implementation of a 3 yearly revaluation cycle is influenced by the volume of appeals generated as a result of the revaluation process. Under the 5 year revaluation cycle the acts of revaluation and subsequent appeal disposal were sequential activities. Under the proposed 3 yearly cycle these activities shall become simultaneous.

While funding issues shall be explored between the SAA, COSLA and Scottish Government it is appropriate to identify the high risk that shall exist should additional funding not be awarded to Assessors. While opportunities shall be taken to mitigate these risks, at this stage it is difficult to identify ways by which the adoption of a 3 yearly revaluation cycle can be delivered without additional funding.

#### **4.4 Service Priorities**

- Continue the disposal of Revaluation 2017 appeals
- Continue with annual maintenance activities of the Valuation Roll
- Continue with the development of the Barclay Road Map
- Continue to engage with Scottish Government through the SAA and COSLA on funding issues arising from the Barclay Review of NDR
- Continue to explore and develop opportunities for change and increased efficiency

## **5.0 TRANSFORMATION PROGRAMME**

Following the implementation of the revised staffing structure on 1<sup>st</sup> April 2018 a recruitment exercise has been underway.

The last elements of this are nearing conclusion with the final stages of recruitment due to complete by the end of September.

The Transformation Programme also identified a number of project work streams upon which the change process would advance. In some cases these have aligned themselves with the creation of the Barclay Road Map thereby providing greater drive and impetus.

## **6.0 GOVERNANCE, RISK & BEST VALUE**

The Governance, Risk & Best Value Group is now fully operational.

The Group successfully delivered requirements under GDPR in May 2018 and have already answered the first subject access request under the new regulations. In addition the current Data Breach, Data Protection, and Clear Desk & Clear Screen Policies have been reviewed and staff advised of changes.

The Group also continue to audit internal process activity in support of recent procedural changes. Importantly requirements identified by recent City of Edinburgh Audit and External Audit action plans are under consideration and work progresses in this regard.

Work is also ongoing to review the current approach to the maintenance and presentation of corporate and operational risk registers.

External Audit, Scott-Moncrieff on behalf of Audit Scotland, have recommended that a 3 to 5 year strategic vision be developed that reflects on operational activity and associated risks within the ongoing change environment, highlighting options and possible outcomes, and placing these in the context of current financial constraints.

It is intended that the first external facing meeting of the Governance, Risk & Best Value Group shall be scheduled for November 2018. Further detail on this and appropriate arrangements shall be issued in due course.

## **7.0 RESERVE FUND**

At the Board meeting of 5<sup>th</sup> February 2018 a Reserve Fund policy was agreed that would see the existing fund of £798k reduce over time to a base level of 3% of approved annual budget allocation. A reduction to this level would be subject to a regular assessment of the ongoing financial and operational risks facing the Board and the subsequent need to maintain the fund at a level sufficient to provide an element of mitigation.



While a more detailed report shall be provided to the Board in November, the following risks can currently be identified.

- Cabinet Office funding towards IER is due to cease from 2020. Current annual IER expenditure supported by this funding is approximately £270k. Until revised canvass procedures can be evaluated and their financial impact assessed, there remains a considerable risk to the Board in its ability to fully fund the Electoral Registration service from 2020 onwards.
- The Barclay Review of NDR provides considerable challenges to Assessors and their delivery of the Valuation Roll function. The move to a 3 yearly revaluation cycle and the disposal of associated appeals gives rise to additional funding requirements. Until national discussions surrounding funding have concluded and the outcome assessed, a considerable risk exists.
- During 2019/2020, due to the risks associated with the Barclay Review and the short term process of establishing the new staffing structure, it is unlikely that further staff reductions shall be made. However the ongoing Transformation Programme, following the identification of change opportunities, may give rise during 2020/21 for further organisational adjustments to be made that would require the Board's Voluntary Early Release Policy to be accessed. The Reserve Fund provides the necessary financial support to this policy allowing staffing changes to be made. During 2017/18 the fund supported the organisational staff review in the order of £471k.
- The current forecast for 2019/20 budget requirement estimates a level of inescapable growth, pay award and salary increments, in the region of £150k. While final projections are currently being considered it is unlikely that this amount shall, in total, be absorbed within current budget allocation. A possible solution to this would be to approve access to the reserve fund. The Board will have to maintain a minimum reserve of 3% so this option provides flexibility in the medium term until the risks/options highlighted above have been fully scoped.

One of the steps that can be taken now to mitigate the impact of the move to 3 yearly revaluations, identified under paragraph 4.3.3, is in respect of further development of the existing IT system that supports the valuation process. The scale of the development is considered to be outwith the current IT development capacity within the Board. A solution is to employ additional resource over a fixed period of time specifically for the purpose of this development. At this stage a cost of £150k spread over a 3 year period is projected.

A second instance of appropriate deployment of reserve funds and the reduction of pressure on the core budget, is in support of the training costs associated with recently appointed trainee staff. Such staff are placed on a career progression scale on appointment which involves the payment of external course fees and merit increments on successful exam pass and course completion. The current estimate of the costs

facing the Board over the next 3 years in order to support the career progression scale is £47k.

## **8.0 RECOMMENDATIONS**

**8.1** The Board is asked to note the content of this report.

**8.2** The Board is requested to allow in principle access to the reserve fund to support costs arising in part or whole, as and when required, in respect of sourcing external IT development capacity and in support of costs arising from the career progression scheme for trainee staff as indicated in paragraph 7.0 of this report. In both cases such action shall reduce pressure on the current and future core budget allocation, and provide an element of mitigation against identified risks.

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**ASSESSOR & ERO**