



AGENDA ITEM 3

VALUATION JOINT BOARD FOR CENTRAL SCOTLAND

Subject: Revaluation 2010
Meeting: Central Scotland Valuation Joint Board
Date: 19th February, 2010
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1.0 INTRODUCTION

The Local Government (Scotland) Act 1975 determines that a general revaluation of all non-domestic properties must be carried out every five years. Each Assessor is required to make up a new Valuation Roll on the first day of the year of revaluation. Valuations must reflect the level of rents prevailing as at 1st April two years prior to the year of revaluation and it must be emphasised that all subjects are valued afresh using the Assessor's technical data rather than simply have the existing figures adjusted.

Over the past 2-3 years the Assessor and his staff have been engaged in the revaluation process and all preparations have now been made for the issue of valuation notices on the provisional date of 15th March 2010, publication of the Roll itself on 1st April, 2010 and display of values on the Scottish Assessors Association portal www.saa.gov.uk. Summary valuations for the bulk category subjects (offices, shops and workshops) will also be shown on that web site enabling most ratepayers to scrutinise how their valuation was arrived at. The total rateable value by Scottish Executive category is shown in the appendix to this Report.

2.0 VALUATION ROLL

The Valuation Roll for the Central Valuation area shows in excess of 11,000 non domestic subjects. The content requirement of the Roll is set out in the Valuation Roll and Valuation Notice (Scotland) Order 1989. That order states that the content must be the description and situation of the lands and heritages, the names of the proprietor, tenant and occupier of these subjects, the net annual value, rateable value and effective date of the entry.

In addition the Assessor is required at the request of a District Salmon Fishery Board to value and enter salmon fishing rights in the Valuation Roll. This is done only for the purposes of the Board and no rates can be charged by local councils.

3.0 NET ANNUAL VALUE

Net annual value is defined as the annual amount in rent which a landlord could reasonably expect to receive for a property if it were let. The actual figures are arrived at following analysis of bona fide rents passing for similar subjects around the valuation date (1st April, 2008).

4.0 THE VALUATION PROCESS

It is normal practice when valuing properties for any purpose to apply a rate per unit of measurement (usually square metre) to them and that rate is determined by analysing actual rents ingathered over a period of time. The Assessor is empowered under Section 7 of the Lands Valuation (Scotland) Act 1854 to 'call upon proprietor, tenant or occupier within his area for a return containing such particulars as may be reasonably required for the purpose of enabling him to value the lands and heritages....' and therefore employs this legislation to seek rental information. Returns are issued on an ongoing basis and there are approximately 3,000 subjects on the Assessor's rental database.

Not all subjects have current rents passing but all are required to be valued. Therefore valuers' judgment has to be exercised in ensuring each valuation sits well with the others. It is normal practice to take the basket of rents for a particular category of subject in a particular area and establish a general level of value for such subjects and apply that level accordingly. This process is known as the comparative method of valuation.

There are number of categories for which there is no rental market. Examples of such properties are those occupied by public bodies such as community centres, police stations, hospitals etc. In order to value these it is necessary to employ what is known as the contractor's method of valuation. This necessitates the estimation of the cost of building the particular subject, adjusting that figure to take account of any disabilities and applying a de-capitalising percentage. The estimation of building cost necessitates the ingathering of cost information on completion of building contracts and liaising with other Assessors who may be in possession of more or less cost information for particular categories. The de-capitalisation percentage is provided by statutory instrument and is currently 3.33% for all health-care, educational and religious subjects and 5% in all other cases.

In addition to his geographical duties the Assessor for Central Scotland is also required to value the larger Scottish ports which exist in more than one council area and advise local Assessors on the others. The method of valuation employed in these cases is receipts and expenditure, which involves ingathering accounts from the relevant port authorities, establishing the profit and splitting that between what the hypothetical tenant would expect as an income and what the landlord would expect as a rent.

5.0 RECOMMENDATIONS

It is recommended that the Valuation Joint Board note this Report.

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Date: 8th February, 2010

Appendix :

1.0 Revaluation 2010 – Total Values by Scottish Executive Code