

TWO VIEWS ON RATING

by Paul Knight

TWO RECENT REPORTS on rating, by the Rating and Valuation Association and by the Association of Municipal Corporations,* have much in common. Both bodies feel that the time has come to consider the re-rating of agricultural land and buildings, the rate contribution borne by Crown property, the nationalised statutory undertakings and charitable organisations. They also suggest that the responsibility for valuation could perhaps be returned to local authorities or regional boards, that provision should be made for rate payment by instalments, that debates should be given to the poorer sections of the community with subventions to the rating authorities by the National Assistance Board and that National Assistance Board payments in respect of rates should be paid to authorities direct.

The reports are important, however, not so much from the point of view of their similarities but rather their differences. Turning to the owners of unoccupied land the Rating and Valuation Association stressed that "there is a case for bringing within the system the rating of owners where they do not pay an occupation rate." The Association is shortly to publish a Survey Report on empty properties. For various reasons the Rating and Valuation Association was unable to support the rating of empty properties within a system based on rateable occupation. "However," the report continues, "there is probably a strong case for grafting on to the present system a supplementary owners rate, based on the site value only. . . . The poundage for such a rate could no doubt be fixed conservatively for the first few years and it would apply to all vacant land. . . . For its own preliminary calculations the Association believes that at a modest poundage this separate owners rate would produce an annual rate revenue of at least £100 million or about 10 per cent of the present total of general rates in England and Wales. . . . The Association's own research on site value rating does not provide sufficient information on which it can reach a final conclusion on the practicability of site-value rating as an alternative to the present system." The report indicated that further research was being undertaken although more financial assistance was required.

The Association of Municipal Corporations, however, did not take such a positive view of either rating vacant property or the potentials of site-value rating. While conceding that there might be some advantages in rating empty property the Association of Municipal Corpora-

tions' Report stated: "On balance we take the view that the charge to be levied on vacant property should be at the discretion of the local authority and regarded as a direct charge for access and protection services and treated as a supplementary source of revenue rather than rate income. Part rating of the owner when property was empty could perhaps be justified on the grounds that the owner may be held to have partially resumed beneficial occupation but this would conflict with the theory of general benefit from rating." Looking generally at the whole question of rating the Association of Municipal Corporations pointed out that if rating were abolished the revenue of some £1,150 million a year would have to be found from other sources. Rating accounts for about 11 per cent of total national taxation. The report concluded: "We consider that rating has not only stood the test of time but we doubt whether there is an alternative form of taxation which would raise the sum required more equitably, more cheaply, more effectively and with so little scope for evasion."

While the Rating and Valuation Association is not too enthusiastic about site-value rating as an alternative to the present system, it has acknowledged the merits of rating the owners of land as owners — an advance in thought which should not be glossed over lightly. The Association of Municipal Corporations, however, seems to be regressively entrenched in the doctrines of the present system and while admitting that it needs to be improved has also shown indirectly that it has no desire to look for progressive means of doing so.

While the present unsatisfactory system will clearly remain for some time to come it may be hoped that the Rating and Valuation Association will be given political



support in their attempt to get at least the roots of site-value rating in the ground. The Rating and Valuation Association quoted the Minister of Housing and Local Government, Mr. Crossman, who said of the present system: "Unfortunately, under the new valuation, it is reckoned that in some areas more than a quarter of the rateable values are unfair. (The valuers) had to prepare 14 million valuations quickly . . . they did not go into each house." Under a complete site-value rating system they would not have to!

*1 Memorandum on Rating and Valuation, R.V.A. August.
2 Reform of Rating—Report by the Rating Committee.