

THE NEW RATING BILL

THE RATING AND VALUATION BILL, published on November 18, is mainly concerned with preparing the way for new valuation lists for rating due under existing legislation to come into force on April 1, 1963, and with providing a permanent basis for the rating of charities and kindred bodies. It also contains a number of provisions designed to remove anomalous and archaic provisions in the present law. The Bill applies only to England and Wales.

The valuation lists now current came into force on April 1, 1956. In them, domestic property is fully rated, but on 1939 rental values; shops, offices and most other buildings are rated at 80 per cent of the rental values at the time of the 1956 revaluation; industry and freight-transport are rated at 50 per cent. of their 1956 rental values (that proportion having in 1959 been increased from 25 per cent under the Local Government Act, 1958); most charities and kindred bodies enjoy some reduction of rates, the percentage varying widely; and agricultural land and buildings are exempt from rates.

If there were no change in the law, domestic property, shops, offices, etc., would all fall to be rated from 1963 on their full current rental value and most charities and kindred bodies would lose any right to relief. Agricultural, industrial and freight-transport derating would continue as at present.

Provisions of the Bill

Industry.—Clause 1 provides for industry and freight-transport to be fully rated when the new lists come into force in 1963. The withdrawal of the 50 per cent. relief does not, however, mean that the share of the rates borne by industry will be doubled — because the simultaneous rating at full value of shops, offices, etc., and the rating of houses at current instead of 1939 values will substantially offset any increase in industry's share of the total rate burden. The changes up or down in the proportion in which rates will fall on the different classes of property from 1963 onward cannot yet be foreseen (see below).

As at April 1, 1959, domestic property accounted for 47.62 per cent of the total rateable value for England and Wales, and commercial and miscellaneous property for 40.79 per cent. Industry and freight-transport had a rateable value after derating in 1959 of about £80 million, (of which over £77 million is industry) — some 11½ per cent. of the total rateable value for England and Wales. (The nationalised railways and canals are not rateable and are therefore not affected by the re-rating of freight-

transport; the British Transport Commission makes a payment in lieu of rates in respect of them, of the order of £2½ million in 1960-61).

Houses.—Because it seems possible that in 1963 the share of the rates falling on householders, in some areas at least, might sharply increase as a result of the change from 1939 to current values, and because it will not be possible until early in 1962 to get a clear picture of the pattern of the increases, the Bill proposes in clause 2 a power for the Minister to cushion the increase for householders by derating houses for the five-year period of the 1963 lists, by a percentage to be fixed by order, which will require the approval of both Houses of Parliament, may fix different percentage reductions for different counties and county boroughs; this is to allow for the possibility that values may be found to have altered since 1939 much more greatly in some areas than others.

Charities.—The Government have accepted the recommendations of the Pritchard Committee in their Report on the Rating of Charities and Kindred Bodies (Cmd. 831, August, 1959) in all respects except one. The one exception is that they have decided to exclude from mandatory rate relief the universities and colleges which are in receipt of Government grant through the University Grants Committee. The decision to make this exclusion in no way affects the status in law of the universities as charities: indeed, they are expressly described as charities in the heading of the First Schedule to the Bill. Most of them at present enjoy some relief from rates under section 8 of the Act of 1955, and any increase in rates which falls on the universities after 1963 as a result of the Government's decision will be taken into account in determining the recurrent Exchequer grants to be paid to the universities in the quinquennium 1962-67.

Other charities are to be entitled as of right to 50 per cent. relief from rates, and rating authorities will have power, if they wish, to reduce or remit the balance. Rating authorities are also to have their present power to reduce or remit the rates of kindred bodies extended to cover a wider field, and made more elastic as to the period of the relief (Clause 8). In view of these new arrangements, the reliefs for charities and kindred bodies under section 8 of the Rating and Valuation Act of 1955 are brought to an end in 1963; and in accordance with the Pritchard recommendations the present exemptions of certain societies for science, literature and fine arts, etc., and of voluntary

schools are repealed (Clause 9). Nearly all of these hitherto exempt bodies are charities, and so will be entitled to 50 per cent. mandatory relief.

Voluntary Schools

The rates on voluntary schools (i.e. primary and secondary schools maintained by local education authorities but provided by other bodies, principally the churches) will fall, like other running costs, on the local education authorities: no additional expenditure will fall on the church authorities.

Water undertakings.—Part II of the Bill, with the Second and Third Schedules, introduces a formula method for the valuation of statutory water undertakings. These are at present assessed, under case law, by reference to their accounts; the method tends to produce the highest assessments, proportionately, for undertakings which have incurred heavy capital expenditure since the war.

Other Provisions of the Bill

When Part II of the Bill comes into force, water undertakings will join the nationalised gas, electricity and transport undertakings in being valued for rating (or assessed to a contribution in lieu of rates) by formula. **Clause 3** would enable the Minister at some future date, after appropriate consultations, to prescribe formula method for valuing the property of the National Coal Board and other properties at present assessed by reference to the accounts, receipts or profits of the undertakings occupying them (e.g. the docks), or by reference to royalties (e.g. quarries and other extractive industries).

Clause 4 permits the Minister, with the Minister of Education, to prescribe a formula (on the broad general lines of a formula at present applied in practice) for the assessment of county and voluntary schools.

Effect has been given in the Plant and Machinery (Rating) Order, 1960, to all but two of the recommendations accepted by the Government from the Report of the Ritson Committee on the Rating of Plant and Machinery published on January 30, 1959. **Clause 5** makes the changes in the law which are necessary to give effect to those two recommendations which could not be implemented without legislation — for the exemption of small movable plant from rating, and the exemption of process plant which would otherwise be rateable solely because it is incidentally used for draining the premises on which it is situated.

Clause 6 makes miscellaneous amendments in the law governing the determination of rateable values. It abolishes

deductions from gross value in respect of owners' drainage, etc., rates, and deductions in urban areas for land covered with water and a small number of other properties. The latter deductions represent the consolidation in 1925 of the reliefs from certain types of rate enjoyed before that date by several classes of property. These classes have since been greatly diminished by the complete derating of agriculture, the special arrangements for contributions in lieu of rates for nationalised railways and canals and the redemption of tithes, and will probably be halved again when the formula method for the assessment of water undertakings takes effect, so that relatively few properties are affected by the change. The corresponding reliefs in rural areas were ended in 1956.

Clause 7 abolishes a 19th century restriction on the rateable value of land acquired for burial grounds under certain statutory provisions. It will put these burial grounds on the same footing as others for valuation for rating.

Clause 10 similarly puts on the same basis the rating of all local authority parks which are available for free and unrestricted use by the public. The broad effect is that, except to the extent that parts of them are used for commercial purposes, none of the parks, under case law, will be rateable in future.

Clause 11 makes it possible for rating authorities to adopt modern methods of

accounting in their rating departments. The removal of the requirement for the keeping of a rate book, which dates from an Act of 1743, is accompanied by provisions as to evidence of the due making and publication of rates, and by the substitution of a right for the ratepayer to information from the rating authority for the existing right (which is very rarely used) to inspect the rate book.

Under the existing law, a rating authority may rate the owner of property, instead of the occupier, either by agreement or, if the rateable value of the property is below certain limits, compulsorily. The limits of rateable value are, in general, £25 in London and certain other areas, and £18 elsewhere. New limits will be needed after the 1963 revaluation, and **clause 12** enables the Minister to prescribe these limits. At present, the minimum allowance payable to owners who are compulsorily rated is 10 per cent. and the maximum which may be paid to them, either on compulsory compounding or by agreement, is 15 per cent. The clause reduces the limit to 10 per cent. in both instances. Rating authorities who pass on to their own tenants the compounding allowances which they receive as owners of houses are obliged to make similar allowances to the owner-occupiers of similar properties. This obligation is withdrawn by the clause.

Under the Rating and Valuation Act,

1955, an occupier may in certain circumstances temporarily withhold part of his rates pending settlement of a proposal made for a reduction of the value of his property in a new list. **Clause 13** modifies this provision so that he may withhold only one-half of the extra rates as compared with his liability in the last year before revaluation, and so that the only proposal which enables rates to be withheld is the first proposal, made in the first six months of the new list, by the occupier or rated owner.

Clause 14 enables rating authorities to refund rates when too much has been paid, in circumstances where at present the ratepayer has no entitlement to a refund because he has delayed taking the steps necessary to restrict his rates to the correct amount.

Premises occupied for the purposes of the Crown are not rateable, although Treasury contributions in lieu of rates are made in respect of such premises occupied by central Government establishments (e.g. Government offices). Some premises occupied for Crown purposes are, however, provided and maintained by local and other authorities (e.g. magistrates' courts and probation offices). **Clause 20** enables these authorities to make contributions in aid of rates in respect of which will qualify for any Government grant at present attracted by the other expenses of maintenance.

No. 3. WHO'S WHO IN THE RATING REFORM CAMPAIGN

Ex-Bailie A. B. MACKAY

Joint Representative for Glasgow

Alexander Burns Mackay, born 1882. On leaving school the feudal countryside offered no employment and he became a citizen of Glasgow. There, he was aroused to the horrors of slumdom, with frequent cases of eight persons of both sexes herded together in a single apartment. He took every opportunity to expose the power of landlordism in sterilising the countryside and adding to the problems of the towns.

In 1908, after long discussion with a friend, Mackay went all out for the Taxation and Rating of Land Values in The Young Scots

Society and the Liberal Party. Although disappointed with the outcome of the 1909 Budget the Scottish League carried on its active propaganda, but, after the first world war the centre of gravity seemed to shift to the Labour Party and "A.B." as he came to be called, fought under that banner several parliamentary fights as propaganda to enlist the interest of professional workers in Finance and T.L.V.

On retiring from business in 1939 "A.B." entered Glasgow Town Council as a representative of Gorbals Ward and later became a magistrate of the City and, in the



Courts encountered the baneful results of the rotten state of affairs.

In Party Group, in Committees and on platforms "A.B." put forward Rating of Land Values. In 1951 "A.B." did not seek election to the Council, but carried on public service in several directions. Needless to say he continues to work for the full application of our policy.