

# Relevant and Potent

## THE RATING AND VALUATION REPORTER COMMENTS ON THE UNITED COMMITTEE'S CRITICISM OF THE COUNTY COUNCILS ASSOCIATION'S REPORT

**THE RESPONSE** to that part of the Report of the

County Councils Association's working party relating to the rating of site values (to be reported later) has been swift and strong. In a document presented on behalf of the United Committee for the Taxation of Land Values by its secretary at the end of last month, Mr. V. H. Blundell notes some "Misconceptions and Errors" in the report. "It is because the working party have — and admittedly so — relied heavily upon the Simes Report (*Rating of Site Values*, Report of the Committee of Enquiry. H.M.S.O., 1952), and upon the report of the Royal Institute of Public Administration (which in turn relied heavily upon the Simes Committee), that it makes no useful contribution to the question," concludes this document. "Errors are repeated, and it is to be regretted that no independent approach was made to this important subject."

Although Mr. Blundell's criticisms are categorical, paragraph by paragraph, the general complaint seems to be that the working party have been hopelessly confused between a tax on *incremental* values — as proposed in Lloyd George's Finance Act, 1910, and again in the development charges (since repealed) of the Town and Country Planning Act, 1947 — and a rate on *all* site values. The advocates of site-value rating (including not only the United Committee, but the Liberal Party, the Rating Reform Campaign, and the sponsors of the London Rating (Site Values Bill, 1938-39) propose the rating of *all* site values as a basis of assessment, and not merely as a means of the collection of "betterment" by way of a tax on increment.

The repeal of the 1947 Act provisions imposing development charges, and the repeal of the Labour Party's proposals in the Finance Act, 1931 (for political, not practical, reasons), cannot be used to suggest that the rating of site values has been "tried and abandoned" (the working party's phrase).

The United Committee's "Notes" also criticise, as misleading, the working party's statement that two distinct appraisals have to be made to arrive at site value — a criticism which we think might have been avoided had the County Councils Association been wise enough to include one or two valuers in its working party. In support of this criticism, Mr. Blundell points out that the pilot valuation now taking place at Whitstable (under the auspices of the Rating and Valuation Association) is proceeding without difficulty on the line that only one value — market value, taking with consideration planning restrictions on sites ripe for development — is required.

One wonders whether the results of the Rating and Valuation Association's survey will satisfy all protagonists, since Mr. Roland Freeman, in his booklet reviewed at page 520 *post*, endeavours to hide his own prejudice with the words "it will be instructive to see whether the evidence shows, *as one would suspect*," (our italics) "that this method of calculating rates would be a form of medicine rather worse than the disease" (and this, ironically, following immediately upon his attack on the rating system because it "penalises improvements to property!") But site-value rating, he says, would "penalise the owners of old buildings and undeveloped land."

Since Mr. Blundell also criticises certain aspects of the Simes Report, one is tempted to quote from an almost prophetic editorial note on this report in the *Journal of the Royal Institution of Chartered Surveyors* for May, 1952: —

"The majority of the Committee consider that neither past evidence nor the evidence from overseas is relevant to the conditions in Great Britain today, as the provisions of the Town and Country Planning Acts, 1947, have fundamentally altered the position by removing from the owner of land its development value. After examining various possible bases of assessment, they suggest that in the present circumstances of this country a site-value rate should be levied only on the existing use value of the land. *Events may yet upset the whole of their arguments, if the Acts of 1947 are drastically amended!*"

(Our italics, R.I.C.S. exclamation mark.)

It is worth recalling that the majority view was that the adoption of "existing use value" as the basis of a site value rate would have destroyed some of the characteristics to which its advocates had usually attached most importance, especially the possibility of acting as a stimulus to development.

The United Committee's criticism of the use made by the working party of the Simes Report is thus both relevant and potent.

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