County of London.

ASSESSMENT AND VALUATION CONFERENCE, 1909.

RESOLUTIONS passed at a Conference with London Rating Authorities, convened by the London County Council in 1909, to consider matters of assessment procedure and practice in connection with the quinquennial valuation of property in London in the year 1910, and also matters in the existing valuation law which need amendment; together with—

REPORTS by the Statistical Officer of the London County Council.

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NOTE.—*An asterisk* (*) *prefixed to the title of a report indicates that it contains suggestions involving an amendment of the law.*

County of London.

ASSESSMENT AND VALUATION CONFERENCE, 1909.

RESOLUTIONS passed at a Conference of the Local Government, Records and Museums Committee of the London County Council with representatives of the Corporation of the City of London, the Metropolitan Borough Councils and Assessment Committees, the Metropolitan Asylums Board and the Metropolitan Water Board, held on 19th and 26th February, 1909, to consider matters of assessment procedure and practice in connection with the quinquennial valuation of property in London in the year 1910, and also matters in the existing valuation law which need amendment.

I.—MATTERS RELATING TO ASSESSMENT PROCEDURE AND PRACTICE.

1.—*Weekly and monthly tenancies.*

(*a*) That in converting weekly and monthly tenancies into hypothetical yearly tenancies, for the purpose of arriving at the gross value, the annual payments for rates (including water) and house duty (if any) shall be deducted from the annual amount receivable by weekly or monthly payments, according to the amount of the rate in the pound, and that the scale of deduction shown in 'Table A' be approved.

(*b*) That in the case of artisans' dwellings, each tenement shall be regarded as a separate hereditament for assessment purposes.

NOTE.—Allowance for the additional expense of a caretaker and common staircase may be considered as included in the statutory deduction.

TABLE A.—SCALE FOR THE ASSESSMENT OF

Weekly rent.		Total amount per annum.		Rates at 6s. in £.		Rates at 6s. 6d. in £.		Rates at 7s. in £.		Rates at 7s. 6d. in £.		Rates at 8s. in £.	
				G. V.	R. V.	G. V.	R. V.	G. V.	R. V.	G. V.	R. V.	G. V.	R. V.
s.	d.	£	s.	£	£	£	£	£	£	£	£	£	£
1	–	2	12	2	2	2	2	2	2	2	2	2	2
1	6	3	18	3	3	3	3	3	3	3	3	3	3
2	–	5	4	4	3	4	3	4	3	4	3	4	3
2	6	6	10	5	4	5	4	5	4	4	3	4	3
3	–	7	16	6	5	5	4	5	4	5	4	5	4
3	6	9	2	6	5	6	5	6	5	6	5	6	5
4	–	10	8	7	6	7	6	7	6	7	6	7	6
4	6	11	14	8	6	8	6	8	6	8	6	8	6
5	–	13	–	9	7	9	7	9	7	9	7	9	7
5	6	14	6	10	8	10	8	10	8	10	8	10	8
6	–	15	12	11	9	11	9	11	9	10	8	10	8
6	6	16	18	12	9	12	9	12	9	11	9	11	9
7	–	18	4	13	10	13	10	13	10	12	9	12	9
7	6	19	10	14	11	14	11	14	11	13	10	13	10
8	–	20	16	15	12	15	12	14	11	14	11	14	11
8	6	22	2	16	12	16	12	15	12	15	12	15	12
9	–	23	8	17	13	17	13	16	12	16	12	16	12
9	6	24	14	18	14	17	13	17	13	17	13	17	13
10	–	26	–	19	15	18	14	18	14	18	14	17	13
10	6	27	6	19	15	19	15	19	15	19	15	18	14
11	–	28	12	20	16	20	16	20	16	20	16	19	15
11	6	29	18	21	17	21	17	20	16	20	16	20	16
12	–	31	4	22	18	22	18	21	17	21	17	21	17
12	6	32	10	23	19	22	18	22	18	22	18	21	17
13	–	33	16	24	20	23	19	23	19	23	19	22	18
13	6	35	2	25	20	24	20	24	20	23	19	23	19
14	–	36	8	26	21	25	20	25	20	24	20	24	20
14	6	37	14	27	22	26	21	26	21	25	20	25	20
15	–	39	–	27	22	27	22	27	22	26	21	26	21
15	6	40	6	28	23	28	23	27	22	27	22	27	22
16	–	41	12	29	24	29	24	28	23	28	23	28	23
16	6	42	18	30	24	30	24	29	24	29	24	28	23
17	–	44	4	31	25	31	25	30	24	30	24	29	24
17	6	45	10	32	26	32	26	31	25	31	25	30	24
18	–	46	16	33	27	33	27	32	26	32	26	31	25
18	6	48	2	34	28	33	27	33	27	32	26	32	26
19	–	49	8	35	28	34	28	34	28	33	27	33	27
19	6	50	14	36	29	35	28	35	28	34	28	34	28
20	–	52	–	37	30	36	29	36	29	35	28	35	28

Weekly and Monthly Properties.

Rates at 8s. 6d. in £.		Rates at 9s. in £.		Rates at 9s. 6d. in £.		Rates at 10s. in £.		Rates at 10s. 6d. in £.		Rates at 11s. in £.		Rates at 11s. 6d. in £.		Rates at 12s. in £.	
G. V.	R. V.	G. V.	R. V.	G. V.	R. V.	G. V.	R. V.	G. V.	R. V.	G. V.	R. V.	G. V.	R. V.	G. V.	R. V.
£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
2	2	2	2	2	2	2	2	1	1	1	1	1	1	1	1
3	3	3	3	3	3	3	3	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
4	3	4	3	4	3	4	3	4	3	4	3	4	3	4	3
5	4	5	4	5	4	5	4	5	4	5	4	5	4	4	3
6	5	6	5	6	5	5	4	5	4	5	4	5	4	5	4
7	6	6	5	6	5	6	5	6	5	6	5	6	5	6	5
8	6	7	6	7	6	7	6	7	6	7	6	7	6	7	6
9	7	8	6	8	6	8	6	8	6	8	6	8	6	8	6
9	7	9	7	9	7	9	7	9	7	9	7	9	7	9	7
10	8	10	8	10	8	10	8	10	8	10	8	9	7	9	7
11	9	11	9	11	9	10	8	10	8	10	8	10	8	10	8
12	9	12	9	12	9	11	9	11	9	11	9	11	9	11	9
13	10	13	10	12	9	12	9	12	9	12	9	12	9	12	9
14	11	13	10	13	10	13	10	13	10	13	10	13	10	13	10
15	12	14	11	14	11	14	11	14	11	14	11	14	11	13	10
16	12	15	12	15	12	15	12	15	12	15	12	14	11	14	11
17	13	16	12	16	12	16	12	16	12	16	12	15	12	15	12
17	13	17	13	17	13	17	13	17	13	16	12	16	12	16	12
18	14	18	14	18	14	17	13	17	13	17	13	17	13	17	13
19	15	19	15	18	14	18	14	18	14	18	14	18	14	18	14
20	16	19	15	19	15	19	15	19	15	19	15	18	14	18	14
20	16	20	16	20	16	19	15	19	15	19	15	19	15	19	15
21	17	21	17	21	17	20	16	20	16	20	16	20	16	20	16
22	18	22	18	21	17	21	17	21	17	21	17	21	17	20	16
23	19	22	18	22	18	22	18	22	18	22	18	21	17	21	17
24	20	23	19	23	19	23	19	23	19	22	18	22	18	22	18
25	20	24	20	24	20	23	19	23	19	23	19	23	19	22	18
25	20	25	20	25	20	24	20	24	20	24	20	24	20	23	19
26	21	26	21	26	21	25	20	25	20	25	20	25	20	24	20
27	22	27	22	26	21	26	21	26	21	26	21	26	21	25	20
28	23	28	23	27	22	27	22	27	22	27	22	26	21	26	21
29	24	28	23	28	23	28	23	28	23	27	22	27	22	26	21
30	24	29	24	29	24	28	23	28	23	28	23	28	23	27	22
31	25	30	24	30	24	29	24	29	24	29	24	28	23	28	23
32	26	31	25	31	25	30	24	30	24	30	24	29	24	29	24
32	26	32	26	31	25	31	25	31	25	31	25	30	24	30	24
33	27	33	27	32	26	32	26	32	26	31	25	31	25	31	25
34	28	33	27	33	27	33	27	33	27	32	26	32	26	31	25

2.—*Quarterly and yearly tenancies and three years' agreements.*

That in the case of properties held by quarterly or yearly tenants, or under written agreements for not more than three years, the amount returned as the *bona fide* rent paid shall, as a general rule, be considered to be the gross value, if the landlord undertakes to insure and bear the cost of all repairs, and the tenant pays tenants' rates and taxes.

3.—*Agreements and leases for a term.*

(*a*) That in the case of ordinary agreements for years, where the landlord undertakes repairs, the rent reserved under agreement shall be taken as representing gross value; that in the case of agreements for years, where the tenant undertakes internal repairs, 5 per cent. shall be added to the rent under agreement to arrive at gross value.

(*b*) That where an ordinary repairing lease for a term, at a rack rent, has been granted not more than 5 years prior to the date of assessment, and no premium or other consideration has been paid, and the lessee has not expended any money for improvements, the rent reserved, plus 10 per cent., shall be taken as indicating the gross value in classes 1, 2, 3, 4 and 5 of the Third Schedule to the Valuation (Metropolis) Act, 1869.

(*c*) That where a premium has been paid, or outlay incurred by a lessee under an ordinary repairing lease, by which the annual value is increased (provided the amount of the increased letting value due to such outlay cannot be otherwise ascertained), there shall be added to the rent reserved a proportion of the premium and outlay, calculated in accordance with 'Table B' hereto annexed, and the result, together with 10 per cent. added, shall be taken as indicating the gross value.

(*d*) That in the case of leases granted more than five years prior to the date of assessment, the same course shall be adopted as laid down in paragraphs (*b*) and (*c*), but the rent reserved under the lease shall be reviewed, and any change of value affecting the property taken into consideration.

TABLE B.—To convert a premium or other capital outlay into its annual equivalent according to the length of the lease at various rates of interest.

This table has been prepared in order to show the divisor to be used at five different rates of interest, ranging from 4 to 6 per cent., in order to cover all probable variations. In order to determine which column to use, reference ought to be made to similar properties let at rack rentals, and the column which produces the closest approximation to such rack rental should be adopted. Broadly speaking, if a premium contains no other element than land value, the 4 per cent. column should be employed; if it represents nothing but structural value the 6 per cent. column; and the cases between those two extremes should be

dealt with by one or other of the three intervening columns according to the respective proportions of land and structure in the premium paid.

Length of lease	4 per cent.	4½ per cent.	5 per cent.	5½ per cent.	6 per cent.	Length of lease	4 per cent.	4½ per cent.	5 per cent.	5½ per cent.	6 per cent.
Years.	Divisor.	Divisor.	Divisor.	Divisor.	Divisor.	Years.	Divisor.	Divisor.	Divisor.	Divisor.	Divisor.
1	·96	·96	·95	·95	·94	31	17·6	16·5	15·6	14·7	13·9
2	1·9	1·9	1·9	1·9	1·8	32	17·8	16·8	15·8	14·9	14·1
3	2·8	2·8	2·7	2·7	2·7	33	18·1	17·0	16·0	15·1	14·2
4	3·6	3·6	3·5	3·5	3·5	34	18·4	17·2	16·2	15·2	14·4
5	4·5	4·4	4·3	4·3	4·2	35	18·7	17·5	16·4	15·4	14·5
6	5·2	5·2	5·1	5·0	4·9	36	18·9	17·7	16·6	15·5	14·6
7	6·0	5·9	5·8	5·7	5·6	37	19·1	17·9	16·7	15·7	14·7
8	6·7	6·6	6·5	6·3	6·2	38	19·4	18·1	16·9	15·8	14·8
9	7·4	7·3	7·1	7·0	6·8	39	19·6	18·2	17·0	15·9	14·9
10	8·1	7·9	7·7	7·5	7·4	40	19·8	18·4	17·2	16·0	15·0
11	8·8	8·5	8·3	8·1	7·9	41	20·0	18·6	17·3	16·2	15·1
12	9·4	9·1	8·9	8·6	8·4	42	20·2	18·7	17·4	16·3	15·2
13	10·0	9·7	9·4	9·1	8·8	43	20·4	18·9	17·5	16·4	15·3
14	10·6	10·2	9·9	9·6	9·3	44	20·6	19·0	17·7	16·5	15·4
15	11·1	10·7	10·4	10·0	9·7	45	20·7	19·2	17·8	16·6	15·5
16	11·6	11·2	10·8	10·5	10·1	46	20·9	19·3	17·9	16·6	15·5
17	12·2	11·7	11·3	10·9	10·5	47	21·0	19·4	18·0	16·7	15·6
18	12·7	12·2	11·7	11·2	10·8	48	21·2	19·5	18·1	16·8	15·7
19	13·1	12·6	12·1	11·6	11·2	49	21·3	19·6	18·2	16·9	15·7
20	13·6	13·0	12·5	12·0	11·5	50	21·5	19·8	18·3	16·9	15·8
21	14·0	13·4	12·8	12·3	11·8	51	21·6	19·9	18·4	17·0	15·8
22	14·5	13·8	13·2	12·6	12·0	52	21·7	20·0	18·4	17·1	15·9
23	14·9	14·2	13·5	12·9	12·3	53	21·9	20·1	18·5	17·1	15·9
24	15·3	14·5	13·8	13·2	12·6	54	22·0	20·1	18·6	17·2	16·0
25	15·6	14·8	14·1	13·4	12·8	55	22·1	20·2	18·6	17·2	16·0
26	16·0	15·2	14·4	13·7	13·0	56	22·2	20·3	18·7	17·3	16·0
27	16·3	15·5	14·6	13·9	13·2	57	22·3	20·4	18·8	17·3	16·1
28	16·7	15·7	14·9	14·1	13·4	58	22·4	20·5	18·8	17·4	16·1
29	17·0	16·0	15·1	14·3	13·6	59	22·5	20·6	18·9	17·4	16·1
30	17·3	16·3	15·4	14·5	13 7	60	22·6	20·6	19·0	17·4	16·2

4.—*Freeholds and long leaseholds.*

(*a*) That the rent which a yearly tenant might fairly be expected to pay shall be taken as the gross value in every instance where the property might fairly be so let.

(*b*) That where this test cannot be applied, either the ground rent (if recently fixed) or the estimated value of the land for the purpose for which it is used, calculated at 3, 3½, or 4 per cent. on the capital value thereof, together with 5, 5½, 6 or 7 per cent. on the present value

of the buildings, shall be taken as indicating the gross value. As a rule, 5 per cent. should be applied to the most costly buildings and 7 per cent. to those of least value.

5.—*Rows of similar houses.*

That in the case of any two or more houses in the same street or road, containing the same number of rooms, and alike in every particular as to accommodation, but let at various rents, the average rent shall, unless there are exceptional circumstances, be taken as the basis of assessment.

6.—*Premises licensed for the sale of intoxicating liquors.*

(*a*) In the case of freehold public-houses, beerhouses and other licensed premises, 4 per cent. on the present value of the land, together with 6 per cent. on the present value of the building, shall be taken as the rent, and that, together with 5 per cent. on half the premium which would be given for the premises and business subject to such rent, shall be taken as indicating the gross value.

(*b*) In the case of public-houses, beerhouses and other licensed premises, held on building lease, the ground rent, together with 5, 5½, 6 or 7 per cent. on the present value of the building, shall be taken as the rent, and that, together with 5 per cent. calculated on the basis of 'Table C,' on half the premium which would be given for the premises and business, shall be taken as indicating the gross value.

(*c*) Where public-houses, beerhouses and other licensed premises are held on an ordinary repairing lease, the rent reserved, together with a proportion of any structural outlay incurred by the lessee, and a proportion of half the premium, both proportions calculated in accordance with 'Table C,' with 10 per cent. added, shall be taken as indicating the gross value.

(*d*) In the case of a licensed house alleged to be subject to a tie the rent reserved to the brewer may be disregarded, and the annual value should be calculated at not less than the annual rent which would be given for it as a free house in arriving at the gross value; and grocers' off-licences should be dealt with on the same principles so far as the premium or selling value can be ascertained. That, as an alternative, licensed premises, with the exception of those licensed since 1st January, 1905, should be assessed on the basis of the trade done.

(*e*) Where a licence has been granted since the commencement of a holding, and no premium paid therefor, the increase in value shall be estimated, and in cases where houses are let by brewers or other firms to annual tenants, and no premium or other consideration is paid, the fact of a licence being attached to the premises shall be taken into consideration, and the annual value shall be calculated at not less than

the annual rent which would be given for it as a free house in arriving at the gross value.

(*f*) That, with a view to obtaining the requisite information for the purpose of the assessment of licensed premises, Assessment Committees should be asked to make use of their powers under section 57 of the Valuation (Metropolis) Act, 1869.

TABLE C.—To convert half the premium into its annual equivalent.

Length of lease in years.	Divisor.	Length of lease in years.	Divisor.	Length of lease in years.	Divisor.	Length of lease in years.	Divisor.
1	·95	16	10·8	31	15·6	46	17·9
2	1·9	17	11·3	32	15·8	47	18·0
3	2·7	18	11·7	33	16·0	48	18·1
4	3·5	19	12·1	34	16·2	49	18·2
5	4·3	20	12·5	35	16·4	50	18·3
6	5·1	21	12·8	36	16·6	51	18·4
7	5·8	22	13·2	37	16·7	52	18·4
8	6·5	23	13·5	38	16·9	53	18·5
9	7·1	24	13·8	39	17·0	54	18·6
10	7·7	25	14·1	40	17.2	55	18·6
11	8·3	26	14·4	41	17·3	56	18.7
12	8·9	27	14·6	42	17·4	57	18·8
13	9·4	28	14·9	43	17·5	58	18·8
14	9·9	29	15·1	44	17·7	50	18·9
15	10·4	30	15·4	45	17·8	60	19·0

7.—To obtain the rateable value from the gross annual value.

That the rateable value shall be obtained by a deduction from the gross annual value, as provided by section 52 of the Act. The deductions shown in 'Table D' hereto annexed are the maxima allowed by the Act (excluding fractions of a pound) in respect of classes 1 to 5 in the Third Schedule to the Valuation (Metropolis) Act, 1869.

TABLE D.—Showing the *maximum* deduction to be made from the gross annual value to obtain the rateable value (classes 1 to 5).

Class 1 includes houses and buildings under £20. Maximum rate of deduction, 25 per cent., or one-fourth.

Classes 2 and 4 include houses and buildings of £20 and under £40. Maximum rate of deduction, 20 per cent., or one-fifth.

Classes 3 and 5 include houses and buildings of £40 and above. Maximum rate of deduction, 16⅔ per cent., or one-sixth.

Gross value.	Rate of Deduction per cent.	Rateable value.	Gross value.	Rate of Deduction per cent.	Rateable value.	Gross value.	Rate of Deduction per cent.	Rateable value.	Gross value.	Rate of Deduction per cent.	Rateable value.
£		£	£		£	£		£	£		£
4	25	3	36	$19\frac{4}{9}$	29	68	$16\frac{3}{17}$	57	100	16	84
5	20	4	37	$18\frac{34}{37}$	30	69	$15\frac{65}{69}$	58	105	$16\frac{4}{21}$	88
6	$16\frac{2}{3}$	5	38	$18\frac{8}{19}$	31	70	$15\frac{5}{7}$	59	110	$16\frac{4}{11}$	92
7	$14\frac{2}{7}$	6	39	$17\frac{37}{39}$	32	71	$15\frac{35}{71}$	60	115	$16\frac{12}{23}$	96
8	25	6	40	15	34	72	$16\frac{2}{3}$	60	120	$16\frac{2}{3}$	100
9	$22\frac{2}{9}$	7	41	$14\frac{26}{41}$	35	73	$16\frac{32}{73}$	61	125	16	105
10	20	8	42	$16\frac{2}{3}$	35	74	$16\frac{8}{37}$	62	130	$16\frac{2}{13}$	109
11	$18\frac{2}{11}$	9	43	$16\frac{12}{43}$	36	75	16	63	135	$16\frac{8}{27}$	113
12	25	9	44	$15\frac{10}{11}$	37	76	$15\frac{15}{19}$	64	140	$16\frac{3}{7}$	117
13	$23\frac{1}{13}$	10	45	$15\frac{5}{9}$	38	77	$15\frac{45}{77}$	65	145	$16\frac{16}{29}$	121
14	$21\frac{3}{7}$	11	46	$15\frac{5}{23}$	39	78	$16\frac{2}{3}$	65	150	$16\frac{2}{3}$	125
15	20	12	47	$16\frac{42}{47}$	40	79	$16\frac{36}{79}$	66	155	$16\frac{4}{31}$	130
16	25	12	48	$16\frac{2}{3}$	40	80	$16\frac{1}{4}$	67	160	$16\frac{1}{4}$	134
17	$23\frac{9}{17}$	13	49	$16\frac{16}{49}$	41	81	$16\frac{4}{81}$	68	165	$16\frac{4}{11}$	138
18	$22\frac{2}{9}$	14	50	16	42	82	$15\frac{55}{41}$	69	170	$16\frac{8}{17}$	142
19	$21\frac{1}{19}$	15	51	$15\frac{35}{51}$	43	83	$15\frac{55}{83}$	70	175	$16\frac{4}{7}$	146
20	20	16	52	$15\frac{5}{13}$	44	84	$16\frac{2}{3}$	70	180	$16\frac{2}{3}$	150
21	$19\frac{1}{21}$	17	53	$15\frac{5}{53}$	45	85	$16\frac{8}{17}$	71	185	$16\frac{8}{37}$	155
22	$18\frac{2}{11}$	18	54	$16\frac{2}{3}$	45	86	$16\frac{12}{43}$	72	190	$16\frac{6}{19}$	159
23	$17\frac{9}{23}$	19	55	$16\frac{4}{11}$	46	87	$16\frac{8}{87}$	73	195	$16\frac{16}{39}$	163
24	$16\frac{2}{3}$	20	56	$16\frac{1}{14}$	47	88	$15\frac{10}{11}$	74	200	$16\frac{1}{2}$	167
25	20	20	57	$15\frac{15}{19}$	48	89	$15\frac{65}{89}$	75	205	$16\frac{24}{41}$	171
26	$19\frac{3}{13}$	21	58	$15\frac{15}{29}$	49	90	$16\frac{2}{3}$	75	210	$16\frac{2}{3}$	175
27	$18\frac{14}{27}$	22	59	$15\frac{15}{59}$	50	91	$16\frac{44}{91}$	76	215	$16\frac{12}{43}$	180
28	$17\frac{6}{7}$	23	60	$16\frac{2}{3}$	50	92	$16\frac{7}{23}$	77	220	$16\frac{4}{11}$	184
29	$17\frac{7}{29}$	24	61	$16\frac{24}{61}$	51	93	$16\frac{4}{31}$	78	225	$16\frac{4}{9}$	188
30	20	24	62	$16\frac{4}{31}$	52	94	$15\frac{45}{47}$	79	230	$16\frac{12}{23}$	192
31	$19\frac{11}{31}$	25	63	$15\frac{55}{63}$	53	95	$15\frac{15}{19}$	80	235	$16\frac{28}{47}$	196
32	$18\frac{3}{4}$	26	64	$15\frac{5}{8}$	54	96	$16\frac{2}{3}$	80	240	$16\frac{2}{3}$	200
33	$18\frac{2}{11}$	27	65	$15\frac{5}{13}$	55	97	$16\frac{48}{97}$	81	245	$16\frac{16}{49}$	205
34	$17\frac{11}{17}$	28	66	$16\frac{2}{3}$	55	98	$16\frac{16}{49}$	82	250	$16\frac{2}{5}$	209
35	20	28	67	$16\frac{28}{67}$	56	99	$16\frac{16}{99}$	83	—	—	—

These maxima have been adopted so far as is consistent with leaving the rateable values unfettered by fractional parts of a pound.

8.—*Regulations as to special properties.*

That public buildings (including workhouses, town halls, public libraries, schools, baths, washhouses, public conveniences and hospitals) should be assessed at a gross value, calculated at 3, 3½ or 4 per cent. on the present value of the land and 5 per cent. on the value of the buildings erected thereon.

9.—*Assessment of advertisement hoardings.*

(*a*) That the assessment of an advertisement hoarding should be independent of the hereditament to which the advertisements are affixed.

(*b*) That where there is a prospect of repairs, the deduction to be made from the gross to arrive at the rateable value be 5 per cent.

(*c*) That temporary hoardings, wherever rateable, shall be rated according to rental, and that in the case of such temporary hoardings no deduction be allowed as between gross and rateable.

10.—*Rating of machinery.*

(*a*) That in the case of premises where the assessable value is enhanced by the presence of plant and machinery essentially necessary to the business carried on, and which it is intended should remain attached to the premises so long as they are used for the purposes of the business, such enhanced value, unless already covered by the rent paid by the occupier, shall be taken into account.

(*b*) That, having due regard to necessary modifications in special cases, not exceeding 7½ per cent. of the capital value of rateable machinery shall be taken as the maximum percentage for gross value.

(*c*) That the maximum deduction of one-third should not be allowed as a matter of course, but the amount should vary between one-third and one-sixth according to the proportion of machinery included in the assessment.

11.—*Cemeteries.*

That the assessment of all cemeteries be made on the basis of profits, and it is desirable that the private or local Acts exempting or partially exempting cemeteries from assessment be so amended as to enable such cemeteries to be rated on the above basis.

12.—*Date of valuation lists.*

That all quinquennial and supplemental lists should be made up to include all properties ready for occupation up to 5th April inclusive.

13.—*Form of valuation list.*

That the form of valuation list approved at the Assessment Conference in 1904 be adopted. (See Appendix A.)

14.—*Provisional and supplemental lists.*

(*a*) That it is expedient that, as a general rule, every hereditament (except those from time to time taken out of assessment) to be inserted in a supplemental list, shall previously appear in a provisional list.

(*b*) That it is undesirable to carry forward the totals from any quinquennial list or any previous supplemental list into a subsequent supplemental list.

(*c*) That all hereditaments structurally complete and ready for occupation, although not occupied, should be included in the list, and that, to encourage a uniform practice in this respect, the Conference is of opinion that allowance should be made by the authorities issuing precepts, in the subsequent precepts, for the value of the unoccupied property of the previous year, and that the law should be amended accordingly.

(*d*) That it is desirable that there should be a uniform practice in regard to the reassessment of properties under section 47 of the Valuation (Metropolis) Act, 1869.

15.—*Preparation of quinquennial list.*

That, pending legislation, it is desirable that the London County Council should exercise such powers as it may possess under the Valuation (Metropolis) Act, 1869, with a view to securing a fair valuation to common charges of every parish included within the Administrative County of London.

16. *Flats.*

(*a*) That in assessing offices, chambers and residential suites and flats let at inclusive rentals, the standard rate of allowance to be deducted from the rent paid to obtain the gross value shall be as follows, according to the class or character of the letting—

(i.) Chambers and offices, $27\frac{1}{2}$ per cent.

(ii.) Residential suites and flats, $33\frac{1}{3}$ per cent.

Provided that where these percentages are alleged to be insufficient, the landlord's actual outgoings (other than in respect of repairs, maintenance and insurance) shall be deducted in order to obtain the gross value.

(*b*) That flat property should be placed in class 11 of the Third Schedule to the Valuation (Metropolis) Act, 1869, and that the maximum rate of deduction provided by classes 1, 2, 3, 4 and 5 should, as far as practicable, be adopted in arriving at the rateable value thereof.

(*c*) That the Treasury be asked to amend and amplify the Form of Return (No. 9c) required to be furnished by owners and lessees for the purpose of assessment, and particularly to require them to make the return whether the premises are occupied or not.

(*d*) That in the meantime, with a view to obtaining the requisite information for the purpose, Assessment Committees should be asked to make use of their powers under section 57 of the Valuation (Metropolis) Act, 1869.

17.—*Theatres and music halls.*

That, in the absence of direct or other satisfactory evidence of rental value, theatres and music halls should be assessed on the basis of net earnings.

18.—*Mains, pipes, etc.*

That any extension of live mains of a supply undertaking between two quinquennial revaluations be assessed, as a temporary expedient, on the basis of the existing mileage of live mains.

19.—*Proceedings of Conference.*

That this Conference trusts that the decisions arrived at will be loyally enforced by the several assessment authorities of the Metropolis, as, without the assistance of such authorities, uniformity of rating under the present law will not be obtained.

20.—*Government property.*

(*a*) That in the opinion of this Conference, Government property should be made rateable and valued for that purpose on the same basis and in the same manner as other property.

(*b*) That copies of the foregoing resolution be sent to the Prime Minister, the Chancellor of the Exchequer, the President of the Local Government Board, and the Leader of the Opposition; and that copies be sent to all provincial corporations with a view to their taking similar action.

II.—Matters relating to Amendment of the Valuation Law. (*a*)

1.—*Form of occupier's return.*

That the overseers be empowered to require, in connection with the preparation of provisional and supplemental valuation lists, that owners and occupiers shall furnish a return of particulars with reference to rents, etc., such as they are required to make in the quinquennial year.

2.—*Omissions from and errors in valuation list.*

That, in any amendment of the law, provision should be made that if it shall appear there is any omission from or error in the new or supplemental list, whether such omission or error be discovered in the course of the year or at any other time, such omission or error may be rectified by means of a provisional list.

3.—*Markets.*

That this Conference is of opinion that in any amendment of the valuation law provision should be made for the assessment of markets on a basis by which all tolls taken in respect of a market should be considered as revenue having a bearing on the rent which a tenant might reasonably be expected to pay for such market, and such revenue shall be taken into account in arriving at the rateable value.

(*a*) See also Resolutions 11 and 14 (c) relating to assessment procedure and practice.

4.—*Rateable value, a whole pound.*

That in any amendment of the law provision should be made for the rateable value of all hereditaments to be calculated in whole pounds.

5.—*Valuation lists.*

That a simpler and more expeditious means of obtaining the correction of the totals of a valuation or supplemental list, consequent upon the alteration of the value of a hereditament made on appeal to special or quarter sessions, should be available, in lieu of a special appeal to quarter sessions for the purpose; and that power to make such corrections be given to the Assessment Committee, by whom notice of alterations in totals would be given to the clerk of the London County Council, pursuant to section 41 of the Valuation (Metropolis) Act, 1869.

That the existing law should be so amended as to provide that the Overseers or the Assessment Committee may review and revise the assessment of any hereditament at any time where the circumstances in their opinion justify them in doing so; and where in the course of any year the value of any hereditament is from any cause increased or reduced, the Overseers, or in their default, the Assessment Committee, shall revise the assessment thereof.

6.—*Assessment authorities.*

That the appointment of assessment committees by certain of the Metropolitan Boards of Guardians is an anomaly which should be removed at the earliest possible date, and that each Metropolitan Borough Council should appoint the assessment committee for the whole of the borough.

That this Conference views with disfavour any change in the law which would remove from the borough councils the work of assessment for the purpose of rating and the collection of rates in the Metropolis, or which would deprive the work of the benefit of that local knowledge and experience of facts and circumstances gratuitously rendered under the present system.

I hereby certify that the above resolutions were passed by the Conference of London Rating Authorities on 19th and 26th February, 1909. The members of the London County Council, the Metropolitan Asylums Board and the Metropolitan Water Board who took part in the Conference, did not vote

G. L. Gomme,
Clerk of the London County Council.

APPENDIX A.

(*See Resolution* No. 13.)

FORM OF VALUATION LIST.

FORM OF VALUATION LIST REFERRED TO IN CONFERENCE,

[SUPPLEMENTAL] VALUATION LIST for the Parish of [in

Note for form of Supplemental List.—The totals of the hereditaments affected forward the totals of previous lists, it should be done by means of a

Number.	Name of Occupier.	Name of Owner.	Description of Property.	No. of Class.	Name or Situation of Property.	Extent.	Gross Value in former Valuation List.	Rateable Value of Buildings and other Hereditaments not being Agricultural Land in former Valuation List.	Rateable Value of Agricultural Land in former Valuation List.	Gross Value as estimated by Overseers.	Gross Value as estimated by Surveyor of Taxes.
1	2	3	4	5	6	7	7A	7B	7C	8	9
							£	£	£	£	£
							NOTE.—Columns 7A, 7B, 7C are for use in Supplemental Lists only.				
							1,260	1,000	20		

MEMORANDUM.

	Gross.	Rateable.	Assessable.
	£	£	£
Previous totals brought forward ..	650,000	520,800	520,400
Totals of Supplemental List	1,140	910	915
	651,140	521,710	521,315

RESOLUTION No. 13 OF THE ASSESSMENT AND VALUATION 1909.

the Union of] in the Administrative County of London.

by this List only are to be inserted. If, for convenience, it is desired to carry a separate memorandum quite apart from the totals of this list.

Rate of deduction.	Rateable Value of Buildings and other Hereditaments not being Agricultural Land as estimated by Overseers.	Rateable Value of Agricultural Land as estimated by Overseers.	Gross Value as finally determined by Assessment Committee.	Rate of deduction per cent.	Rateable Value of Buildings and other Hereditaments not being Agricultural Land as finally determined by Assessment Committee.	Rateable Value of Agricultural Land as finally determined by Assessment Committee.	Remarks, subsequent alterations with number and date of list.
10	11	12	13	14	15	16	17
£	£	£	£	£	£	£	
			650,000		520,000	800	Totals for Quinquennial Valuation List.
			Total Rateable Value ..		520,800		
			Total Assessable Value		520,400		
			2,400		1,920	10	
Deduct values in former list			1,260		1,000	20	
			1,140		920	(—) 10	Totals for Supplemental Valuation List.
			Total Rateable Value ..		910		
			Total Assessable Value		915		

APPENDIX B.

REPORTS BY THE STATISTICAL OFFICER OF THE LONDON COUNTY COUNCIL UPON QUESTIONS FOR CONSIDERATION BY THE CONFERENCE OF ASSESSMENT AUTHORITIES. THESE REPORTS DO NOT NECESSARILY REPRESENT THE VIEWS OF THE LONDON COUNTY COUNCIL OR OF THE LOCAL GOVERNMENT COMMITTEE.

NOTE.—*An asterisk (*) prefixed to the title of a report indicates that it contains suggestions involving an amendment of the law.*

REPORTS BY THE STATISTICAL OFFICER OF THE LONDON COUNTY COUNCIL.

1. Form of Valuation List.

The resolution of the Assessment Conference of 1904 on this question was as follows—

> "13. That the form of valuation list proposed by the County Council be approved, subject to the exclusion of the columns headed 'Nature of Holding,' 'Amount of Rent,' and 'Repairs done by Owner or Tenant.'"

The columns above referred to form part of the occupiers' returns and a London surveyor of taxes suggested to the Council that they might with advantage be embodied in the form of valuation list. The Conference decided not to incorporate these columns in consequence of the already voluminous character of the lists and the very considerable additional clerical work that would be involved by adopting the proposal. As a matter of fact, one borough council has included the columns and occasionally made use thereof.

The form approved by the last Conference is appended hereto and is applicable to both quinquennial and supplemental lists, columns 7A, 7B and 7C, being added for the latter; suggested improvements are printed in **clarendon** type.

Departures from the form.

In actual practice this form, so far as essentials are concerned, has been adopted generally, the departures therefrom, as shown by the supplemental lists made in the year 1908, being as follows—

Column 3.—Name of Owner.—In several instances the address of the owner is added.

Column 5—No. of Class—No column appears in the list of one borough, while in ten other boroughs the column is not used.

Column 7—Extent.—This column does not appear in the lists of eight boroughs, while it is quite the exception for the column to be used.

Columns 7A, 7B and 7C—Gross and rateable value in former lists.—Omitted in one case.

Columns 7B and 7C—Rateable value of buildings and of agricultural land in former list.—These columns are combined in five borough lists.

Column 9—Gross value (Surveyor of Taxes).—Omitted from one list.

Column 10.—Rate of deduction per cent. (Overseers).—No column appears in one list, while in nine other boroughs the column is not used.

Columns 11 and 12, 15 and 16—Rateable value of buildings and of agricultural land (Overseers and Assessment Committee).—These columns are combined in the list of one borough.

Column 14—Rate of deduction per cent. (Assessment Committee).—This column was adopted for the first time by the Conference of 1904, but it has been included in the lists of three boroughs only, and of these, only one has made use of it.

Columns to show increases and decreases of assessments, gross and rateable, are added in the cases of thirteen boroughs, although they are not made use of in several instances.

Suggestions.

The addition of the address of the owner seems a useful innovation, and column 3 might be headed "Name **and address** of owner.

The insertion of figures in column 5 is helpful, inasmuch as it shows at a glance whether the proper deduction has been made from the rateable value, and it is noticeable that in most cases the borough councils that do not use this column are those that omit entries from column 10 —Rate of deduction per cent.

Departures from the form as regards columns 7A, 7B, 7C, 11, 12, 15 and 16 principally affect totals and are dealt with in the report on that subject.

Apparently the only purpose of the "increase" and "decrease" columns is to serve as an additional check upon totals, as the increase or decrease in value of any particular hereditament is readily obtainable from the other columns. On the other hand, there are at least four reasons for omitting them, viz.—

Simplification of form;
Economy of space;
Considerable saving of time and labour in clerical work; and
Removal of liability to error by inserting the difference in the wrong column.

The form printed on pp. 22 and 23 would be suitable for adoption, and the method of showing totals suggested in the report on "Totals of Valuation Lists" has been set out thereon.

SUGGESTED FORM OF

[Supplemental] Valuation List for the Parish of [in Administrative County of London.

Note for Quinquennial and Supplemental Lists.—**The basis upon which H.M. list and not set out as a separate total.**

Note for Supplemental List.—The totals of the hereditaments affected by this totals of previous lists, it should be done by means of a separate memo-

Number.	Name of Occupier.	Name and Address of Owner.	Description of Property.	No. of Class.	Name or Situation of Property.	Extent.	*Gross Value in former Valuation List.*	*Rateable Value of Buildings and other Hereditaments not being Agricultural Land in former Valuation List.*	*Rateable Value of Agricultural Land in former Valuation List.*	Gross Value as estimated by Overseers.	Gross Value as estimated by Surveyor of Taxes.
1	2	3	4	5	6	7	7A	7B	7C	8	9
							£	£	£	£	£
							NOTE.—Columns 7A, 7B, 7C are for use in Supplemental Lists only.				
							1,260	1,000	20		

MEMORANDUM.

	Gross.	Rateable.	Assessable.
	£	£	£
Previous totals brought forward ..	650,000	520,800	520,400
Totals of Supplemental List	1,140	910	915
	651,140	521,710	521,315

VALUATION LIST.

the **Metropolitan Borough or** Union of] in the

Government makes a contribution in lieu of rates should be included in the

list only should be inserted. If, for convenience, it is desired to carry forward the randum quite apart from the totals of this list.

Rate of deduction.	Rateable Value of Buildings and other Hereditaments not being Agricultural Land as estimated by Overseers.	Rateable Value of Agricultural Land as estimated by Overseers.	Gross Value as finally determined by Assessment Committee.	Rate of deduction per cent.	Rateable Value of Buildings and other Hereditaments not being Agricultural Land as finally determined by Assessment Committee.	Rateable Value of Agricultural Land as finally determined by Assessment Committee.	Remarks, subsequent alterations, with number and date of list.
10	11	12	13	14	15	16	17
£	£	£	£	£	£	£	
			650,000		520,000	800	Totals for Quinquennial Valuation List (including Government property).
			Total Rateable Value .. 520,800				
			Total Assessable Value 520,400				
			2,400		1,920	10	
Deduct values in former list			1,260		1,000	20	
			1,140		920	(—) 10	Totals for Supplemental Valuation List (including Government property).
			Total Rateable Value.. 910				
			Total Assessable Value 915				

2. Common Form for Notices of New and Altered Assessments.

The Assessment Conferences of 1899 and 1904 passed no resolutions in connection with this question.

At present there is want of uniformity in the form of notice served on the occupier by clerks of the various assessment committees, in compliance with section 47 of the Valuation (Metropolis) Act, 1869, in cases where an existing assessment is altered. In only three cases does the form show both the old and the new assessment; in all other cases the new assessment only is given.

Confusion is frequently created where only the latter figures are shown, especially in the City of London and the West-End parishes, where many buildings are assessed in several portions. It is desirable that a common form for notices should be adopted, in which should be inserted both the old and the new figures. This form could, of course, be used in cases where a property is brought into assessment for the first time, as well as in cases where an increase or decrease in assessment is made.

A notice of this character seems to be required by section 47 (3) of the Valuation (Metropolis) Act, 1869, which is as follows:—"On the receipt of the list the clerk of the assessment committee shall serve on the surveyor of taxes for the district a copy of the list, and shall serve on the occupier of any hereditament to which the list relates a copy of so much thereof as relates to that hereditament." But in any case, no amendment of the Act would be necessary to secure the adoption of a form of notice such as that suggested, and it would no doubt be adopted by all authorities if the Conference passed a resolution on the subject.

The following form of schedule to be attached to the notices given under section 47 (3) is suitable for adoption—

FORM OF SCHEDULE TO NOTICES OF NEW AND ALTERED ASSESSMENTS INSERTED IN PROVISIONAL LISTS.

_____ Borough or Union. Parish of _____

Name of Occupier.	Name of Owner.	Description of Property.	Name or situation of Property.	Present Gross Value.	Present Rateable Value.	Proposed Gross Value.	Proposed Rateable Value.
1	2	3	4	5	6	7	8

It would be useful to insert the address of the Surveyor of Taxes in the notice.

3. Form of Occupier's Return.

The occupier's return is designed with the purpose of eliciting the information necessary to arrive at a valuation of property for rating purposes. The forms are "such as are prescribed by the Income Tax Acts or as the Commissioners of His Majesty's Treasury may from time to time prescribe." (Valuation (Metropolis) Act, 1869, s. 56.)

Copies are supplied by the Inland Revenue to the overseers, who are required to "serve a notice form on every person who is liable to be charged with any rate or tax in respect of which the valuation list is made conclusive" (ss. 55 and 56).

A copy of the form in use for the preparation of the quinquennial Valuation, 1905, is appended, together with suggestions for its amendment. Suggested alterations are printed in **Clarendon** type, suggested omissions are enclosed in square brackets.

The form hitherto used does not provide for any information to be given as to the existence of machinery upon the premises. A question on this point is suggested as section 9A.

Section 13 asks the question whether the *owner* undertakes to bear the cost of repairs, insurance, and other expenses necessary to maintain the property. It would probably be more satisfactory to ask whether the *occupier* undertakes this obligation, since agreements or leases are often silent as regards the owner's liability to repair, whereas, if the occupier is liable, this is always expressed in the lease.

The standard form of occupier's return does not meet the case of all rateable hereditaments. Suggested forms of return applicable to flats and licensed premises are given in connection with the reports on those subjects. (See Nos. 19 and 20.) But the standard form is still less applicable to public service undertakings, such as railways, tramways, and gas, electricity and water undertakings: for these a special form would be needed in each case.

In many cases (such as artizans' dwellings, flats, chambers, etc.) complete information cannot be obtained from the occupiers and it is necessary to obtain returns from the owners. At the quinquennial valuation of 1905, for the first time, the Treasury prescribed a form of return to be filled in by owners and lessees paying rates and taxes in the place of the occupiers; and the information obtained thereby was of very considerable value.

The following are the headings to the form of return prescribed in 1905:—

1. Name of the Street, Square, Road or Place.
2. Christian and Surnames (in full) of the Occupiers.
3. Whether occupied as Private House only.
   If house is let out in separate Flats or Rooms, give particulars of each letting—whether ground, first, second floor, or otherwise, against name of occupier.
4. Whether let under Lease, Agreement, or by Annual, Quarterly or Weekly Tenancy.
5. Date and term of years of Lease or Agreement, and whether granted for any consideration in money paid or to be paid by the Tenant in addition to the Rent or upon any condition as to the Tenant laying out money in Building, Rebuilding, Improvements or Repairs
6. Amount of Rent.
7. State whether by Week, Month or Year.
8. Whether all the usual Tenants' Rates and Taxes are paid by the Owner, or by the Tenant.
9. Amount of Tenants' Rates and Taxes paid by the Owner in the preceding year.

It might be improved by the addition of the question, "Is owner liable for (*a*) internal or (*b*) external repairs."

In conclusion, the authorities should insist that the form is properly filled in, as, in not a few cases, occupiers at the last quinquennial revaluation filled the form in with "same as the form filled in previously," or words to that effect, which forms were accepted as sufficient.

No. .....

Schedule of particulars to be rendered under the Act of 32 and 33 Vict., c. 67, by every occupier of rateable property in the Metropolis.

[Note.—Suggested additions are printed in **Clarendon** type; suggested omissions are enclosed in square brackets].

1. Name of the Parish in which the Property is situate, Street, or Road, etc....
   Number of House **or Premises** ... ...
   If not numbered, name by which known ... ...
   Whether occupied, with or without Stables, or other Premises, as part of the same Property ... ...
   The quantity of Land (if any) and how used ... ...

2. Full Christian and Surname of Occupier ... ...

3. Name and Address of Owner or Immediate Lessor ... ...
   If not known, Name and Address of Person to whom the rent is paid.

4. Whether the Property is occupied as a Private residence, or partly as a Dwelling-house and partly as a Shop, Counting-house, Warehouse, or Manufactory, etc. ... ...
   Or, as an Hotel, Inn, Beer-house, Coffee-house, or House for the Sale of Refreshments ... ...
   Or Solely for Trade or Business purposes, with no person, other than a Menial or Domestic Servant, or a person of similar grade employed as Caretaker, residing on the Premises for the Protection thereof ... ...
   Number of Rooms set apart for the use of the Caretaker (if any) and on which floor ... ...

5. If the occupation is in respect only of part of a House, or Premises, state the extent, and on which floor, or floors ... ...
   To what use is the remainder put? ... ...

6. Whether the Property is held under Lease or Agreement for a period of years ... ...
   Or by the Year, Quarter, Month, or Week ... ...

7. Date and term of years of Lease or Agreement.
   Whether granted for any consideration in money in addition to the Rent.
   If so, amount of such consideration ... ... £
   Or upon any condition as to **surrender of an existing lease, or as to** laying out money in building, rebuilding, improvements or repairs.
   If so, amount of money to be so laid out ... £
   Or upon any other condition ... ...

8. Amount of Rent ... ... £ per
   Whether there is any variation in the amount of rent throughout the term of the lease ... ...
   If so, what variation ... ...
   Or if Ground Rent only is paid, state its amount £ per
   and date when Ground Rent was created ... ...

9. If the Occupier is the Owner, or has purchased the Lease [the Annual Value must be stated; *i.e.*, the Sum for which the Property is worth to be let by the year, the Owner keeping it in repair]
   State the cost of the land ... ...
   and cost of the building ... ...
   Date of purchase ... ...
   Whether any additions or improvements have been made since the date of acquisition, and if so, state the cost thereof ... ...

9a. If the property contains machinery, state the nature of such machinery and its value, or in place of value, the cost and date of purchase of such machinery ... ...

10. Amount of Land Tax (if any) ... Land Tax £
Amount of Tithe Rent Charge or of any Rate or Assessment in lieu of Tithes paid in the year [1904] **1909** } Tithe Rent Charge or payment in lieu of Tithes £
Amount of Sewers Rate ... ... Sewers Rate £

11. Whether all or any of the above-named charges on the Property are borne by the Owner or by the Occupier ... ...

12. Whether all *usual* Tenants' Rates and Taxes are paid and borne by the Occupier ... ...

13. Whether the [Owner] **Occupier** undertakes to bear the cost of repairs, Insurance [and] **or** other expenses necessary to maintain the Property, **and**
The average annual cost of such repairs, etc. ... £

DECLARATION.

I hereby declare that the foregoing particulars are in every respect justly and truly stated according to the best of my knowledge and belief.

Dated this.....day of.....[1905] **1910.**

.....*Occupier.*

.....*Profession or Trade.*

.....*Address.*

4. The Valuation List as a complete record of all properties.

The resolutions of the Assessment Conference of 1904 on this question were as follows :—

> "12. That all quinquennial and supplemental lists should be made up to include all properties ready for occupation up to 5th April inclusive."
>
> "14 (*a*). That it is expedient that every hereditament (except those from time to time taken out of assessment) to be inserted in a supplemental list shall previously appear in a provisional list."
>
> "14 (*c*). That all hereditaments structurally complete and ready for occupation, although not occupied, should be included in the list, . . ."

With regard to resolution 14 (*a*) there does not appear to be any sufficient reason for the exception provided by the words in brackets.

The Conference passed no resolution on the question of the inclusion of *every* property in the list. It would probably serve more than one useful purpose if the valuation list could be made a complete record at all times of all real property in the parish. It would keep before the eyes of the assessment authorities the extent of the exemptions in their district ; it would minimise the risks of omitting new properties from assessment by accident ; and would facilitate the work of revision. At the same time it need not add to the total rateable value on which precepts are levied, as no figures would be entered in the list in respect

of properties not properly assessable. It would involve the inclusion of the following, in addition to new property structurally complete and ready for occupation—

(1) Vacant sites.
(2) Property long out of occupation.
(3) Property upon which deficiency of poor rate is paid.
(4) Underground conveniences where no profit is made.
(5) The particulars of each property in the occupation of H.M. Government.
(6) Property exempt from rating.

The practice at present with regard to these properties varies considerably; some assessment authorities insert vacant sites at nominal values, others omit them altogether. There is, however, an alternative for the latter, viz., to insert vacant sites in the list at a value of *nil*.

It is also the practice of some assessment authorities to include exempted property in the list, and to mark it "exempt" in the "Remarks" column; but most omit this class of property altogether.

Certain assessment authorities do not set out the particulars of each Government property, but state separately (as to which see report on "Totals of Valuation Lists") the total value upon which H.M. Government makes a contribution.

The following resolution would cover the point—

> That the valuation list should contain a complete record of every property in the parish whether rateable or not.

*5. Totals of Valuation Lists.

The only resolution of the Assessment Conference of 1904 dealing with this question was as follows—

> "14(*b*). That it is undesirable to carry forward the totals from any quinquennial list or any previous supplemental list into a subsequent supplemental list."

It will be observed that the resolution deals only with the totals of supplemental valuation lists, but it is necessary also to consider what totals should be shown in the quinquennial valuation lists.

1.—*Quinquennial valuation lists.*

It is desirable that the totals should be dealt with in a uniform manner and that all the totals of the valuation list should be set out; these are

(i.) Gross value;
(ii.) Rateable value of buildings, etc.;
(iii.) Rateable value of agricultural land;
(iv.) Rateable value (*i.e.*, the total of the two preceding items);
(v.) Assessable value (the total rateable value reduced by half the amount of the total rateable value of agricultural land).

The practice at present varies; some assessment committees insert the whole of the foregoing totals, others insert the first four, while some insert the first three only. In the form adopted by the last Con-

ference no column was provided for (iv.) the total rateable value of buildings and agricultural land, as in the great majority of cases the figures would simply be a repetition of those in the buildings column; and it was felt that this column was not needed so far as the individual entries were concerned. The total rateable value could, however, be shown, without this column, by first arriving at the totals of the buildings and agricultural land columns, and then, by means of a bracket, showing the joint total underneath. This method has been adopted in many cases, and might with advantage become general.

There appears to be no obligation upon assessment committees to insert the total assessable value; but it would be of assistance in extracting the totals if this were done by means of a memorandum.

In the "form of valuation list" accompanying the report on that subject, effect is given to these suggestions.

2.—*Supplemental valuation lists.*

The resolution of the Conference as to the method of showing the totals of the supplemental valuation lists has been acted upon very generally.

The total gross and rateable values of the lists are separately shown in every case, but in several instances the total rateable values of buildings and agricultural land are not separately set out. This is a very considerable improvement on the practice of previous years when the old stationers' form was frequently used and the actual totals of each supplemental list not shown; in these cases the totals of previous lists were added to the totals of the "increase" columns in the list and the totals of the "decrease" columns deducted from the resulting figures. This method did not conform to the provision of the Valuation Metropolis Act. By section 14 the Assessment Committees, when they have finally approved the valuation list (*i.e.*, the quinquennial list), are to cause the totals of the gross and rateable value in such list to be ascertained and inserted in the list; and by section 46 (3) of the Act the same regulations are to be observed and the same proceedings to be had in the case of a supplemental list as in the case of a quinquennial list. That is, the actual totals of each list must be shown.

The following is a *resumé* of the practice of the Assessment Committees at the present time—

> Fifteen insert the totals of the supplemental list only; and
>
> Eleven show, in addition, by means of a separate memorandum (as suggested in the "form of valuation list") or otherwise, the full totals coming into force on the 6th April.

The "increase" and "decrease" columns are still used occasionally, but it may be pointed out that the simplest plan for arriving at the totals of a supplemental list is (1) by casting the columns showing the values previously in force and the columns showing the values as finally determined by the Assessment Committee (*i.e.*, the totals of the old and new values), and (2) by deducting one set of figures from the other. (See "form of valuation list.") The "increase" and "decrease" columns

are not really necessary and their elimination would save an immense amount of clerical work and remove the liability to error by the insertion of the difference in the wrong column. In one case no columns are inserted to show the values previously in force (columns 7*a*, 7*b*, and 7*c*), the result being that it is extremely difficult to check the totals of the list; the totals in this case are arrived at in a complicated manner by the use of the "increase" and "decrease" columns, the alterations by the Overseers being cast in the first instance and subsequent alterations by the Assessment Committee then taken into account. In consequence of the omission of the columns mentioned the only way of checking the figures appearing in the "increase" or "decrease" columns is by searching the quinquennial and supplemental lists to ascertain the previous value of each hereditament, and this takes considerable time.

Two Assessment Committees arrive at the totals of the list by carrying forward the casts throughout the list. The obvious objection to this course is that in the event of error a large number of corrections have to be made. If the usual course were adopted and the figures on each page were cast separately and the page totals then summarised at the end of the list, this difficulty would be obviated.

The remarks under the head of quinquennial lists as to setting out all the totals apply equally to supplemental lists. In this connection it is important, in the case of parishes containing agricultural land, that the column "Rateable value of agricultural land in former valuation list" should appear in the list, as in several instances this column has been omitted and, in consequence, difficulties have arisen in arriving at the total rateable value of agricultural land; also that the rateable value of the agricultural land as determined by the Overseers and the Assessment Committee should be separately stated and not included in the "buildings" column as is done in one case.

3. *A separate total for Government property unnecessary.*

It is the practice of several Assessment Committees to show two totals in the list, one for general property, and a separate total for Government property in accordance with section 30 of the Union Assessment Committee Act, 1862, and the decisions in the cases of *Greenwich Union* v. *Woolwich Union* (1871) and *Overseers of Saffron-hill* v. *Holborn Union* (1881); the great majority, however, show only one total which includes the basis upon which the Government makes a contribution. The separate total in respect of Government property is inserted for the purpose of the poor rate in computing the amount of the contribution to the Common Fund of the union; but as, by section 10 (2) of the London Government Act, 1899, all enactments applying or referring to the poor rate are to be construed as applying or referring also to the general rate, there does not now appear to be any necessity for a separate total in respect of Government property in the London valuation lists.

4. *Appeals against totals.*

The present procedure is governed by the Valuation (Metropolis) Act, 1869.

After all the appeals against the assessments of hereditaments appearing in the list have been disposed of, an appeal must be entered at the Court of Quarter Sessions (but not at the Court of Special Sessions, see section 20) against the totals of the list. The appeal must be entered on or before the 14th of January following the date of making the list, but as in practice no appeals in respect of hereditaments are heard until after that time, the special consent of the Court must be obtained for leave to enter the appeal at a later date.

Any assessment committee, overseers, ratepayer, or body of persons authorised by law to levy rates or require contributions payable out of rates . . . in the county, may appeal to Quarter Sessions, if they or he feel aggrieved by reason—

(1) Of the total of the gross or rateable value of any parish being too high or too low ;

(2) Of there being no approved valuation list for some parish (section 32).

Any alteration of totals on appeal must be initialled by the Chairman or Deputy-Chairman of Quarter Sessions.

It has long been felt that an appeal to rectify totals, by reason of alterations on appeal against the assessments of hereditaments, involves a needless waste of time and money, and that an amendment of the law is desirable so that in such cases the totals should be altered automatically by the assessment committee when (but not before) all outstanding appeals relating to any list have been decided. Provision should be made for the altered totals to be initialled by the chairman of the assessment committee, and a copy sent to the London County Council as the authority responsible for the publication of the totals. Notice of the intention to alter should also be sent to the London County Council in order that the figures may be checked.

The following resolutions would cover all the points raised—

(*a*) That each valuation list should show, in respect of that list, the total—
Gross value.
Rateable value of buildings and other hereditaments not being agricultural land.
Rateable value of agricultural land (if any).
Rateable value of buildings, etc., and agricultural land together.
Assessable value.

(*b*) That the above totals should include the basis upon which H.M. Government makes a contribution in lieu of rates, and that it is unnecessary to include the latter as a separate total.

(*c*) That the totals of each supplemental valuation list should be inserted apart from the totals of any previous list.

(*d*) That if it is desired to carry forward the totals from any quinquennial list or any previous supplemental valuation list into a subsequent supplemental valuation list, it should be done by means of a separate memorandum.

(*e*) That it is desirable to obtain an alteration of the law to provide that, when all outstanding appeals affecting hereditaments appearing in a valuation list have been disposed of, the totals of such list may be altered automatically without an appeal against totals being made to Quarter Sessions.

*6. Rateable Value, a whole pound.

The Assessment Conference in 1904 passed the following resolution—

> "7. That the rateable value shall be obtained by a deduction from the gross annual value as provided by section 52 of the Act. The deductions shown in 'Table D' hereto annexed are the maxima allowed by the Act (excluding fractions of a pound) in respect of classes 1 to 5 in the Third Schedule of the Valuation (Metropolis) Act, 1869."

In London it has been the universal custom to neglect fractions of £1 in arriving at the rateable value by deduction from the gross value. The advantages of this method are considerable: much trouble and expense in clerical work, both in the offices of the borough councils and of other authorities, being saved. The basis of the method adopted is the wording of the Third Schedule to the Valuation of Property (Metropolis) Act, 1869, where a maximum rate of deduction is set out for the first eight classes of property. The assessment authorities generally adopt the maximum rate of deduction; but where this does not work out in whole numbers the largest whole number which does not exceed the maximum amount allowed by the Act is adopted as the deduction.

Since the date of the last Assessment Conference, however, the question has been dealt with by the London Court of Quarter Sessions in the case of the *Consolidated Properties Co.* v. *Marylebone Union* (November, 1906). In this case Quarter Sessions, in dealing with a property in Class III., where the maximum deduction allowed by the Act is one-sixth, decided that no matter how the calculation worked out the exact figures should be taken. Eventually, however, the parties in this particular case agreed to a settlement at whole pounds, the gross values being adjusted accordingly.

It would appear that the effect of this decision is to require the rateable value to be stated in pounds, shillings and pence, if necessary.

On the other hand, if the present custom is continued, assessment committees will run the risk of losing an appeal at Quarter Sessions where an appellant can prove that the cost of repairs, etc., amounts to anything more than the number of whole pounds allowed.

In these circumstances it appears to be desirable to obtain an amendment of the law to enable rateable value to be calculated in whole pounds.

The following resolution would cover the point—

> That, in any amendment of the law, provision should be made for the rateable value of all hereditaments to be calculated in whole pounds.

7. The Valuation Year.

The resolution passed by the Assessment Conference, 1904, on the above subject was as follows :—

> "12. That all quinquennial and supplemental lists should be made up to include all properties ready for occupation up to 5th April, inclusive."

In the interests of uniformity it would appear to be advisable to alter this resolution so that it should include not only new property but also property whose value has altered or which has been demolished within the valuation year.

It usually happens that new properties are not brought into assessment until they are actually let—it may be at a date considerably later than the 5th April—while properties demolished are very promptly taken out of rating. A case arose recently where a large property, demolished in October, was taken out of rating by a provisional list and also included in the supplemental list finally approved at the same date. It is clear that on the previous 5th April this property was in occupation and rateable. In this case the assessment committee relied on the provisions of section 20 of the Union Assessment Committee Act, 1862, in support of their action. This Act is incorporated with the Valuation (Metropolis) Act, 1869, so far as is consistent with the tenor thereof. The section quoted does not, however, seem to apply, as, by section 4 of the Act of 1869, "The term year means the twelve months commencing with the 6th April and ending with the succeeding 5th April, and words referring to a year refer to the same period." And by section 46 (i.) of the same Act, "In each of the four years succeeding the quinquennial year the supplemental list is to show all the alterations which have taken place during the preceding twelve months." The alteration in value, therefore, did not take place in that valuation year, and the property ought not to have been taken out of assessment until the following year.

The following resolutions would cover the points raised—

(*a*) That the quinquennial list should be made up to include all properties ready for occupation up to the 5th April, inclusive; and no other.

(*b*) That supplemental lists should be made up to include (i.) all new property ready for occupation on the 5th April; and (ii.) all property altered in value or demolished during the valuation year ended on the 5th April; and no other.

*8. Omissions from and errors in Valuation Lists.

The Assessment Conference of 1904 did not deal with the above question.

By section 45 of the Valuation (Metropolis) Act, 1869, it is provided that "the valuation list for the time being in force shall be deemed to have been duly made and shall . . . be conclusive evidence of the gross value and of the rateable value of the several hereditaments included therein, and of the fact that all hereditaments required to be inserted therein have been so inserted."

From this it would appear that if by inadvertence a property ready for, or actually in occupation on the 5th April in the quinquennial year were not included in the quinquennial list, it could not be assessed until the next quinquennial list was made in five years' time, as supplemental lists are only to show "alterations that have taken place during the preceding twelve months." Similarly, in like circumstances, a property omitted from a supplemental list would escape rateability for the remainder of the quinquennium.

Further, in the case of a clerical or arithmetical error, it would appear that the above section applies, and that the valuation list is conclusive, as no provision is made in the Act for an appeal against the list in respect of such error, although by section 71 provision is made for appealing against the rate.

In the year 1905 the London County Council, at the instance of the Local Government Committee, drew the attention of the Local Government Board to these defects in the Act, in order that they might be remedied in any proposed amendment of the valuation law. At the request of the Board, the Council suggested the insertion of the following words in the first paragraph of section 47 (which provides for the insertion of properties in provisional lists) :—

> "Or if it shall appear there is any omission from or error in the new or supplemental list, whether such omission be discovered in the course of the year or at any other time"

and this provision would meet the difficulty.

The following resolution would cover the points—

> That, in any amendment of the law, provision should be made that if it shall appear there is any omission from or error in the new or supplemental list, whether such omission or error be discovered in the course of the year or at any other time, such omission or error may be rectified by means of a provisional list.

*9. Property Ready for Occupation.

The resolution of the Assessment Conference of 1904 on the above question was identical with that of 1899, and was as follows :—

> "14(c) That all hereditaments structurally complete and ready for occupation, although not occupied, should be included in the list,

and that, to encourage a uniform practice in this respect, the Conference is of opinion that allowance should be made by the authorities issuing precepts, in the subsequent precepts, for the value of the unoccupied property of the previous year, and that the law should be amended accordingly."

Section 51 of the Valuation (Metropolis) Act, 1869, enacts that every hereditament, with the exception of certain properties charged to Income Tax, shall be inserted in the valuation list.

In practice, few assessment authorities seem to act in accordance with the resolution : in most cases new properties are not entered until they are actually in occupation.

No provision was inserted in the Valuation Bill of 1904 to give effect to the latter part of the resolution. It would not appear, however, to be an easy matter to arrive in practice at the amount of any allowance to be made by precept-levying authorities in respect of empty properties. It could not be arrived at on the total assessable value of such properties, owing to the varying periods during which the property may have remained unoccupied. Of course, an amount might be arrived at in respect of each unoccupied property individually, but this would involve an immense amount of time and labour.

There is, however, another aspect of the question, viz., that the rating authorities obtain the benefit of both central and local rates on new occupied property for a period which may be as long as two years before the rateable value of such property becomes part of the totals on which the precepts for central rates are calculated. In some districts this amount is considerable, and should be taken into account as against the local loss on empty properties.

*10. Questions arising out of the case of Ellis v. Camberwell.

The Valuation (Metropolis) Act, 1869, was passed in order to provide for a common basis of value for taxation and to promote uniformity, by means of complete valuations in every fifth year.

Sections 46 and 47 of this Act state that—

(Section 46). "Every valuation list shall be revised in manner directed by this Act, and such revision in every period of five years . . . shall be conducted as follows :—

"(1) In each of the first four years of such period a supplemental list shall, if necessary, be made out in the same form as the valuation list, and shall show all the alterations which have taken place during the preceding twelve months in any of the matters stated in the valuation list, but shall contain only the hereditaments affected by such alteration. . . ."

(Section 47). "If in the course of any year the value of any hereditament is increased by the addition thereto or erection thereon of any building, or is from any cause increased or reduced in value, the following provisions shall have effect. . . ."

It will be seen from these sections that in addition to a complete

revaluation made in every fifth year, machinery is set up for dealing from time to time with new property, property destroyed, and the alteration of property as regards increase or decrease in value.

Difficulties have arisen with regard to the interpretation of the words used in the Act. "If . . . the value of any hereditament . . . is from any cause increased or reduced in value."

The interpretation of these words by the House of Lords is that given in the decision of *Ellis* v. *Camberwell*.

In this case a public-house was definitely proved to have increased in value in one of the years of the inter-quinquennial periods from a cause which was shown to be generally due to the general prosperity of the community, and not to any special local or specific cause. The assessment authority increased the assessment of this public-house. The Court of Quarter Sessions decided they were right in so doing, and this decision was affirmed by the Court of Queen's Bench. The Court of Appeal and the House of Lords both decided that the assessment authorities were wrong, and that the increase of value was not an alteration within the meaning of the Valuation Act.

Lord Halsbury expressed the judgment of the House of Lords in the following words:—"... The Legislature by the Act of 1869, for very obvious reasons, wishing to have a uniform assessment in the metropolis and not wishing that from time to time these same questions should, at great expense to the parish and at great vexation to the ratepayers, be reopened year after year, determined that for a period of five years the assessment once made should continue in force, and that it should not be competent to raise again the question which would be very properly and appropriately raised at the period of assessment. That is the meaning of the Valuation Act. It having once been ascertained what the value is, the statute proceeds to point out exceptional and peculiar difficulties which might arise if it was unalterable altogether, and it proceeds to say that if there is any alteration in value in one particular hereditament, and that hereditament is either increased in value by the addition of structural alterations, 'or from any other cause,' the proposition that the assessment is to last for five years is not to be so inflexible there as to prevent, upon a proved alteration in the value either from a structural alteration, or any other cause whatever, an enquiry into that circumstance. . . . Unless there is some circumstance beyond the mere fact of alteration in value to give rise to the enquiry, the statute has done nothing, because in every case, . . . without reference to any alteration of circumstances, the mere alteration of that which was put down as the value would justify a fresh enquiry. That, of course, would be an extremely absurd proposition, because the statute would enact with one hand a power which it took away with the other; and one cannot suppose that the statute would be so foolishly conceived. . . ."

The other Lords concurred in this judgment, and Lord Shand further expressed himself in the following words:—

". . . If you are to read those words 'is from any cause increased or reduced in value' in the wide way which is contended for by the appellants (the assessment authority), it appears to me that you would have no

longer a quinquennial valuation, but it would come to be substantially an annual valuation, by the mere proof that the value of the subject had from some cause or other . . . either appreciated or depreciated. . . ."

The difficulties in which assessment authorities now find themselves are great. Where there is general depreciation in the value of property, due to no specific cause, but only to general influences, such as general depression of trade and so forth, occupiers of property naturally feel themselves much aggrieved when called upon to pay rates upon a standard of value above either the rent they are paying or that which similar property is fetching. In addition, owners of property find they are handicapped in letting or selling property in consequence of the assessments being above the ruling market values. And all these people seek to have their assessments revised.

The assessment authorities, according to the decision of the House of Lords, have no legal power to alter the assessments of hereditaments reduced in value by a general cause. Such alterations must either produce an inequality of rating, or make one or more interquinquennial revaluations necessary, with all the attendant expense and trouble. It would be difficult to prove, with regard to each hereditament, the exact effect of the general change, or to fix it as occurring in one particular year.

As an example of this difficulty, the following instances are used. Three houses in the same neighbourhood, and of the same character, but not necessarily similar, were assessed in 1905, it is assumed, in the following way :—

A has a lease of his house for a term commencing in 1904 and is assessed in the quinquennial list upon the basis of that rental.

B has an agreement for three years commencing in 1904 and is assessed upon the basis of that rental.

C is an occupying owner who purchased his house in 1904 and his assessment is based upon the purchase-money.

Each transaction was negotiated at the market values ruling in 1904. In 1907, at the end of B's tenancy B either renews his agreement, or the property is re-let, at a new rent, say 10 per cent. below the rent formerly paid, which is the then market value. If now the assessment on B's house is reduced and it is acknowledged that there has been a general depreciation to the extent of 10 per cent., A and C still cannot prove that this depreciation has also affected their properties in the particular year 1906–7, and the effect of reducing B's assessment is that not only will A and C be paying rates upon a higher standard of value than B, but they will be paying a larger poundage rate to make up for the smaller amount of rates now paid upon B's house.

Where, on the other hand, there is general appreciation of property, due to general influences of the same nature as is referred to above, the difficulties of the assessment authorities are not less than in the case of depreciation. In the latter case the machinery for revealing the depreciation is provided by the ratepayers themselves, but there is practically no machinery by which an assessment authority can uniformly acquire definite knowledge of appreciation of value. It therefore follows that

if an assessment authority were to act upon information more or less accidentally acquired, this would again result in an inequality of rating in a way converse to that shown in the case of depreciation. The alteration of assessments only when rents are altered must, therefore, lead to unequal rating, and this can only be avoided by a complete revaluation of all properties when a general change of values occurs.

The practice of assessment authorities was at the beginning of the quinquennial period in most cases in accordance with the law, and the resolutions of the Conference passed in 1904. These resolutions were as follows :—

> "14 (*d*). That it is desirable that there should be a uniform practice in regard to the reassessment of properties under section 47 of the Valuation (Metropolis) Act, 1869."
>
> "14 (*e*). That assessment committees should act strictly and consistently upon the decision of the House of Lords in the case of *Ellis v. Camberwell* and decline to vary an existing assessment except in circumstances affecting the value of the particular hereditament."
>
> "14 (*f*). That the alteration in value, and its cause, should be proved to the satisfaction of the overseers, and must not be part of a general rise or fall in value in the trade, or in the locality."

The effect of the outward movement of population on house property has been very marked during the last three or four years, and increasing pressure has been brought to bear upon local authorities to reduce assessments when new and lower rents are fixed. This pressure has not been without considerable result, and at the present time the foregoing resolutions are regularly applied only by a very few assessment committees. The result is a large amount of unequal rating : and there is no power to make complete revaluations under the existing law.

But as the practice amongst assessment authorities is not uniform, there is a further inequality of rating, the parishes where the resolution is followed in effect paying part of the central rates of the parishes where the resolution is not followed and where lower assessments are fixed when rents are reduced, because totals are reduced in the latter case and not in the former.

Having regard to the desire of the assessment authorities to revalue properties from time to time throughout the quinquennium as shown by their practice in the past, the important question arises whether quinquennial revaluations are the best means "to provide for a common basis of value for the purposes of Government and local taxation, and to promote uniformity in the assessment of rateable property in the Metropolis." It is obviously necessary that there shall be a complete periodical revaluation ; but as the period of five years seems to cause so much difficulty in the attempt to carry out the assessment law, it seems desirable that a shorter period should be adopted. In view, therefore, of possible legislation on the subject of valuation, the question of adopting a shorter period for revaluation might well be considered.

In the meantime, pending legislation, it is very desirable that inequality of rating should be avoided as much as possible, and some common basis of practice should be adopted.

*11. Rating of Empty Properties.

No resolution was passed by the Assessment Conference of 1904 on the question of rating empty property, but the matter has engaged the attention of both the County Council and the borough councils from time to time.

In 1898 the question was considered by the London County Council in connection with the evidence to be put before the Royal Commission on Local Taxation, and the following resolution was passed on 8th February, 1898 :—

> "That it is desirable that the question of requiring owners of empty tenements to pay (as is done in the City of London with regard to the sewers rate) the whole or part of the ordinary rates, should be raised in connection with the evidence to be given before the Royal Commission."

The Royal Commission considered this matter as part of the general question referred to them, and the following paragraph appears in their final report (page 52) :—

> "We think it would be fair if some charge were made in respect of unoccupied properties which, undoubtedly, receive some benefit from public expenditure. But, at the same time, there would be hardship if the full burden of rates were imposed in such cases. We think the equity of the case would be met by requiring the owners to pay a portion of the rates in respect of unoccupied tenements."

In 1904 the following resolution was passed by the St. Marylebone Borough Council and supported by other borough councils :—

> "That this Council are of opinion that it is advisable to endeavour to obtain from Parliament powers to half rate empty houses, and that the London County Council and the City and borough councils of the Metropolis be informed of this decision and asked for their co-operation."

The principal argument for the rating of unoccupied tenements is that advanced by the Commissioners in the paragraph quoted above. It cannot be denied that empty houses and vacant sites receive benefit from public services, which, by adding to convenience, health, and safety, make the locality a more desirable place for residence or business, and therefore facilitate letting.

It must, however, be remembered that all the benefits thus derived by empty property have no effect on the value of the building *per se*, but go to enhance the value of the site.

The proposal for the half-rating of empty houses does not involve an entirely new departure in rating, there being several precedents for the application of the principle.

In the City of London, under the City Police Act, 1839, and the City

of London Sewers Act, 1848, the owners of empty properties are charged with half the police rate, ward rate, consolidated rate, and sewers rate, that is, half the new general rate.

In Scotland the rating of owners of empty properties is very general, owing to a peculiarity of the Scottish rating system, namely, the division of rates between occupier and owner. There are a large number of separate rates levied in Scotland; for some the owner is liable, for others the occupier, whilst the bulk of the rates are divided between the owner and occupier. In the case of unoccupied properties the occupiers' rates are, of course, lost, but the owners are charged with their share of the rates whether their property is occupied or not.

In London, by local Acts passed prior to 1855, many of the local authorities had power to charge owners of empty properties with a portion of the rates. Thirty-three of the parishes in London were thus empowered for one rate or another, though not necessarily for all rates. It is not clear when these powers lapsed, but it seems probable that they were superseded by the Metropolis Management Act, 1855, in which no provision was made for rating empty properties. In any event most of these local Acts were repealed by schemes under the London Government Act, 1899, so that even if the powers had not ceased before that Act was passed they would not now be in force.

The serious objection to the half-rating of empty houses appears to be that it might retard building and so increase overcrowding. If new houses were subject to rates immediately they were ready for occupation, there would certainly be an additional inducement to builders to refrain from building until they were certain of a demand for accommodation.

The St. Pancras Borough Council, in supporting the resolution of the St. Marylebone Borough Council, referred to vacant land as well as empty houses. Part of the municipal rates is in the nature of a rent charge analogous to a ground rent paid to the owner of an estate in respect of improvements, such as highways, drainage, etc., and if a plot of land is in the improved area, the fact that it is vacant is no reason why such rent charge should not be paid. The increasing value for building purposes of vacant land in towns is created by the growth of population, and by the accompanying public services, and it would, therefore, be only equitable that the owners of such land should contribute to the public services. If such land is withheld from building, this course tends to raise the rents of surrounding properties by limiting the supply of land available, and should, therefore, be discouraged by a reasonable charge for rates.

From the return of "leakages of rates, 1906–7" (*London Statistics*, vol. xviii., pp. 527–533), it appears that the total amount lost in that year by the Metropolitan Borough Councils on account of empty properties and other irrecoverables (exclusive of compounding allowances) was £698,543, of which £650,000 may be estimated as the amount lost by empties alone, equivalent to a rate of 4·3d. in the £. These figures give some indication of the amount which would be produced by the partial rating of empty properties, but it would appear that the number of empties has increased largely since the date of that return. The

increase between 1903–4 and 1906–7 has been very considerable, the figures being :—

	1903–4.	1906–7.
Loss by empty properties	£419,000	£650,000
Increase		55 per cent.
Percentage of total rates chargeable ...	3·17	4·44
Equivalent rate in the £	2·91d.	4·30d.

The figures for each borough are given in the following table :—

Loss of rates in respect of empty properties (including properties taken out of rating), 1903–4 and 1906–7. In addition, abatements are made to owners of small properties in respect of empties.

Metropolitan Boroughs.	Amounts.		Percentage of rates chargeable.		Equivalent rate in the £.	
	1903-4.	1906-7.	1903-4.	1906-7.	1903-4.	1906-7.
	£	£			d.	d.
Battersea	12,674(*a*)	14,076	3·16	3·18	3·19	3·46
Bermondsey ...	15,143	16,621	3·63	3·76	4·16	4·47
Bethnal Green ...	2,931	4,657	1·39	2·06	1·46	2·24
Camberwell	15,931(*a*)	26,720	3·03	4·37	3·10	5·01
Chelsea	9,208	15,138	3·16	4·68	2·79	4·20
Deptford	3,059	5,453	1·40	2·28	1·28	2·18
Finsbury	14,597	18,990	4·38	5·06	3·76	4·69
Fulham	10,937	14,217	3·56	4·03	3·41	4·04
Greenwich	6,847	8,017	2·82	3·17	2·96	3·14
Hackney	10,305	19,273	2·40	3·89	2·20	4·03
Hammersmith ...	6,006	13,499	2·39	4·27	2·09	4·32
Hampstead	13,680	22,455	3·96	5·76	3·40	5·32
Holborn	13,033	22,296	3·63	5·84	3·40	5·41
Islington	17,151	32,905	2·52	4·39	2·20	4·25
Kensington	39,132	52,323(*a*)	5·30	6·51	4·35	5·63
Lambeth	21,910	36,851	3·25	5·03	2·88	4·81
Lewisham	22,640	34,070	6·33(*b*)	8·16(*b*)	6·02(*b*)	8·40(*b*)
Paddington	15,250	26,870	3·12	5·17	2·59	4·39
Poplar	7,614	13,537(*a*)	1·93	2·76	2·47	4·32
St. Marylebone ...	20,162	36,598	3·43	5·27	2·90	4·76
St. Pancras	10,849	19,595	1·72	3·00	1·50	2·73
Shoreditch	7,597	16,438	2·51	4·96	2·45	5 23
Southwark	9,994	18,477	2·25	3·82	1·99	3·58
Stepney	14,941	26,422	2·45	3·87	2·63	4·50
Stoke Newington ...	3,373(*a*)	6,500(*a*)	2·96	4·96	2·45	4·72
Wandsworth... ...	26,644	38,069	4·11	5·08	4·00	5·01
Westminster... ...	63,151	82,467	3·31	4 04	2·83	3·39
Woolwich	3,927(*a*)	7,289(*a*)	1·43	2·33	1·37	2·33
County of London (excluding the City).	418,686(*a*)	649,823(*a*)	3·17	4·44	2·91	4·30

(*a*) In certain cases the loss on empties is stated in the original returns as including "amounts otherwise irrecoverable—absconded, bankrupt, etc." ; for purposes of comparison, an estimated amount has been deducted on this account and the figures in the table represent, as nearly as may be, empties only.

(*b*) In Lewisham there are no compounding allowances.

Whether one-half of their rateable value is a fair and reasonable proportion to adopt as the basis of rating vacant land and empty properties may be doubted. It is at the best purely arbitrary, and possesses no logical foundation. But inasmuch as the expenditure on public services and the growth of population tend to increase the value of land, the logical basis to adopt would be the land or site value of each vacant property, as recommended by the Minority Report of the Royal Commission on Local Taxation (page 173). This course, moreover, would remove altogether the risk of retarding building by charging rates on empty houses.

*12. Amendment of the System of Compounding for Rates.

Compounding for rates in London is governed by sections 3 and 4 of the Poor Rate Assessment and Collection Act, 1869. These sections are as follows :—

Section 3. In case the rateable value of any hereditament does not exceed twenty pounds, if the hereditament is situate in the Metropolis, or thirteen pounds if situate in any parish wholly or partly within the borough of Liverpool, or ten pounds if situate in any parish wholly or partly within the City of Manchester or the borough of Birmingham, or eight pounds if situate elsewhere, and the owner of such hereditament is willing to enter into an agreement in writing with the overseers to become liable to them for the poor rates assessed in respect of such hereditament, for any term not being less than one year from the date of such agreement, and to pay the poor rates whether the hereditament is occupied or not, the overseers may, subject nevertheless to the control of the vestry, agree with the owner to receive the rates from him and to allow to him a commission not exceeding 25 per cent. on the amount thereof.

Section 4. The vestry of any parish may from time to time order that the owners of all rateable hereditaments to which section 3 of this Act extends, situate within such parish, shall be rated to the poor rate in respect of such rateable hereditaments, instead of the occupiers, on all rates made after the date of such order ; and thereupon, and so long as such order shall be in force, the following enactments shall have effect—

(1.) The overseers shall rate the owners instead of the occupiers, and shall allow to them an abatement or deduction of 15 per centum from the amount of the rate.

(2.) If the owner of one or more such rateable hereditaments shall give notice to the overseers in writing that he is willing to be rated for any term not being less than one year in respect of all such rateable hereditaments of which he is the owner, whether the same be occupied or not, the overseers shall rate such owner accordingly, and allow to him a further abatement or deduction not exceeding 15 per centum from the amount of the rate during the time he is so rated.

(3.) The vestry may by resolution rescind any such order after a day to be fixed by them, such day being not less than six months after the passing of such resolution, but the order shall continue in force with respect to all rates made before the date on which the resolution takes effect.

Provided that this clause shall not be applicable to any rateable hereditament in which a dwelling-house shall not be included.

The following statement shows the arrangements in force in the City of London and the metropolitan boroughs with regard to compounding—

Cities and boroughs.	Maximum rateable value of properties in respect of which abatement is allowed.	Abatement allowed to owners.		
		If optional to owners (Sec. 3, Act of 1869) with agreement to pay rates whether property is occupied or not.	If compulsory to owners (Sec. 4, Act of 1869).	
			Without agreement to pay rates whether property is occupied or not.	*With* agreement to pay rates whether property is occupied or not.
	£	Per cent.	Per cent.	Per cent.
City of London	20	15	—	—
Battersea	20	—	15	20
Bermondsey — 1–10	20	20	—	—
Bermondsey — 11–13	20	15	—	—
Bermondsey — Tenement houses & model dwellings	20	10	—	—
Bethnal Green	20	20	—	
Camberwell	20	10 to 25 (*a*)	—	—
Chelsea	20	—	15	16 to 20
Deptford	20	—	15	17½
Finsbury — 1–12	20	25	—	—
Finsbury — 13–15	20	20	—	—
Finsbury — 16–20	20	15	—	—
Finsbury — Tenements up to £20.	20	20	—	—
Finsbury — Artizans' dwellings.	20	15	—	—
Fulham	20	10 to 25 (*a*)	—	—
Greenwich	20	20	—	—
Hackney	20	—	15	17½
Hammersmith	20	—	15	20
Hampstead	20	—	15	25
Holborn	20	—	15	17½ to 25
Islington	20	12½ and 15 (*b*)	—	—
Kensington	20	5 to 20	—	—
Lambeth	15	15	—	
Lewisham		No compounding.		
Paddington	20	10	—	—
Poplar	20	—	15	25
St. Marylebone	20	15	—	—
St. Pancras	20	15	—	
Shoreditch — Dwelling-houses up to £20.	20	17½	—	—
Shoreditch — Model dwellings up to £20.	20	15	—	—
Southwark	15	15	—	
Stepney	15	20	—	—
Stoke Newington	20	—	15	17½
Wandsworth	20	—	15	20
Westminster (City)	20	—	15	16
Woolwich	12	15	—	—

(*a*) Camberwell and Fulham—According to class of property.
(*b*) Islington—These abatements are allowed only on a few properties (all model dwellings).

It will be seen that there is an order in force under section 4 of the Act of 1869 in 11 boroughs, with an abatement varying in the different boroughs from 16 to 25 per cent., while 16 boroughs and the City of London allow compounding under section 3 of the Act with abatements varying from 5 to 25 per cent. One borough (Lewisham) does not allow compounding, while in Islington an abatement is allowed in only a few cases.

During the last few years there has been noticeable a tendency to reduce the rate of abatement, the object apparently being to reduce it to the minimum at which owners will compound. Thus since the year 1901–2 the abatement has been reduced in the following boroughs :—

Bermondsey from 25 per cent. (maximum) to 20 per cent (maximum).
Chelsea from 30 per cent. (maximum) to 20 per cent. (maximum).
Hammersmith from 30 per cent. to 20 per cent.
Holborn from 20 per cent. (minimum) to 17½ per cent. (minimum).
Kensington from 25 per cent. (maximum) to 20 per cent. (maximum).
Paddington from 25 per cent. to 10 per cent.
Poplar from 30 per cent. to 25 per cent.
St. Marylebone from 20 per cent. to 15 per cent.
St. Pancras from 25 per cent. to 15 per cent.
Shoreditch from 20 per cent. (for dwelling houses) to 17½ per cent.
Wandsworth from 25 per cent. to 20 per cent.

In thus reducing the abatement to the lowest percentage practicable, the borough councils are acting in the financial interest of the ratepayers as a whole. Large abatements to owners of properties under £20 cause a heavy additional burden on properties above that value.

In 1902 I prepared for the Local Government Committee of the Council a table showing the effect of compounding on the rating (1) of properties compounded for and (2) of properties not compounded for. In Poplar (to take an extreme instance) the abatement allowed for compounding was at that time 30 per cent. (since reduced to 25 per cent.), and the additional charge included in the rate levied on properties above compounding value to provide for the abatement on compounded properties was shown to be as follows :—

Parish of Bow	10½d.	in the £
Parish of Bromley	1s. 1½d.	,,
Parish of Poplar	9d.	,,

In the absence of compounding, borough councils would, of course, be involved in additional cost of collection and losses through empties, etc., and it may possibly be that in Poplar 25 per cent. is not too much to allow for this. If, however, a part of the 25 per cent. is in excess of what it would cost to collect the rates from the occupiers, this excess is a bonus to the owners, and may involve a serious burden on properties above that value in the same borough. So that in reducing the compounding allowance to a minimum, the borough councils are endeavouring to deal equitably with ratepayers of all classes.

Compounding, in short, is merely a method of rate collection, and was

not intended to be used as a means of differential rating in favour of properties of low value.

The borough councils are no doubt seriously handicapped by the provisions of section 4 of the Act. Judging from the abatements allowed by the different borough councils, it appears that in practice owners will not, as a rule, compound for an allowance of less than 15 per cent. This is no doubt largely due to the fact that if owners are rated compulsorily an allowance of 15 per cent. must be made. Since they cannot be rated compulsorily without an abatement of 15 per cent. being allowed (without agreement to pay full or empty), they are naturally slow to accept a smaller abatement than 15 per cent., *with* such agreement.

This consideration gives rise to the question whether some amendment in the law relating to the rating of owners is not required.

In considering this question it is necessary to draw a distinction between the two parts of which the compounding allowance consists, viz. :—

(1) Rebate in respect of the rating of owners.
(2) Allowance in respect of losses on empties, removals, etc.

Although no separation is made between these two parts in the allowance under section 3 of the Act of 1869, it is important to keep the distinction clearly in mind, as the two parts of the allowance are essentially different in character. The former is in the nature of compensation to the owner for the trouble and expense to which he is put by being rated instead of the occupiers. The latter is an allowance for the loss incurred by the owner by paying rates in full whether the property is occupied or not, a loss which is of a much more indefinite and variable character.

With regard to the first part of the allowance there is a considerable difference between the percentage an owner can afford to accept and that which a rating authority can afford to allow. If owners are not rated, the authorities are put to considerable expense in collecting rates from a large number of small occupiers, whereas if owners are rated the rates are collected as part of the rent. In the latter event, however, the owners would be put to the expense of the clerical work involved in making returns of periods of occupation and of rates payable, and perhaps a slight extra expense in enforcing payment of the higher rents necessitated by the inclusion of rates therein ; while they would, of course, have to make good to the rating authority any loss of rates incurred by reason of a tenant leaving without paying arrears of rent and rates.

The abatement of 15 per cent. granted under section 4 of the Act as commission to the owners for collecting the rates along with the rent is extremely liberal. House agents usually manage weekly properties and collect the rents (including rates) at a commission of 4 or 5 per cent., so that the extra expense to the owner of collecting the rates and paying them over to the borough councils would in most cases be adequately covered by a commission of 5 per cent. ; on the other hand, it is quite possible that it would cost the rating authority as much as 10 per cent. in some cases to collect from this class of

property. It would appear, therefore, that an allowance of 7½ per cent., while providing an adequate commission to the owner, might at the same time be a saving to the rating authority as compared with direct collection from the occupiers.

The second part of the abatement (that in respect of losses on empties, tc.) is on an entirely different footing. Given that rating of owners is in force, the amount of the loss on empties, etc., sustained by an owner who undertakes to pay whether his properties are occupied or not is the same as would be lost by the rating authority in the absence of such agreement. But in substituting a fixed allowance for a varying loss an owner would require to be assured against any loss on the transaction. Consequently, as the arrangement is purely optional, unless the allowance offered was something more than the average loss on his particular property, an owner would not enter into such an agreement, and therefore on all agreements with such owners the rating authority must lose. In other words, if it pays an owner to enter into such an agreement, and to receive a certain abatement, it cannot pay the rating authority to allow that abatement.

The only advantage to the rating authority of entering into agreements with owners appears to be a more regular revenue, enabling the produce of the rates to be estimated more closely than it otherwise could be, and the small saving of clerical work that would be necessary to check empties.

From a local taxation point of view, it is undesirable that rating authorities should enter into agreements with owners, as such agreements must almost inevitably result in greater loss to the rates than if the rating authority bore the losses actually incurred. As, however, in many cases, it does not pay the rating authorities to act under section 4 of the Act, they *are* practically obliged, if they wish to rate owners without considerable loss, to enter into agreements under section 3. It would, therefore, appear desirable that the law should be amended in the direction of reducing the statutory abatement of 15 per cent. for the rating of owners under section 4 of the Act to a percentage more in consonance with the present facts.

The maximum abatement allowable under section 3 of the Act to owners who agree with the borough council to pay rates whether the property is occupied or not is 25 per cent. as against 30 per cent. allowable under section 4 ; if, however, section 4 were amended as suggested above the maximum abatement allowable under this last-mentioned section to owners agreeing to pay rates whether the property be occupied or not would be 22½ per cent., and it may therefore be suggested that the maximum abatement allowable under section 3 should be reduced to 20 per cent. Only three borough councils, viz., Camberwell, Finsbury and Fulham, at present acting under section 3, grant a higher abatement than 20 per cent. In each of these boroughs abatements up to 25 per cent. are allowed according to the class of property compounded for, but having regard to the general reduction in the abatement allowed,

which would probably follow if section 4 were amended as suggested, it would appear unlikely there would be any loss in rates incurred in these three boroughs owing to the alteration, as suggested, of the maximum abatement allowable under section 3.

*13. Appeals against Provisional Lists.

A provisional list may be made at any time, and rates are payable in respect of it as from the date of the receipt of the statutory notice given by the assessment committee. It continues in operation until the next list (supplemental or quinquennial) subsequently made comes into force. Objections may be made against provisional lists but there is no opportunity of appealing against the decision of the Assessment Committee. Section 47 of the Valuation (Metropolis) Act, which deals with the making of a provisional list, gives the ratepayer no direct right of appeal but enables him to obtain repayment of rates overpaid in case over-assessment is shown by the next supplemental list. Quarter Sessions have always acted on the view that no appeal lies against a provisional list.

The absence of any power to appeal may, however, give rise to injustice in particular cases. An instance of recent occurrence will illustrate the point. At the time the particular property was entered in a provisional list it was only partially completed and ready for occupation; but, when the assessment was revised in the following supplemental valuation list, the property was completed and changes had occurred that justified a large increase in the assessment. It was, therefore, much more valuable at the date when the supplemental valuation list was deposited than it was at the date of the provisional list, and it was impossible to show by means of a final decision on the supplemental list that the provisional list figures were too high. Thus the right of recovering rates overpaid conferred by section 47(10) was rendered nugatory.

The same thing might happen in the event of a property being wholly or partially destroyed by fire between the date of a provisional list and the following supplemental valuation list, and there is a clear need of some amendment of the law to prevent ratepayers under circumstances such as these being left without any remedy.

In any amendment of the law provision should be made to meet this point.

14. Statutory Deductions for Repairs, etc.

The resolution of the Assessment Conference of 1904 on this question was as follows—

> "7. That the rateable value shall be obtained by a deduction from the gross annual value, as provided by section 52 of the Act. The deductions shown in 'Table D' hereto annexed are the

maxima allowed by the Act (excluding fractions of a pound) in respect of Classes 1 to 5, in the Third Schedule of the Valuation (Metropolis) Act, 1869."

By section 4 of the Valuation (Metropolis) Act, 1869, the term "rateable value" is defined as the gross value after deducting therefrom the probable annual average cost of repairs, insurance and other expenses, if any, necessary to maintain the hereditament in a state to command the rent. Therefore, the scale of deductions in the Third Schedule to the Act includes not only deductions for repairs, but for insurance and the other expenses of maintenance. The Valuation (Metropolis) Act, 1869, was brought in for the purpose of producing uniformity in assessment and the Third Schedule did not fix the exact proportion of this deduction, but only limited it to the maximum which could be allowed according to the circumstances of each case. Different views seem to have been taken as to the intention of the Legislature and the majority of boroughs have adopted the maximum deductions in all cases, without regard to the terms of section 4. This practice allows much larger deductions than the actual cost of repairs, insurance and maintenance in all cases of valuable properties, in which a very large portion of the rent paid is attributable to the value of the site alone, which naturally does not require any expenditure of this character.

Repairs.—The amount is to be the probable annual average cost. The proper average period would be 21 years in cases where a property is let on a repairing lease, since the usual covenant is that the inside work shall be done every seventh year and the outside work every third year, but as an average over this period is rarely practicable, a seven years' average covering one inside and two outside repairs is probably sufficient.

Insurance.—There appears to have been no decision on the question whether the allowance should be the amount of the premium which would be required to insure the property to its full value or whether only the premium on the usual two-thirds value should be allowed.

Other expenses.—In the case of artizans' dwellings, the "other expenses" include the cost of caretaker, dust removal, and lighting, watching and cleaning the staircase and yard (*Pullen v. St. Saviour's Union*, 1900). Presumably they would also cover the cost of maintenance of the lift and other analogous expenses in the case of flats. (*See* report *below.*) Further, it was held in *R. v. Cambridge Gas Co.*, 1838, and *R. v. Wells*, etc., that a sinking fund for renewal of the premises when worn out should be allowed. In railway cases the allowance has been made, even though no such fund has been in fact set aside (*R.* v. *London, Brighton and South Coast Railway*, 1851). The amount to be set aside as a sinking fund should be a small one, sufficient only to provide against the wearing out of the structure.

It will probably be convenient to deal separately with the various classes set out in the Third Schedule to the Act.

Classes 1, 2 and 4 deal with properties below £40 gross value. The chief properties coming under these two classes are weekly and monthly properties which are being dealt with in a separate report, and yearly and three-yearly agreements, which present little or no difficulty.

Classes 3 and 5 deal with properties of a gross value of £40 and upwards, and the maximum deduction allowed is $16\frac{2}{3}$ per cent. or one-sixth. It is chiefly in this class that the invariable use of the maximum deduction leads to inequality. The deduction made is a proportion of the *total* value, whereas the expenses intended to be covered by the deduction relate only to the building value and not to the site. Where the building value forms a smaller proportion of the total than usual the maximum deduction is greatly in excess of the actual expenditure, and its adoption makes the rateable value far lower than it should be.

Last year some premises in the City of London were assessed according to the resolutions of the Assessment Conference at £3,634 gross, the ground rent being £3,000 and the rental value of the buildings £634. From this gross value one-sixth (or £605) was deducted to arrive at the rateable value of £3,029. In other words, £605 was taken as the annual cost of repairs in respect of a structure only worth £634 per annum.

If the same building had been situated in (say) Wandsworth, the ground rent would probably not have exceeded £200. In this case the gross value would have been about £834 and the allowance for repairs £139 for the same building as received in the City an allowance of £605.

Other cases where the maximum deduction is too great are licensed premises where the monopoly value of the licence forms a large portion of the gross value, and it is obvious that to allow the full sixth on the total gross is excessive.

The whole difficulty would be removed if the scale of deductions were made proportionate to structural value only and not to gross value as a whole, or else by abolishing gross value. The abolition of gross value is dealt with in a separate report.

Class 6 deals with land and buildings, not houses. 10 per cent. or one-tenth deduction is the maximum allowed. Railway arches, land and stables, wharves, etc., should be dealt with under this class. The maximum deduction of one-sixth (under Class 3) is at present allowed in a large number of such cases. The repairs to arches must be very slight. In a majority of cases the supports of the arch and the arch itself are usually repaired and kept in order by the railway company, and such repairs are already allowed in the assessment of the general undertaking. The only repairs to be deducted are those in connection with the front and back enclosures, usually of timber or corrugated iron, and one-tenth would be more than necessary to cover this expense.

Class 7 relates to land without buildings. 5 per cent. or one-twentieth deduction is allowed. In respect of land used for storage the repairs, if any, would be very slight and the maximum allowed by the Act quite sufficient.

Class 8 relates to manufactories, etc., where the maxiumm deduction is limited to one-third. This class is dealt with in the report on "machinery."

Classes 9 to 11.—The deduction is "to be determined in each case according to the circumstances and the general principles of law." These classes comprise tithes (Class 9), railways, canals, docks, tolls, waterworks and gas works (Class 10) and "rateable hereditaments not included in any of the foregoing classes" (Class 11).

To the whole schedule there is a footnote that "the maximum rate of deductions prescribed in this schedule shall not apply to houses or buildings let out in separate tenements, but the rate of deductions in such cases shall be determined as in Classes 9, 10 and 11."

In the recent case *Western v. Kensington* the Court of Appeal (1908) decided that this footnote applied to flats.

The Royal Commission on Local Taxation made two recommendations with regard to deductions for repairs. In their first report they recommended "that legislation should provide for the establishment of a maximum scale of deductions," but in their final report the Commissioners recommended "that valuation authorities should base the deductions from the gross value on the actual circumstances of each case, and not apply a uniform scale." The first recommendation was, no doubt, due to the fact that no statutory scale of deductions exists outside London; but it is made quite clear by the second recommendation that in the opinion of the Commission the maximum deduction should not be made in every case.

*15. Abolition of Gross Value.

From the point of view of rating, gross value is of no practical utility except as a stage in the process of ascertaining the rateable value upon which rates are to be levied, and its insertion in the valuation list can only be justified on the ground that it is the basis upon which Property Tax and Inhabited House Duty are levied.

If all property were let on short tenancies at rack rents, and the landlord was responsible for repairs, a good case might perhaps be made out for retaining gross value, because in such cases it would be the *bona fide* rent paid. But in the case of weekly and monthly tenancies, agreements for three years where the tenant undertakes the internal repairs, leases for a term, occupying freeholders, licensed premises, public buildings, and other special properties, such as railways, tramways, gas, water and electricity undertakings, etc., the rent paid (if any) does not represent the gross value, which has therefore to be specially calculated.

Moreover, the insertion of a gross value often leads to errors in the rateable value owing to the fact that it has become the general practice

to allow the maximum statutory deductions in every case, with the result that, however carefully the gross value may have been ascertained, the deduction of an arbitrary proportion for each class of hereditament, irrespective of the actual cost of repairs, insurance and maintenance, produces in a great many instances a figure which is not the true rateable value.

For instance, assuming one-sixth deduction to be the right proportion to apply to a certain property in the outskirts of the county, it cannot be the right proportion in the case of a property of the same gross value situated in the central parts of London, owing to the fact that the structural value there forms a much smaller proportion of the gross value, and it is in connection with the structure only that the question of the repairs arises. This point is dealt with more fully in the report relating to statutory deductions for repairs.

But for the necessity of having first to ascertain the gross value, and then apply a statutory maximum scale of deductions, attention would be concentrated upon the determination of the true rateable value and greater uniformity would be obtained.

Under existing conditions an anomaly exists in connection with property let on lease (as pointed out in the report on that subject), an allowance for repairs amounting to 10 per cent. being added to the rent on lease to obtain gross value, while one-sixth ($16\frac{2}{3}$ per cent.) is deducted from the gross value to obtain rateable value.

Thus in the case of the same property let on lease at £100 the assessment authorities estimate the annual average cost of the repairs at two different amounts—viz., £10 for the purpose of arriving at the gross value and £18 in estimating the rateable value. This anomaly is recognised by the Commissioners of Inland Revenue, and the full one-sixth deduction from the gross value is not allowed, income tax (Schedule A) in such cases being calculated upon the actual amount of the rent paid.

It is much easier in assessing such properties as railways, gas and other similar undertakings, to obtain the rateable value without having previously estimated the gross value. The necessity for estimating the gross value, however, introduces a very serious difficulty owing to the fact that the assessment authorities are unable to obtain all the information necessary to ascertain the amount to be added for repairs with any degree of exactitude. They are thus placed in a dilemma by reason of the fact that the ratepayer can appeal against either the gross value or the rateable value; and, if he accepts the former, the whole appeal must turn on the deduction for repairs, etc.

In London, the gross value according to the valuation list is made conclusive for purposes of the Inhabited House Duty and Income Tax (Schedule A). Inhabited House Duty (where payable) is calculated upon the gross value without deduction, but in the case of Income Tax, the Finance Act, 1894, allows certain deductions for repairs, etc. For houses and buildings a deduction of one-sixth is allowed, with this

exception that where the tenant bears the cost of repairs, the deduction may not be greater than will reduce the annual value to the actual rent paid, but in no case must it exceed one-sixth. In the case of land and houses or buildings occupied for the purpose of farming, a deduction of one-eighth is allowed irrespective of the rent paid. Thus the net assessment to Income Tax agrees with rateable value in the case of the majority of houses and buildings without land, where the gross value is £40 or upwards (Classes 3 and 5). In the majority of cases there may be as many as three separate assessments upon which rates and imperial taxes are collected, in respect of the same hereditament, and considerable confusion would be avoided if rateable value were made the sole basis for assessing all these imposts.

The deduction from gross value for the purposes of rates and Income Tax respectively, although differing in practice, is in principle almost the same in both cases, the deduction in the case of Income Tax assessment being exclusive of any allowance for sinking fund : there should, therefore be no serious practical difficulty in settling a single net value or all purposes.

Moreover, in so far as Income Tax assessment differs from an accurately ascertained rateable value the Income Tax assessment is unfair, inasmuch as rateable value *ex hypothesi* represents the net income which the landlord should receive from the property.

So far as the Inhabited House Duty is concerned, the loss to the revenue occasioned by the substitution of rateable value for gross value, could be made good if it were so desired by modifying the scale and rates of duty, so that its incidence should remain practically unaltered. In this tax, as in the Income Tax, it is manifestly undesirable and unfair that taxation should be levied in respect of an item of expenditure ; and they are the only important obstacles to the suggested abolition of gross value.

It would be conducive to uniformity of assessment if an amendment of the law were obtained providing for the abolition of gross value, and the institution of rateable value as the basis for all charges, whether local or Imperial. It is therefore desirable to obtain a resolution to that effect.

16. Assessment of Weekly and Monthly Properties.

The resolutions passed at the Conference of 1904 on this subject were as follows :—

> " 1. (*a*) That in converting weekly and monthly tenancies into hypothetical yearly tenancies, for the purpose of arriving at the gross value, the annual payments for rates (including water) and house duty (if any) shall be deducted from the annual amount receivable by weekly or monthly payments, which deductions are estimated at from one-fourth to one-third, according to the amount of the rate in the pound, and that the scale of deduction shown in Table A be approved.

"(*b*) That in the case of artizans' dwellings, each tenement shall be regarded as a separate hereditament for assessment purposes.

"NOTE.—Allowance for the additional expense of a caretaker and common staircase may be considered as included in the statutory deduction.

"(*c*) That for the purpose of ascertaining the scale to be adopted for assessing weekly and monthly properties, an average of the rates for each particular parish for the five years previous to the quinquennial valuation year be taken, and that such scale be adhered to throughout the quinquennium."

Deductions from gross rent.

In the case of the majority of weekly and monthly properties in London, the landlord undertakes to pay rates, water rate, taxes, etc., which sums must be deducted from gross rent to arrive at the gross value (Valuation (Metropolis) Act, 1869, section 4).

Rates.—These should be the gross rates which would be payable by the tenant, not the net rates paid by the landlord under a compounding arrangement (*R.* v. *Dodd*, 1865). They should be calculated on the rateable value, not on the total rent received (*Tyne Improvement Commissioners* v. *Chirton*, 1862). They include sewers rate (*R.* v. *Hall Dare*, 1864) and fishery rate (*R.* v. *Smith*, 1885), and presumably any other improvement, garden, church and special rates.

The current rates (or "the probable future rates") rather than the past rates should be taken into consideration. (*Battersea Borough Council* v. *Lord Battersea*, 1906, *and Moore* v. *Stepney Union*, 1906.) The question arises, however, whether it is not desirable in the interests of uniformity of assessment as between similar properties to adhere to a uniform scale throughout the quinquennium even though the rates may have risen or fallen since the quinquennial scale was constructed. There is diversity of practice in this matter.

Water rate.—This is not strictly a rate (*Badcock* v. *Hunt*, 1888). It is a charge for water sold and supplied and in no sense rent (*Smith* v. *Birmingham*, 1888). The question whether the gross or the net charge should be deducted from the gross rent, though put to the Court, was not definitely answered (*Smith* v. *Birmingham*, 1888).

Taxes.—These do not include the landlord's property tax nor land tax (*R.* v. *Goodchild*, 1858). The only Imperial tax included is the Inhabited House Duty. This is payable on dwelling-houses of £20 and not exceeding £40 gross value at the rate of 3d. in the £ on the gross value; over £40 and not exceeding £60, 6d. in the £; over £60, 9d. in the £. It is payable on the basis of the total gross value of the house, any separate occupation of parts of the house being disregarded. A block of dwellings is assessable as one house (*Attorney-General* v. *Mutual Tontine Westminster Chambers Association*, 1876), but in the case of artizans'

dwellings the Revenue Act, 1903, provides for each self-contained tenement being treated as a separate inhabited house.

Many properties let on weekly or monthly tenancies are not occupied for residential purposes, *e.g.*, stables, workshops, etc. In such cases there should, strictly speaking, be no deduction for inhabited house duty, but as the amount of the duty is seldom likely to exceed ten shillings, it is perhaps not worth while to make any departure from the usual scale.

Additions to gross rent.

On the other hand the gross rent in some cases excludes a sum that should be included. The expenses of caretaker, dust removal, cleaning, lighting and watching the common staircase and yard of artizans' dwellings is in some cases met by a payment of (say) 6d. a week per tenement in addition to the rent proper. The question whether this payment should be considered part of the rent was decided in the case *Pullen* v. *St. Saviour's Union* in 1899, the Court of Queen's Bench holding that for the purpose of arriving at the gross value the sum paid for lighting and cleaning the stair must be added to the rent reserved, inasmuch as it is "a sum which must be taken into consideration in arriving at the rent which a tenant might reasonably be expected to pay for one of these tenements." The expenses are part of the expenses necessary to maintain the hereditament in a state to command the rent and must be deducted from the gross value to arrive at the rateable value.

Conversion of a weekly into a yearly rent.

Inasmuch as the basis of assessment is the *annual* rent which a tenant might reasonably be expected to pay for the hereditament, the question arises whether the annual rent is more or less than the sum of the 52 weekly rents.

On the one hand the landlord is put to additional expense by reason of the frequency of rent collection, but on the other he runs less risk of loss by having the house empty, has the advantage of getting the use of his money without having to wait three or four months, and only stands to lose a few weeks' rent instead of three months through dishonest tenants.

The tenant has no responsibility for a long holding, having full opportunity for change of residence with change of locality, of work or other cause, and for this advantage he might be expected to pay a slightly higher rent.

It is not easy to obtain definite cases where exactly similar properties are let at weekly and at yearly rents respectively; but from the cases that have been obtained it would appear that there is no great difference between the amounts paid. For instance, in a street of similar houses on the Tredegar Estate, some were let at £30 per annum, tenant paying rates and taxes, and others to weekly tenants paying an average of 16s. 6d. per week, landlord paying rates and taxes. In this case the weekly tenants pay £42 18s. per annum and the yearly tenants £42 per annum, or nearly the same amounts.

In the scales approved by previous conferences it has always been assumed that a small deduction must be made to reduce a weekly or monthly rent to the equivalent of an annual rent. This deduction, together with the margin required to produce the whole pound, is termed the "contingency balance."

Classification of weekly and monthly properties.

Residential properties let at weekly or monthly rents may be divided into three classes—

(1) The small house constructed for and occupied by one tenant.

(2) The house constructed for a single occupation, but let or sublet in floors or in rooms.

(3) The house or block of dwellings constructed for separate occupation in tenements.

Class 1.—The gross value of small houses in a single occupation can be arrived at from the gross rent by means of a scale graduated to allow for various rates in the £.

Class 2.—In dealing with houses constructed for a single occupation but let or sub-let in floors or rooms, considerations of public policy cannot be ignored. In these cases it frequently happens that the rooms are ill adapted to the purposes for which they are used, that the sanitary accommodation is inadequate, and that there may be overcrowding—conditions subversive of public health and public morals.

At the same time the landlord obtains a higher rent than he would if he let the house for a single occupation, while the cost of such a house is far less than that of artizans' dwellings built to provide sanitary conditions for separate occupations.

Such hereditaments can be treated for rating purposes in any of three ways—

(1) The rental value of the house, as if let for a single occupation, can be taken as the basis for a single assessment of the house as a whole.

This method may be applied in cases in which—(*a*) The landlord controls the outer door, the tenants in such case being merely lodgers; or (*b*) The tenants have the use of certain parts of the house in common, *e.g.*, kitchen, washhouse, etc.

(2) The rents of the individual lettings can be taken as the basis for separate assessments of each room or sets of rooms considered as separate rateable hereditaments.

This method may be adopted in cases where the landlord parts with the control of the front door and passages, and occupies no part of the house himself. The distinction between these cases and those in which the landlord retains some control is, however, very fine, and it would probably yield the most equitable results to apply the method of separate assessment in every case where it is reasonably possible to do so.

(3) The rents of the individual lettings can be added together to obtain a total rent of the house, and the assessment can be based thereon.

This method is often adopted on account of simplicity, but it necessarily produces a higher gross value than that defined by the Act. A house of six rooms may produce—

(*a*) If let to a single tenant ... ... 10s. per week.

(*b*) If let in floors to two tenants ... 11s. ,,

(*c*) If let in rooms to six tenants ... 12s. ,,

the rent thus varying according to the manner of letting, which, again, depends largely on the class of tenant. But the value of the house to the tenant defined by the Act would not be affected by these considerations, and it therefore seems necessary to make some provision whereby the totals of such tenemental rents may be reduced to a common standard. This is the more necessary in cases where the annual value exceeds £20, as that results in the payment of Inhabited House Duty and in exclusion from all compounding benefits.

Since the Conference of 1904, conflicting decisions have been given in two cases having an important bearing upon the question of the assessment of properties let out in parts. The case of *Davis* v. *Wallis* was decided by the High Court, while the case of *White and Hales* v. *Islington* was taken to the Court of Appeal. In the latter case it was held that in the case of properties of this nature the landlord was liable for rates even though he did not reside on the premises. Although the absolute necessity of assessing separately every individual tenement is obviated by the later decision, so long as it stands, it is quite possible that the House of Lords might give a different decision if this or a similar case were carried further. Thus the only safe course would be to secure uniformity of practice throughout London on the basis of the separate assessment of each separate occupation, wherever possible.

Class 3.—In dealing with artizans' dwellings each separate tenement must of course be separately assessed (Westminster-chambers case, *R.* v. *St. George's Union*, 1871), and as the Inhabited House Duty is assessed on each tenement separately, the same deductions for rates and taxes should be made from gross rent to arrive at gross value as are made in respect of small self-contained houses.

With regard to the deduction from gross value to arrive at rateable value, in addition to the expenses applicable to separate houses—viz., repairs, insurance, and renewals—there are, in the case of artizans' dwellings, the expenses of caretaker, dust removal, and lighting, cleaning and watching the common staircase and yard, and the total deduction is not limited to the maximum deduction allowed in the case of ordinary houses [Footnote to the Third Schedule, Valuation (Metropolis) Act, 1869. *Pullen* v. *St. Saviour's Union*, 1900 ; *Western* v. *Kensington Assessment Committee*, 1907.] The question is dealt with more fully in the report on the assessment of flats.

The general practice has been to use the scale applicable to self-contained houses for the assessment of artizans' dwellings. If the course suggested in the report on flats were adopted in the assessment of artizans' dwellings a new scale would have to be constructed.

The Scale.

The scale is constructed for the purpose of arriving at the gross and rateable values, from the gross rent, and varies according to the rate in the £ levied.

It is a question for consideration, however, whether gradations of 5s. or 10s. should be introduced into the gross and rateable values. This alteration would promote regularity in the proportion of contingency balance allowed in the scale, especially in the low-rented properties.

The "contingency balance" is the balance between—

(1) The net rent after payment of rates, water rate and inhabited house duty (if any) and

(2) The gross value.

The following is an example in detail—

In the case of a weekly rent of 13s., rates being taken at 8s. in the £—

	£ s. d.	£ s. d.
Amount per annum—52 weeks at 13s. ...		33 16 -
Less—Rates at 8s. on £18	7 4 -	
Water rate at 5 per cent. on £18 ...	- 18 -	
Inhabited house duty at 3d. on £22 ...	- 5 6	
	8 7 6	
	25 8 6	
Gross value according to the scale		22 - -
Contingency balance, including allowance for conversion of weekly into yearly rent, increasing rates, etc. =10·1 per cent. of gross rent		£3 8 6

17. Agreements and Leases for a Term.

The resolutions of the Assessment Conference of 1904 on this question were sub-divided under four heads as follows—

"3. (*a*) That in the case of ordinary agreements for three years, where the landlord undertakes repairs, the rent reserved under agreement shall be taken as representing gross value; that in the case of three years' agreements, where the tenant undertakes internal repairs, 5 per cent. shall be added to the rent under agreement to arrive at gross value."

"(*b*) That where an ordinary repairing lease for a term, at a rack rent, has been granted not more than 5 years prior to the date of assessment, and no premium or other consideration has been paid, and the lessee has not expended any money for improvements, the rent reserved, plus 10 per cent., shall be taken as indicating the gross value in Classes 1, 2, 3, 4 and 5 of the Third Schedule to the Valuation (Metropolis) Act, 1869."

"(*c*) That where a premium has been paid, or outlay incurred by a lessee under an ordinary repairing lease, by which the annual value is increased (provided the amount of the increased letting value due to such outlay cannot be otherwise ascertained), there shall be added to the rent reserved a proportion of the premium and outlay, calculated in accordance with 'Table B' hereto annexed, and the result, together with 10 per cent. added, shall be taken as indicating the gross value."

"(*d*) That in the case of leases granted more than five years prior to the date of assessment, the same course shall be adopted as laid down in paragraphs (*b*) and (*c*), but the rent reserved under the lease shall be reviewed, and any change of value affecting the property taken into consideration."

A minor point arising out of resolution 3 (*a*) is that, in the last part the words "three years'" might be omitted with advantage.

Two important points arise under the resolutions generally, viz. :—

(1) The proper addition to a leasehold rack rent to arrive at gross value.

(2) The fair percentage on premium or capital outlay to be added to the rent reserved.

Additions to rent reserved under lease.

Strictly speaking, the amount of rent reserved under an ordinary repairing lease is the best indication of the true rateable value of the premises. The argument is put by Mr. W. C. Ryde in his text-book on Rating, as follows (see p. 186)—

"Rent paid under a repairing lease is, therefore, (at the moment when it is fixed) approximately the same as net annual (or rateable) value, subject only to a deduction for a renewal fund, for repairs (or insurance) not covered by the lessee's covenants and for any special expenses 'necessary to maintain the hereditament in a state to command the rent.'"

It is probable that a sufficient allowance for any slight differences there might be between (1) the deductions allowed from gross to arrive at rateable value and (2) the liabilities incurred under the usual repairing covenants referred to in the above quotation would be covered by the difference between (1) the addition of a percentage to the rent on lease to arrive at gross value and (2) the deduction of the *same percentage* from the gross value so arrived at. Thus the addition of 10 per cent. to a rent on lease of £100 would give a gross value of £110, while a deduction of the same percentage (namely 10 per cent.) from the gross value of £110 would give a rateable value of £99. Taking a percentage of $16\frac{2}{3}$, the figures would be: Rent on lease £100, gross value £116, rateable value £97.

The resolutions of past conferences have, however, provided for the addition of 10 per cent. to the rent on lease to arrive at the gross value; while the general practice has been to deduct the maximum allowance ($16\frac{2}{3}$ per cent. or more) from the gross value to arrive at the rateable

value. (See report on "Statutory Deductions for Repairs.") Thus with a rent on lease of £100 the gross value is put at £110 and the rateable value at £92 ; £10 being added for repairs to arrive at the gross value and £18 deducted for repairs to arrive at the rateable value of the same property.

In certain assessment areas it is the practice to add only 5 per cent. to the rent on lease to arrive at the gross value of new buildings—the contention being that the cost of repairs to new buildings is less than normal ; but at the same time the maximum deduction for repairs is made from gross to arrive at rateable value.

Moreover, the annual value should be estimated "taking one year with another," and the fact that a new building will require decorative repair in the course of a few years ought not to be disregarded in arriving at a fair assessment.

On the other hand, only 10 per cent. is added in cases where the terms of letting indicate that the lessee undertakes liabilities in excess of the usual repairing covenants—such as putting a dilapidated property into repair. In such cases the cost of the initial outlay might fairly be treated as a premium.

Percentage on premium or capital outlay.

Previous conferences have accorded the same treatment to premium and to capital outlay, but there is a broad distinction between the two. When the rent reserved does not represent the full annual value, the lessor receives the difference capitalised in the form of a premium ; and in such a case it is obviously necessary to reconvert the amount of the premium into annual value. This reconversion, to be accurate, must take into account the length of the lease in respect of which the premium was paid.

But when a lessee, paying presumably a fair rack rent for the premises leased, desires, for example, to add a new floor, it may be unfair to spread the outlay over the unexpired term of the lease only. The lessee may be willing, for business reasons, to incur an expenditure of which he cannot reap the full benefit, but is compelled to leave a considerable unexhausted value in the hands of the lessor on the expiration of the lease. The rent such a lessee is sometimes said to "stand at" calculated over the term of his lease only, is not the rent "which a tenant might reasonably be expected to pay," but a special handicap rent, partly self-imposed and undertaken with a special object. In all such cases the spirit and intention of the Act would appear to be that the outlay should be spread over a term of years equivalent to the probable life of the structure so improved ; and, as this would generally be not less than 60 years, the calculation would be made by adding simply 5, 5½, 6 or 7 per cent. (according to the class of property) upon the added structural value to the rent reserved under the lease.

18. Assessment of Freehold and Long Leasehold Property.

The following resolution was passed by the Assessment Conference of 1904 :—

> "4 (*a*) That the rent which a yearly tenant might fairly be expected to pay shall be taken as the gross value in every instance where the property might fairly be so let."
>
> "(*b*) That where this test cannot be applied, either the ground rent (if recently fixed) or the estimated value of the land for the purpose for which it is used, calculated at 3, 3½ or 4 per cent. on the capital value thereof, together with 5, 5½, 6 or 7 per cent. on the present value of the buildings, shall be taken as indicating the gross value. As a rule, 5 per cent. should be applied to the most costly buildings and 7 per cent. to those of least value."

The resolutions on this subject prior to 1904 advocated the system of taking fixed percentages of 4 per cent. on land value and 6 per cent. on building value. The revised resolutions passed in 1904 were based on the consideration that any fixed percentage on the capital value of land must be a more or less arbitrary basis, as it takes no account of the variation of different localities and different conditions. For instance, 3 per cent. may be fair in the City and Westminster, whereas 4 per cent. would be the proper table in most parts of the county.

Similarly, with regard to the value of the buildings, a fixed percentage on the capital value would not produce a true valuation in all cases—it would tend to give too low an assessment on small properties, and too high an assessment on large properties, especially where external embellishments and internal fittings are on a lavish scale. In actual practice it is found necessary to vary the percentage according to the size and character of the building.

In many cases of newly-erected properties, such as banks with suites of offices or chambers over, on corner or other specially valuable sites, it is found that the ground rent, plus a fair percentage on the present structural value of the building, produces a value much lower than the rents actually obtained. This difference can only be accounted for by the profit made by the intermediate lessee, owing to the comparative scarcity of such favourably situated new properties. In such cases it is clear that something more than the original ground rent and the fair percentage on capital building value must be taken into account. The only alternatives to a definite rack rent are (1) to take the interior floor space at so much per square foot, having regard to the locality and the nature of the building, or (2) to take a rental value per square foot of land area. The latter will be found approximately accurate, owing to the fact that such valuable sites are usually covered, both vertically and horizontally, to the best possible advantage.

Ground rent as evidence of land value.

The question arises as to the period to allow for a ground rent to remain admissible as evidence of the present annual value of the land.

In resolution 3 (*b*) a period of 5 years is adopted in the case of leasehold rents, but in many parts of London where alterations and improvements are being made the value of land may have risen or fallen very rapidly since the lease was granted.

For example, a plot let on a building lease granted four years before an important street improvement was carried out would be worth far more after the completion of the improvement; but conforming strictly to the five years mentioned in Rule (*b*), this enhanced value would not be taken into account. On the other hand, land let on building lease at the same time in the same neighbourhood for erecting a factory would probably have depreciated in value, such a building having become unsuited to the locality, so that the ground rent might be in excess of the true annual value for the purpose to which the site had been put. The present annual value of the land would appear to be the truest basis to follow.

Moreover, many instances occur in which even a newly-fixed ground rent cannot be regarded as conclusive evidence of present land value. It is a frequent custom for a lessee who desires to rebuild to surrender the unexpired term of his old lease and take up a new lease at a revised ground rent. This revised ground rent is less than the true rental value by the equivalent value of the profit rental which the lessee foregoes by the surrender of his former lease.

19. Assessment of Flats.

The term "flat" may be used to include many varieties of accommodation, from the humble two rooms in a block dwelling to the magnificent suites of Whitehall-court. But as those let at weekly and monthly rents can be dealt with under Resolution No. 1 of the Assessment Conference of 1904, this report will be confined to those let for longer terms, where the payment made by the tenant generally covers some kind of "service" as well as rent.

The Assessment Conference of 1904 passed the following resolutions on the question:—

16. (*a*) "That flats should be assessed on the same principle as that embodied in Resolution No. 1, dealing with weekly and monthly properties."

N.B.—In the published copy of the resolutions, a note was added to the effect that the London County Council was unable to agree with this resolution, and reserved its liberty of action in dealing with flats. A scale prepared on the lines indicated was also added, ranging from a rent of £50 per annum to £750.

(*b*) "That the Commissioners of Inland Revenue be asked to prescribe forms of return to be rendered by occupiers and owners of flats, similar to those prepared by the statistical officer of the London County Council."

N.B.—The Commissioners of Inland Revenue, when communicated with, intimated that they had no power to comply with the request, but suggested that assessment committees in London were probably in the position to obtain the necessary information under the provisions of section 57 of the Valuation (Metropolis) Act, 1869. Subsequently the County Council, with a view to economy, undertook the printing of special forms and supplied a sufficient number to each assessment committee desirous of making use of them.

Present Practice.

Of the 28 boroughs comprising the County of London, flats are found to a greater or less extent in 18. Of these, Camberwell appears to be the only borough where the Conference resolution has been adopted for the assessment of such properties, and much diversity of practice exists, as will be seen from the following table, which shows the methods usually followed in the different boroughs. These methods usually take the form of a percentage deduction from the gross rental to obtain the gross value, the rateable value being then obtained in the same manner as with ordinary house property :—

Borough.	Deduction from gross rental to obtain gross value.
Battersea ...	$33\frac{1}{3}$ per cent.
Camberwell ...	As per Conference scale.
Chelsea	1st class—35 per cent. where lift and extra appointments. 2nd class—$33\frac{1}{3}$ per cent. where lift. 3rd class—30 per cent. where caretaker, but no lift. 4th class—25 per cent. where no caretaker. N.B.—In the case of a block of 11 flats, 45 per cent. was allowed.
Deptford	Any case considered on its merits.
Fulham	$33\frac{1}{3}$ per cent. where ordinary "service" is provided. $37\frac{1}{2}$ per cent. where lift is provided in addition to above. 40 per cent. where constant supply of hot water in addition to above.
Hackney	$33\frac{1}{3}$ per cent.
Hammersmith ...	$33\frac{1}{3}$ per cent.
Hampstead ...	30 per cent. where no "service." $33\frac{1}{3}$ per cent. with "service." N.B.—In the case of a block of 16 flats, 40 per cent. was allowed.
Holborn	No fixed scale, each block of flats being treated on its merits. The percentages of deduction allowed range from 25 per cent. to 40 per cent.
Islington	$33\frac{1}{3}$ per cent.

Borough.	Deduction from gross rental to obtain gross value.
Kensington ...	Varies from 25 per cent. to 35 per cent., according to extent of outgoings borne by owner in respect of rates, taxes, service, lighting and furnishing of staircase, provision of lifts, etc. N.B.—In a few cases the deduction exceeds 35 per cent. where the appointments are of an exceptional character.
Lambeth	33⅓ per cent.
Paddington ...	Class A—40 per cent. where appointments are of an exceptional nature. Class B—37½ per cent. where passenger lift is provided, carpet to staircase, common garden, telephone, fire in hall, plants, etc. Class C—33⅓ per cent. where caretaker, carpet to staircase, common garden, but no passenger lift. Class D—30 per cent. where hall and staircase are maintained by landlord, but no caretaker. N.B.—In no case in Paddington has the "service" been considered sufficient to warrant a deduction under Class A, *i.e.*, 40 per cent.
St. Marylebone ...	Class A—27½ per cent. where no maintenance of staircase and no porter. Class B—30 per cent. where plain stone staircase maintained by landlord. Class C—33⅓ per cent. where caretaker or porter in attendance in addition to above. Class D—35 per cent. where carpet to staircase in addition to above. Class E—37½ per cent. where passenger lift is provided in addition to above. Class F—42½ per cent. where appointments are of very high class. N.B.—With rents on lease, 5 per cent. is generally added for internal repairs after application of scale. In a few instances a deduction of 40 per cent. has been granted; and in the case of two large blocks, 45 per cent. was allowed.
St. Pancras ...	33⅓ per cent. where ordinary "service." 37½ per cent. where appointments are of a superior class
Stoke Newington	33⅓ per cent.
Wandsworth ...	33⅓ per cent.
Westminster ...	33⅓ per cent., but may be increased up to 45 per cent. upon production of satisfactory evidence.

It may be mentioned incidentally that, for offices in the City of London, 33⅓ per cent. is usually allowed off the gross rental, with a small extra allowance where a passenger lift is provided.

Thus the method followed in seven boroughs is merely to take a fixed percentage of deduction, viz., 33⅓, from the gross rental, without regard to the rate in the £ of the local rates or any other outgoings. In these particular boroughs the rates during the current year (1908–9) range between 6s. 10d. and 8s. 6d. Most of the other boroughs recognise different grades of flats, a different percentage of deduction being applied for each grade.

In accordance with the finding of the Divisional Court in the "West-

minster Chambers" case (*Reg.* v. *St. George's Union*, 1871), the invariable practice is to treat each flat as a separate hereditament. In this case it was held that "each set of rooms ought to be separately placed upon the valuation list of the parish, and each occupier separately rated to the relief of the poor."

With regard to the statutory deduction from gross value, the same rate of deduction is accorded to flats as to other residential property.

General Principles.

Broadly speaking, the rent of a flat is made up of two elements, one the equivalent of ordinary rent, and the other a repayment to the landlord of certain outgoings.

These outgoings may be divided into four classes, namely:—

(1) Rates, inhabited house duty, and water charge, but not property tax, which is a personal tax on the landlord, and would properly be included in the rent.

(2) Outgoings in respect of the provision of chattels, *e.g.*, furniture in entrance hall, carpet on staircase, telephone, etc.

(3) Outgoings of the nature of wages for domestic service, *e.g.*, cleaning and watching entrance hall and staircase, removing dust, carrying up coals, etc.

(4) Outgoings necessary to maintain the flat in a condition to command the rent, apart from ordinary repairs and insurance, *e.g.*, fighting of entrance hall and staircase, working of passenger lift, etc.

The first class comprises charges which are common to all residential property, and which are payable in respect of any particular flat only so long as the flat is in beneficial occupation; they cease when the flat is empty. The other three classes consist of standing charges, which continue to accrue whether the flat is occupied or not. The items covered thereby are usually known as "service."

Logically, the gross value should be obtained by deducting (1), (2) and (3) from the gross rental, and the rateable value by deducting (4) together with the ordinary repairs and insurance from the gross value. In consequence, however, of the decision in *Pullen* v. *St. Saviour's Union* (Divisional Court, 1900), taken in conjunction with the recent decision in *Western* v. *Kensington* (Court of Appeal, 1908), it would not be safe to follow this course.

In the latter case it was held that buildings let out in separate flats came within the meaning of the footnote to the third schedule of the Valuation (Metropolis) Act, 1869. This footnote runs as follows:—

> "The maximum rate of deductions prescribed in this schedule shall not apply to houses or buildings let out in separate tenements, but the rate of deductions in such cases shall be determined as in classes 9, 10, and 11."

i.e., according to circumstances and the general principles of law.

In the case of *Pullen* v. *St. Saviour's Union*, it was held that outgoings in respect of (*inter alia*) cleaning, lighting and watching the common staircase, and of removing dust came within the category of "other expenses" necessary to maintain the hereditament in a state to command the rent, and ought therefore to be classed with the cost of repairs and insurance in the statutory deduction between gross and rateable values.

Certain of the items specified, namely, the cleansing of the common staircase and the removal of dust, appear to be of the nature of domestic service, and it might be argued by analogy that practically all the outgoings on "service" in the case of an ordinary flat would fall within the same category, with the exception, perhaps, of outgoings in respect of the provision of chattels. This consideration raises the question as to what is meant by the term "rent," for it is difficult to understand how anything in the nature of domestic service can properly be considered as "rent" in the ordinarily accepted meaning of the term.

The case in question was not taken beyond the Divisional Court, and it is quite conceivable that the ruling would be modified in the event of another case on the point being taken to the Court of Appeal or to the House of Lords. In the meantime, however, it is binding on Quarter Sessions. The safer course for assessment authorities, therefore, is to include any items that might be considered analogous to those specified in the ruling, in the statutory deduction between gross and rateable values, rather than in the deduction between nominal rent and gross value, for in view of *Western* v. *Kensington* it is open to any objector to accept the gross value and appeal against the rateable value only, on the ground that the deduction is insufficient.

Thus the effect of the decisions in the two cases is to increase the gross value by amounts that can hardly be considered rent, and to deduct all these amounts again in arriving at the rateable value. The operation has no effect on the rateable value, but increases the gross value, the result being that the Imperial Exchequer receives inhabited house duty and property tax upon items that are in the nature of domestic service rather than rent.

The order in which the several deductions should be made is governed by the fact that the charge for rates, house duty, and water bears no relation to the gross rental (this rental including the variable elements of "service"), but is based on the rateable value (with the exception of the house duty, which is levied on the gross value). The cost of "service," therefore, must form the first deduction to be made.

Perhaps the best explanation of the further stages necessary is to take a hypothetical case—

	Gross rental			**£180**
Stage (1) ...	*Deduct* outgoings in respect of "service"			20
	Gross rental *less* service			160
Stage (2) ...	*Deduct* rates, house duty and water charge ...			40
	Rateable value *plus* repairs (equivalent to gross value in case of ordinary property) ...			120
Stage (3) ...	*Deduct* repairs and insurance at $16\frac{2}{3}$ per cent. ...			20
	Rateable value			**£100**
Stage (4) ...	*Add* repairs and insurance	£20		
	Outgoings *re* "service" necessary to maintain hereditament	15		
			—	35
	Gross value			**£135**

Stage (1)—*Deduction of outgoings in respect of "service."*

This will be the most difficult part of the calculation, inasmuch as the extent of the "service" and its cost vary greatly according to circumstances.

The practice followed in certain boroughs of differentiating between the grades of flats and allowing a larger proportionate deduction for the better classes of flats is not as a rule satisfactory, inasmuch as, where the cost of "service" is heavy, the extra rentals obtained are correspondingly high. For example, for a flat let at the gross rental of (say) £100 with the minimum of "service," the allowance would be £35 under class C of the St. Marylebone scale; but for a flat with the maximum of "service," and let at (say) £300, the allowance would be £127 10s. under class F. In all probability £105, or 35 per cent. as under class C, would cover the cost of "service" provided in the latter case. But, as it cannot safely be said that the cost of "service" is invariably proportionate to the amount of rent, the only safe method is to deal with each case on its merits, more especially as it is eventually necessary to discriminate between the different kinds of "service," in calculating the gross value from the rateable value in the final stage.

In cases of new blocks of flats, it often happens that some considerable time elapses before the flats are fully occupied, and a request is sometimes made under such circumstances for a larger allowance, on the ground that the fact of many of the flats being empty should be taken into consideration, and the cost of "service" should be based, *not* on the rents receivable if all the flats were in occupation, but on the rents actually received. This argument is unsound, for its acceptance would involve a continual review of the existing assessments of the occupied flats, whenever additional flats became occupied. Moreover, it involves the consideration of the question from the wrong point of view, namely, the income that the landlord receives, rather than the rent which a tenant might reasonably be expected to pay.

Another contention frequently made before assessment committees is for an allowance in respect of the expense of management, as distinct from actual "service." Very often in the case of large blocks, one of the flats is utilised as an estate office. No claim of this sort should be entertained, as such expense is incidental to all property as well as flats, and is never allowed, or even claimed, in respect of other residential property. The flat used as an office should be assessed on ordinary principles.

Stage (2)—*Deduction of rates, house duty and water charge.*

This deduction may conveniently be expressed as a percentage of the figure just obtained (namely, the gross rental *less* service), though not with absolute accuracy, owing to the fact that the house duty is leviable on the gross value. The percentage, of course, will vary according to the rate in the £ of the local rates. A scale for the purpose may be constructed in the following way, using the figures of the above hypothetical case—

Gross rental *less* service			£160
		£	
Less Rates at 6s. in £ on rateable value of £100 ...		30	
Water charge at 5 per cent. on rateable value of £100...		5	
House duty at 9d. in the £ on gross value (taken at £120		4 10s.	
		39 10s.	or (say) £40, which is equivalent to 25 per cent. of the gross rental *less* service (£160).

Other approximate percentages ar as follows:—

	Where landlord does internal repairs.		Where tenant is liable for internal repairs.
Rates, 6s. 6d. in £	$26\frac{1}{4}$ per cent.	...	$27\frac{1}{4}$ per cent.
,, 7s. ,, ...	$27\frac{1}{2}$,,	...	$28\frac{1}{2}$,,
,, 7s. 6d. ,, ...	$28\frac{1}{2}$,,	...	$29\frac{1}{2}$,,
,, 8s. ,, ...	$29\frac{1}{2}$,,	...	$30\frac{1}{2}$,,
,, 8s. 6d. ,, ...	$30\frac{1}{2}$,,	...	$31\frac{1}{2}$,,
,, 9s. ,, ...	$31\frac{1}{2}$,,	...	$32\frac{1}{2}$,,

It will be noticed that the house duty is reckoned on the basis of £120, *i.e.*, the rateable value *plus* repairs (equivalent to the gross value in the case of ordinary property), whereas properly speaking it should be reckoned on the basis of £135, the actual gross value in the hypothetical case, which figure includes part of the variable element of "service." The inclusion of this element in the basis, however, introduces complications and would not appreciably affect the percentages, as the house duty forms but a small proportion of the total charge.

Stage (3)—*Deduction for repairs and insurance.*

So long as the deduction for repairs and insurance in the case of ordinary property is taken at a fixed percentage of gross value, it will not be advisable to vary the practice in regard to flats, though the question of the proportion of site value enters into consideration here as in all other cases. In view, however, of *Western* v. *Kensington*, it will be necessary to exceed the usual one-sixth deduction in cases where that allowance is not sufficient to cover the average annual cost of repairs and insurance. Of course, the percentage must be based on the rateable value *plus* repairs, *i.e.*, the equivalent of gross value in the case of ordinary property.

An important consideration in this connection is that of tenure. Generally speaking, the custom in the central districts is for flats to be let on lease for terms of years; in such cases the tenants have to do their own repairs, or, as is often the case, enter into an agreement to pay a fixed sum at the end of the term in lieu of dilapidations. Obviously only internal repairs are referred to, external repairs being invariably undertaken by the landlord. On the other hand, in the outlying districts flats are usually let on three years' agreements or from

year to year, the landlord undertaking all repairs, as with ordinary property so let.

The rule laid down at the last Assessment Conference for dealing with ordinary property let on lease at a rack rent was that 10 per cent. should be added to the rent reserved in order to obtain the gross value. This 10 per cent. is intended to cover all repairs, both internal and external; where only internal repairs are in question the practice is to add a half of this or 5 per cent. To apply this rule to flats let on lease would simply bring such properties into line with other property; but it would certainly be more equitable if a larger proportion than 5 per cent. were added. The percentage must be taken on the equivalent of gross value in the case of ordinary property, and if combined with the deduction of one-sixth for repairs and insurance will be equivalent to a net deduction of $12\frac{1}{2}$ per cent. (one-eighth). Before the 5 per cent. is added, it will be necessary to make a slight consequential adjustment in the deduction for rates, etc. (stage (2)), and an additional 1 per cent. should be included in the percentages in the above scale for this purpose.

Actual Examples.

The following are a few examples of blocks of flats showing the gross rentals, and the landlord's outgoings which should be allowed, in accordance with the principles just laid down, for obtaining the gross and rateable values. The examples have been chosen from different districts and comprise fairly representative types of the flat property commonly met with in London. The flats have been dealt with *en bloc* for the sake of simplicity, but the gross and rateable values arrived at should be apportioned among the separate flats on the basis of the rents actually paid, the percentages of gross value and of rateable value to total gross rental being applied to the gross rental of each flat.

The landlord's outgoings in respect of "service" are based for the most part on information furnished by the respective owners, but it has been necessary to estimate a few of the items. The charges for rates, house duty and water are, of course, based on the suggested assessments, and not on the existing assessments. Mention ought to be made of one small matter, namely, the accommodation usually provided by the landlord for the caretaker. Such accommodation is, of course, equivalent to wages, and in reckoning the wages of a caretaker an equivalent rent should be added to his nominal wages, the assessment of the rooms so occupied being arrived at on the same rental basis. In practice the value of any free allowances of coal, lighting, etc., should also be added to the money wages.

No. 1.—A block of 14 flats on 7 floors. Landlord provides porter, night porter, lift attendant, carpet on staircase, electric light in hall and staircase, fire in entrance hall, hot water supply, passenger lift. Tenant undertakes internal repairs. Rates, 7s. 1d. in £.

No. 2.—A block containing 4 maisonettes and 10 flats on 7 floors. Landlord provides porter, lift attendant, electric light in hall and

staircase to 11 p.m., gas after 11 p.m., fire in entrance hall, passenger lift, telephone in entrance hall. Tenant undertakes internal repairs. Rates, 6s. 11d. in £.

No. 3.—A block containing 15 flats on 5 floors. Landlord provides caretaker, electric light in hall and gas lighting on landings. Tenant undertakes internal repairs. Rates, 6s. 8½d. in £.

No. 4.—Four blocks containing 73 flats and 2 maisonettes on 7 floors. Landlord provides 4 resident porters, 2 night porters, and 2 boys, carpet on staircase up to first floor, electric light in hall and staircases, 4 passenger lifts. Rates, 7s. 1d. in £.

No. 5.—A block of 16 flats on 4 floors, having a single staircase, but with two entrances. Landlord provides caretaker, carpet on staircase, electric light in halls and staircase, hot water supply. Rates, 7s. 3d. in £.

No. 6.—A block of 11 flats on 6 floors. Landlord provides caretaker (who also acts as attendant to passenger lift), carpet on staircase, electric light in hall and staircase, hot water supply, shrubs, etc., in garden approach. Rates, 7s. 1d. in the £.

No. 7.—Five blocks containing 40 flats on 4 floors. Landlord provides caretaker, gas lighting in halls and staircases, maintenance of 2 tennis lawns in rear and garden approach in front. Rates, 6s. 10d. in £.

	Case No. 1.		Case No. 2.		Case No. 3.	
		£		£		£
Total gross rentals on lease (tenant undertaking repairs)		4,525		3,295		1,895
Deduct outgoings in respect of "service"—	£		£		£	
Carpet, etc.	25		—		—	
Telephone	—		17		—	
Wages, uniform, licences, etc.	156		134		82	
Power for passenger lift	60		30		—	
Lighting of hall and staircase	40		25		17	
Fuel, stores and incidentals...	52		10		5	
		333		216		104
Percentage of gross rentals ...		*7·4*		*6·6*		*5·5*
Gross rentals *less* "service"		4,192		3,079		1,791
Deduct Rates, house duty and water	at $28\frac{1}{2}\%$ =	1,195	at $28\frac{1}{2}\%$ =	878	at 28% =	501
Rateable value *plus* external repairs...		2,997		2,201		1,290
Deduct Repairs and insurance at $12\frac{1}{2}\%$ (*a*) ...		374		275		161
Rateable value		**2,623**		**1,926**		**1,129**
Percentage of gross rentals ...		*58·0*		*58·4*		*59·6*
Add—Repairs, etc., at one-fifth	524		385		225	
"Service" as above (excluding carpet, telephone, etc.)	308		199		104	
		832		584		329
Gross value		**3,455**		**2,510**		**1,458**
Percentage of gross rentals ...		*76·4*		*76·2*		*76·9*
Assessment at present in force—Gross value ...		2,946		1,868		1,267
Rateable value ...		2,462		1,561		1,063

(*a*) An addition of 5% (in respect of internal repairs) combined with a deduction of $16\frac{2}{3}$ per cent. from the amount so arrived at is equivalent to making a net deduction of $12\frac{1}{2}$ per cent. (=one-eighth) from the original amount.

	Case No. 4.		Case No. 5.		Case No. 6.		Case No. 7.	
		£		£		855		£
Total gross rentals on agreement		9,290		1,465				2,035
Deduct outgoings in respect of "service"—	£		£		£		£	
Carpet, etc.	14		6		3		—	
Telephone	—		—		5		—	
Wages, uniform, licences, etc.	521		65		70		82	
Power for lift	35		—		20		—	
Lighting of hall and staircase	64		25		11 10s.		25	
Upkeep of garden, etc.	—		—		5		25	
Fuel, stores and incidentals...	10		31		22 10s.		10	
		644		127		137		142
Percentage of gross rentals		*6·9*		*8·7*		*16·0*		*7·0*
Gross rentals *less* "service"		8,646		1,338		718		1,893
Deduct Rates, house duty and water	at $27\frac{1}{2}\%$ =	2,378	at 28% =	375	at $27\frac{1}{2}\%$ =	197	at 27% =	511
Rateable value *plus* repairs		6,268		963		521		1,382
Deduct Repairs and insurance at $16\frac{2}{3}\%$		1,044		160		86		230
Rateable value		**5,224**		**803**		**435**		**1,152**
Percentage of gross rentals ...		*56·2*		*54·8*		*50·9*		*56·6*
Add—Repairs, etc., as above	1,044		160		86		230	
"Service" as above (excluding carpet, telephone, etc.)	630		121		129		142	
		1,674		281		215		372
Gross value		**£6,898**		**£1,084**		**£650**		**£1,524**
Percentage of gross rentals ...		*74·3*		*74·0*		*76·0*		*74·9*
Assessment at present in force—Gross value ...		5,775		879		472		1,360
Rateable value ...		4,849		733		396		1,101

The following is a summary of the foregoing examples—

Number of example.	Total gross rentals.	Average rent per flat.	Valuation on proposed method.			Valuation under present system.		
			Total gross values.	Total rateable values.	*Proportion to gross rental of landlord's outgoings (excluding repairs).*	*Allowance for obtaining gross value.*	Total gross values.	Total rateable value.
	£	£	£	£	*p.c.*	*p.c.*	£	£
1.	4,525	323	3,455	2,623	*33·8*	*35*	2,946	2,462
2.	3,295	235	2,510	1,926	*33·2*	*45*	1,868	1,561
3.	1,895	126	1,458	1,129	*31·9*	*33⅓*	1,267	1,063
4.	9,290	124	6,898	5,224	*32·5*	*37½*	5,775	4,849
5.	1,465	92	1,084	803	*34·3*	*40*	879	733
6.	855	78	650	435	*39·1*	*45*	472	396
7.	2,035	51	1,524	1,152	*32·1*	*33⅓*	1,360	1,101

Conclusion.

These few examples will suffice to indicate that flats in London are not fully assessed. The actual loss in rateable value in the seven examples is £1,127, or about 8½ per cent. of the correct figures.

It will be noticed that the landlord's outgoings (excluding repairs) range from a proportion of 31·9 per cent. of the gross rentals to 39·1 per cent., though, as indicated by the column showing the average rent per flat, the flats dealt with range from those of the first class to typical suburban flats. The actual allowances made by the respective authorities concerned range from 33⅓ per cent. up to 45 per cent.

These facts illustrate the inequity of allowing a larger percentage of deduction in the case of the better-class flats. Less inequitable results would probably be produced by a uniform allowance of (say) 33⅓ per cent. regardless of the grade of flat; but the principal drawback to this is that it ignores the variations in the local rate burden.

Another reason against the adoption of any fixed percentage of deduction is that flats, more than any other class of property, are affected by fashion, the rents being subject to wide fluctuations, while the outgoings in respect of "service" remain constant.

The method advocated in this report should not involve any very great labour, provided the necessary information is available. To obtain this, special forms of return should be used for circulation, both to the owners and occupiers of flats, of a similar kind to the forms which were supplied by the County Council at the last quinquennial valuation. Copies of these forms, amended in a few particulars, are given in the appendix hereto.

Where the necessary particulars are not forthcoming, it might be advisable to arrive at tentative assessments on the basis of the scale drawn up in pursuance of the resolution of the last Conference, that scale merely allowing for the outgoings in respect of rates, taxes, and water.

This report, though primarily concerning the assessment of flats, will equally cover the assessment of suites of offices and chambers. In the case of offices the landlord's outgoings are fewer, and therefore their assessment would not involve so much trouble. With chambers, on the other hand, the nominal rents sometimes include valet and domestic attendance, though more usually this is charged for separately. In a few cases chambers are let furnished, where it would be necessary to deduct in addition a percentage on the actual value of the furniture.

The following resolutions would cover the points raised—

(*a*) That in assessing flats, in view of the decision of the Court of Appeal in *Western v. Kensington*, it is advisable that the landlord's expenses in cleaning, lighting, and watching the staircase, in removing dust, and in performing other analogous services, should be included in the statutory deduction between gross and rateable values.

(*b*) That, with a view to obtaining the requisite information for the purpose, assessment committees should be asked to make use of their powers under section 57 of the Valuation (Metropolis) Act, 1869.

APPENDIX.

1.—Form of Return for circulation to **occupiers** of Flats.

1. Address and description of property occupied.....
2. Name of occupier .....
3. Name and address of landlord.....
4. Whether the property is held—
   Weekly, monthly, or yearly .....
   On agreement (state length of term and date of expiry) .....
   On lease (state length of term and date of expiry)—.....
5. Amount of rent paid.....
6. Whether any monetary considerations other than rent are paid. If so, the amounts and objects of such payments.....
7. The amount of premium paid (if any).....
8. Whether all usual tenants' rates and taxes are paid and borne by the occupier or by the landlord ....
9. Whether the occupier undertakes to bear the cost of internal repairs, and if so the average annual cost .....
10. Whether there is any arrangement as to dilapidations, and if so full particulars
11. Whether any porter or other person is employed by the landlord for constant attendance on premises, and if so particulars as to the services so rendered to the tenants.....
12. Any other particulars not covered by foregoing .....

2.—Form of Return for circulation to **owners** of Flats.

1. Situation of block of flats, and number of separate flats comprised therein.....
2. Name and address of owner .....
3. Rents receivable, showing details for each flat (whether let or empty).....
   [N.B.—*These details may be given on a separate sheet, if desirable.*]
4. Whether any monetary considerations other than rent are paid. If so, state the amounts and objects of such payments.....
5. Tenure under which flats are let, and, if let on lease, whether there are any arrangements as to dilapidations..... .....

6. Whether any caretaker, porter, or other servant is employed for constant and undivided attendance at the block of flats, and, if so, the wages paid...
7. Whether any remuneration other than wages is made to such person, *e.g.*, accommodation on premises (if so, number and situation of rooms), coals, lighting, etc.....
8. Whether a passenger lift is provided, and, if so, the average annual cost of power and wages of lift attendant.....
9. Average annual cost of lighting entrance hall and staircase, giving number of lights (electric or gas).....
10. Whether stairs are carpeted or covered with linoleum, and, if so, the cost and average life of such material.....
11. Cost per annum of telephone if provided free for the exclusive use of tenants...
12. Whether there is a hot-water supply, and, if so, the average annual cost of fuel for purpose.....
13. Annual cost of maintaining garden approach, etc. .....
14. Average annual cost of repairs—
    (*a*) External ....
    (*b*) Internal (inside flats), if borne by owner.....
    (*c*) Entrance hall and staircase (including lift).....
15. Any other expenses not covered by foregoing items .....

20. Assessment of Licensed Premises.

The resolutions of the Assessment Conference of 1904 on this question were as follows :—

"6. (*a*) In the case of freehold public-houses, beer-houses and other licensed premises, 4 per cent. on the present value of the land, together with 6 per cent on the present value of the building, shall be taken as the rent, and that, together with 5 per cent. on half the premium which would be given for the premises and business subject to such rent, shall be taken as indicating the gross value."

"(*b*) In the case of public-houses, beer-houses and other licensed premises held on building lease, the ground-rent, together with 6 per cent. on the present value of the building, shall be taken as the rent, and that, together with 5 per cent., calculated on the basis of 'Table C,' on half the premium which would be given for the premises and business, shall be taken as indicating the gross value."

"(*c*) Where public-houses, beer-houses, and other licensed premises are held on an ordinary repairing lease, the rent reserved, together with a proportion of any structural outlay incurred by the lessee, and a proportion of half the premium, both proportions calculated in accordance with 'Table C,' with 10 per cent. added, shall be taken as indicating the gross value."

"(*d*) Licensed houses alleged to be subject to a tie should be assessed on the same principles as if there were no question of a tie, and grocers' off-licences should be dealt with on the same principles so far as the premium or selling value can be ascertained."

"(*e*) Where a licence has been granted since the commencement of a holding, and no premium paid therefor, the increase in value shall be estimated, and in cases where houses are let by brewers or other

firms to annual tenants, and no premium or other consideration is paid, the fact of a licence being attached to the premises shall be taken into consideration, and the annual value shall be calculated at not less than the annual rent which would be given for it as a free house in arriving at the gross value."

"(*f*) That for the purpose of the assessment of licensed premises, the form of return sent to the overseers by the surveyor of taxes is inadequate, and this Conference resolves that the Board of Inland Revenue be requested to amend the form of return by adding the following required particulars—

In the case of licensed premises :—

(1) If free, what premium was paid for the house and what has been spent on improvement of the premises.

(2) If tied, the name and address of the brewers or other firms, the amount of any loan advanced to the licensee and the yearly turnover of the tied business.

(3) The date of the payment of the premium or other consideration, or of the last transfer."

N.B.—On being communicated with, the Commissioners of Inland Revenue intimated that they had no power to comply with the request, but suggested that the assessment committees in London were probably in a position to obtain the necessary information under the provisions of section 57 of the Valuation (Metropolis) Act, 1869. Subsequently the County Council, with a view to economy, undertook the printing of special forms on the lines of the resolutions, and circulated a sufficient number to those assessment committees desirous of making use of them.

Since the resolutions (*a*) to (*e*) dealing with licensed premises on the basis of rents and premiums paid were first formulated, great changes have taken place in the tenure by which such property is usually held.

The great bulk of the licensed property has been acquired by the great brewing companies, with a view to securing a permanent output of the beer manufactured by them. The result has been that the independent publican has been practically crushed out of the trade, and very few "free" houses are now to be found in London. It is no exaggeration to say that probably 99 per cent. of London licensed premises are financially controlled by the brewers and distillers ; and that, in reality, they have become "tied" houses.

It has long since been decided (*Overseers of Sunderland* v. *Sunderland Union*, 1865) that, in assessing licensed premises, the "tie" must be disregarded ; so that no difficulty arises on that point. But the figures available under this system are wholly inadequate for the purposes of assessment. The actual occupier either holds a managership, a tenancy or a sub-lease, the trade in practically every instance being tied to the particular firm of brewers owning the house. Under these circumstances the amount of rent paid by the tenant is purely arbitrary, most of the rental value being disguised by inclusion in the price which he is

compelled to pay for his beer. It is thus practically impossible to ascertain the true value of the house for assessment purposes on the lines indicated by the resolutions (*a*) to (*e*).

In the case of *Dodds* v. *South Shields* (1895) the Court of Appeal appeared to contemplate the possibility of arriving at a fair assessment by comparison with similar premises, *e.g.*, a comparison of tied houses with free houses, in order to assimilate the assessment of the former to that of the latter. Under any circumstances the practice of assessment by comparison is difficult of application; but there are no recent figures available for the assessment of even the few free houses now remaining, owing to the policy of the brewers in buying up all the licensed property placed on the market. Very few houses have been put up for sale during the past few years, and the prices paid for them form no guide to their annual values, owing mainly to the reaction following on the inflated prices paid during the "boom" period. The ordinary public-house buyer was long ago forced out of the market by the brewers, who were prepared to forego, and during the boom often did forego, a capitalised portion of their legitimate wholesale profits in their anxiety to secure permanent outlets for their goods.

In view of these facts, it will be obvious that the resolutions in question, however useful they have been in the past, are now quite out of date. In fact, having the imprimatur of the Assessment Conference, they are a positive drawback, being often used in connection with figures upon which they have no real bearing. In this connection it should be remarked that for some years past an association has been in existence, having among its objects the reduction of the assessments of licensed premises, and the existence of these rules very often places the association and its agents in a strong position when appearing before an assessment committee, as it enables them with apparent authority to restrict the scope of the committee's investigations.

Practically the only basis remaining is that of gross receipts, or a statement of the quantity of beer, spirits, etc., sold in the course of a normal year. This is the basis indicated in the case of *Cartwright* v. *Sculcoates Union* (House of Lords, 1900). Nor is it specifically contrary to the decision in the case of *Dodds* v. *South Shields* previously referred to. For there is a very wide distinction between asking the occupier of a licensed house for a statement of his total gross receipts or of the total amount of liquors sold by him in any year, and asking him for a return of the actual net profit which he has made. The latter enquiry might be regarded as too inquisitorial, but the former stands in a different category.

Particulars as to the trade done over a series of years are invariably furnished to possible purchasers when a house is put up for sale; and there would seem to be no valid objection to similar information being accorded to an assessment authority.

Assessment committees in London already have power, under section 57

of the Act of 1869, to require from the owner or occupier of any hereditament a return in writing of "any other particulars respecting such hereditament as are required for the due execution of this Act"; and it would be of advantage if use could be made of this power in the manner suggested at the coming quinquennial valuation. A draft form of return suitable for the purpose will be found at the end of this report (Appendix A.).

At the last quinquennial valuation, special forms of return, prepared on the lines of resolution (*f*), were circulated by 13 of the 26 assessment committees to the occupiers of licensed premises in their respective districts; and in the majority of cases it is probable that satisfactory returns were received. A copy of the special form circulated is given at the end of this report (Appendix B). In a few cases, however, a number of the licence-holders, acting in concert, declined to answer the question as to the turnover of tied business, and, in consequence, one authority (the Wandsworth Union assessment committee) summoned the defaulters in its district before the South-Western police court. As a result the magistrate decided that the assessment committee was perfectly justified (with one trifling exception) in calling for the particulars specified on the special form of return, including the question as to the tied trade. The only question he took exception to was that asking for the name of the firm to which a house was tied, on the ground that such information was not relevant to the assessment. No appeal was made against this decision.

Assuming that all the necessary details as to the trade are forthcoming, the question arises as to the process to be applied.

In the first place it will be necessary to eliminate from the figures any part of the trade, which is due solely to the personality or special business aptitude of the occupying tenant, and which is not likely to become attached to the premises in the event of the tenant going away. This element may be termed the "personal goodwill," and manifestly cannot be taken into account in arriving at the annual value of the premises. Conversely, in the more infrequent case of a house, where the trade had been allowed to drop owing to the business incapacity of the tenant, it will be necessary to increase the figures accordingly.

That part of the trade, however, which has become attached to the premises, and which the hypothetical tenant will be able to appropriate by merely entering into occupation of the premises, must certainly be taken into account in estimating the rateable value. This element is sometimes referred to as "local goodwill," though really it is nothing more than the monopoly value of the licence.

It is at the stage just described that the knowledge of local conditions, possessed by members of the assessment authority, can be of the utmost use, and in fact is essential to a true conclusion.

The simplest form that explanation can take of the further processes necessary is that of a hypothetical case, and the following figures may be taken as typical of the average good-class public-house to be found in London.

Gross takings (averaged over 3 years)		£2,600	= £50 per week.
Gross profit at (say) 45 per cent.		£1,170	

N.B.—This percentage will vary according to the class of trade. In the case of a west-end trade it will be larger, and *vice versa*.

Outgoings—			
Tenant's remuneration	£150		= 5·8 per cent. of
Wages and equivalents	200		gross takings.
Licence duty	45		
Breakages, and depreciation of furniture, utensils, etc.	30		
Lighting, coals and sundries	65		
	———	490	= 18·8 per cent. of
		———	gross takings.
Net profit (including rates, taxes, and water)		680	
Tenant's capital—			
Stock (say) 3 months' payments ...	£350		
Furniture, utensils, etc. (present value)	350		
Cash at bank and in hand (say) ...	100		
	———		
	£800 at (say) 15 %	= 120	= 4·6 per cent of gross takings.

N.B.—This percentage will vary according to the class of trade.

		———	
		560	
Less rates, taxes and water		160	
		———	
Gross value		£400	= 15·4 per cent. of
Statutory deduction for repairs and insurance (average annual cost)		40	gross takings (or 8 weeks' takings).
		———	
Rateable value		£360	
		———	

The tenant's remuneration of £150 does not include any equivalent for the residential portion of the premises (as distinct from the business portion), so the assessment of gross £400, rateable £360, will cover both the business and the residential portions.

The proportion of gross value to gross takings (shown in the above example as about 15·4 per cent. or 8 weeks' takings) will vary according to different circumstances.

In the first place the proportion will vary according to the volume of the trade done, tending to be higher in the case of a large trade, owing to the fact that the management expenses are relatively lower.

The proportion will also vary according to the class of trade. In the case of a West-end trade, where good prices are charged for the various articles, it will be high as compared with a trade where profits are relatively small. In this connection it should be remembered that wines and spirits command a larger profit than beer and ales, while a luncheon trade is less profitable on account of the extra cost of service involved.

In view of these facts it will be realised how unreliable is the not

uncommon practice of attempting to arrive at the assessment of a licensed house by taking the gross value as equivalent to 10 per cent. of the gross takings (*i.e.*, about 5 weeks' takings) without regard to the individual circumstances.

Compensation charge under Licensing Act, 1904.

It will be noticed that the licence duty is included with the outgoings, though not the compensation charge, which is leviable under the Licensing Act, 1904, and is paid together with, and as part of, the licence duty. The incidence of the charge, however, is entirely different, for the licensee under a yearly tenancy (the tenancy of the hypothetical tenant) is entitled to deduct from his rent the whole of the charge, which, in the hypothetical case, would thus fall upon the owner or landlord.

Nor can the charge be considered as coming within the statutory deduction between gross and rateable values, even though there were no maximum rate of deduction (as is actually the case outside the administrative county of London), for in *Waddle* v. *Sunderland Union*, 1908, the Court of Appeal held that the compensation charge was not a an expense necessary to maintain the hereditament in a state to command the rent.

New licences under Licensing Act, 1904.

In the case of a new on-licence granted after 1st January, 1905, the Licensing Act, 1904, requires such conditions to be attached to the grant, as the licensing justices may think best adapted to secure to the public any monopoly value likely to accrue to the premises in consequence of the licence.

In the past this condition has been usually fulfilled by a money payment, either by way of a lump sum for a term of years (not exceeding seven, the limit imposed by the Act), or at so much per annum.

Now, whether the monopoly value is allowed to accrue to a private owner (as was the case prior to 1905), or whether it is secured to the State (as the Act provides), the rent which the hypothetical tenant might be expected to pay would in no wise be affected, and the assessment would therefore be the same in either case. In other words, the State becomes virtually part-owner of the premises ; and the monopoly value payment must in no way be confused with the licence duty, which is a tax varying according to the annual value of the premises.

It will not be necessary, however, to go to the length described above in order to arrive at an assessment in such cases, as it will suffice merely to add together the monopoly value payment (reduced where necessary to its annual equivalent), and the estimated annual value of the premises without a licence, arrived at on the ordinary principles of assessment.

Deduction for repairs.

The question of the proper deduction to be made from gross value to cover the average annual cost of repairs, insurance, etc., presents a somewhat special aspect in the case of licensed premises. In most

cases the bulk of the gross value consists of site value and licence value, neither of which elements involves any outlay on repairs. The allowance of the full one-sixth deduction in these cases will therefore generally be found to produce a much larger sum than the actual average cost, and, though perhaps undesirable to suggest a different percentage of deduction for this particular class of property, it might be well to place on record the view that the maximum deduction should not be allowed in the case of licensed premises, if it exceeded the average annual outlay on that account.

The following resolutions would cover the points raised—

(*a*) That licensed premises, with the exception of those licensed since 1st January, 1905, should be assessed on the basis of the trade done.

(*b*) That, with a view to obtaining the requisite information for the purpose, assessment committees should be asked to make use of their powers under section 57 of the Valuation (Metropolis) Act, 1869.

(*c*) That in the case of premises licensed for the first time since 1st January, 1905, the monopoly value payment under the Licensing Act, 1904, (reduced where necessary to its yearly equivalent), together with the fair annual value of the premises without the licence, arrived at on the ordinary principles of assessment, shall be taken as the gross value.

(*d*) That the maximum deduction for repairs, insurance and maintenance, allowed by section 52 of the Act of 1869, should not be allowed, where it exceeds the average annual outlay on that account.

Appendix A.

Draft form of return proposed for circulation to occupiers of licensed premises.

1. Name and address of licensed house.....
2. Name of occupier .....
3. Name and address of owner of premises .....
4. Description of licence, *i.e.*, whether victuallers', beer, beer and wine, etc. .....
5. Whether "free" or "tied," and if "tied" to what extent .....
6. Rent paid, and term and date of lease.....
7. Amount of premium paid ....
8. Cost and date of each improvement made to premises since date of lease .....
9. If "tied," amount and date of each loan advanced, with rate of interest .....
10. Average annual cost of repairs and insurance.....

	1907 £	1908. £	1909. £
11. Gross takings for last 3 years ..... *or alternatively*			
12. Gross payments for last 3 years—			
(*a*) Beer and ales			
(*b*) Wines and spirits			
(*c*) Sundries and provisions			
[N.B.—*If preferred, items (a) and (b) may be answered by giving the quantities instead.*]			
	———	———	———
	———	———	———

Appendix B.

Copy of form of return circulated at last quinquennial valuation by certain assessment committees to occupiers of licensed premises.

1. Name and address of licensed house .....
2. Name of occupier .....
3. Description of licence, *i.e.*, whether victuallers', beer, beer and wine, etc.....
4. Whether "free" or "tied," and if "tied" to what extent .....
5. Amount of premium and date when paid.....
6. Amount spent on improvement of premises since date of lease .....

(Note.—*If improvements have been undertaken at different times, separate amounts should be given for each improvement, and the date of each*)

7. If "tied," the name of the firm to which it is "tied" .....
8. Amount and date of each loan advanced to the licence holder in respect of "tied" house .....
9. Amount of yearly turnover of "tied" business.....
10. Date of last transfer .....

21. Assessment of Theatres and Music Halls.

The Assessment Conference of 1904 passed the following resolution on this question, viz. :—

"17. That in the absence of direct evidence of rental value, theatres and music halls should be assessed on the basis of net earnings, as suggested in the report of the Statistical Officer of the London County Council."

It is very difficult to obtain the actual rents paid for the use of theatres, and as they are generally of a very speculative nature, it becomes necessary in assessing such properties to estimate what a hypothetical tenant would be able to pay in the form of rent after recouping himself for his expenses and securing a reasonable profit. At present there does not appear to be any common or uniform practice in London for the assessment of theatres, and their rateable values, when compared with their accommodation, show great apparent inequalities. Seating accommodation, however, without a statement of the prices usually obtained, is of very little use in comparing the value of different houses.

London theatres may be divided for this purpose into two classes—

(1.) West-end theatres ; and

(2.) Suburban theatres, usually staged by travelling companies.

The method to be adopted in arriving at an assessment varies slightly in these two cases. In both, however, the object is first to ascertain the gross receipts which may be expected in an average year, and then to deduct the working expenses to find the net receipts. Then it is necessary to ascertain what proportion of this net sum a tenant could afford to pay as rent after recouping himself for his outlay and risk in the undertaking. The method will be better understood by examination of the following hypothetical cases—

West-end theatre—

Seating capacity (say)	£250	each performance.	
Performances	300	per annum.	
	£75,000		
Deduct empties (one-fifth)	15,000		
			£60,000
Miscellaneous receipts (net)			1,500
Gross receipts			£61,500
Deduct expenses—			
Royalties, Company, Management, Lighting, Advertising, etc. (say) £750 per week ...	39,000		
Orchestra, £60 per week	3,120		
Scenery and production	5,000		
Rates, 7s. in the £ on £7,020	2,457		
			49,577
Net receipts			11,923
Tenant's capital (say) £20,000, 17½ per cent. thereon ...			3,500
Gross value			£8,423
Deduct one-sixth			1,403
Rateable value			£7,020

Suburban theatre staged by travelling companies—

Seating capacity (say)	£120	each performance	
Performances	250	per annum	
	£30,000		
Deduct empties (one-third)	10,000		
			£20,000
Miscellaneous receipts (net)			500
Gross receipts			20,500
Deduct expenses—			
Payments to travelling companies, 55 per cent. of gross receipts from seats ...	11,000		
Orchestra ..., Management, Lighting, Advertising, Properties and furniture (say)	6,500		
Rates, 7s. in the £ on £1,197	418		
			17,918
Net receipts carried forward			£2,582

Net receipts brought forward	2,582
Tenant's capital (say) £6,000, 17½ per cent. thereon ...	1,050
Gross value	1,532
Deduct one-sixth	255
Rateable value	£1,277

Nearly all theatres have licences for the sale of intoxicating liquors to be consumed on the premises, though not in the auditorium; but the value of this licence may be considered as included in the gross and rateable values arrived at as shown above.

The question of the proper deduction to be allowed for repairs, etc., arises also under this head; and it is clear that one-sixth is either too great a proportion in the case of a West-end theatre or too small a one in the case of a suburban theatre. The course of adopting a proportion of structural value instead of gross value would remove the inequality.

Music-halls may be assessed in much the same manner as theatres, but it is necessary to take especial account of the facilities for the sale of intoxicating liquors on the premises, as some music-halls can sell liquor in the auditorium and some cannot. Where a music-hall is connected with an ordinary public-house which does a business apart from the music-hall, the two should, if possible, be separately valued.

The number of performances and empties and the deduction for tenant's risk will, of course, vary according to the locality and reputation of the theatre or music-hall.

The question of liability for rates in respect of closed theatres ready to be re-let has been decided during the last few years. In the case of *The Corporation of Westminster* v. *The Lyceum Theatre, Limited*, it was ruled that under such circumstances beneficial occupation existed. It is, however, important to observe that the point of quantum was not raised, and that the occupation proved consisted of the theatre containing seats, carpets, and other furniture which would enable the premises to be let readily. The case by no means proves that the tenant could not obtain relief under section 47 of the Valuation Metropolis Act, 1869, though on the principle laid down in *Staley* v. *Castleton*, *Liverpool* v. *Llangollen*, and *R.* v. *South Staffordshire Water Works* it would probably be necessary to point to circumstances other than mere inability to let at a certain rent. The point has a bearing on the method of assessing such properties, inasmuch as it is usual to take about 40 weeks' takings in calculating the receipts, regarding the balance as a set-off against normal empties in the summer months, etc. Obviously, if the possibility of a theatre remaining closed several months, while waiting to be let, is to be regarded as coming within the general precariousness of the undertaking, then a larger deduction for empties may have to be made in assessing for rating purposes, and a greater percentage allowed on tenant's capital commensurate with the increased risk in individual cases.

22. Assessment of Advertisement Stations.

The resolutions of the Assessment Conference of 1904 on this question were as follows:

"9 (*a*) That the assessment of an advertisement hoarding should be independent of the hereditament to which the advertisements are affixed."

"(*b*) That where there is a prospect of repairs, the deduction to be made from the gross to arrive at the rateable value be 5 per cent."

"(*c*) That temporary hoardings, wherever rateable, shall be rated according to rental, and that in the case of such temporary hoardings no deduction be allowed as between gross and rateable."

Prior to the Advertising Stations (Rating) Act of 1889, some doubt existed as to who was the beneficial occupier of land or buildings used solely for the display of advertisements, but section 3 of this Act provides that "Where any land is used temporarily or permanently for the exhibi- "tion of advertisements, or for the erection of any hoarding, post, wall "or structure used for the exhibition of advertisements but not other- "wise occupied, the person who shall permit the same to be used, or "(if he cannot be ascertained) the owner thereof, shall be deemed to be "in beneficial occupation of such land or part thereof, and shall be "rateable in respect thereof. . . ." "Owner" is defined as "the "person for the time being receiving or entitled to receive the rackrent "of the lands or premises, . . . whether on his own account "or as agent or trustee, or who would so receive," etc.

Where any land or hereditament is occupied for other purposes and rateable in respect thereof, and increased use is made of it for advertising purposes, the extra gross and rateable value is, under section 4 of the Act, to be added to that of the land or hereditament. This method, however, is found in practice to be unsatisfactory, for, when a property is unoccupied except for advertising purposes, it might possibly escape payment of rates, or, on the other hand, it might be held liable for full rates on account of its partial occupation. Moreover, the inclusion of two classes of rental in one sum affects the deduction from gross value. This varies considerably as between advertising stations and ordinary hereditaments, the application to the gross value of the advertising-station of the maximum rate of deduction allowed for the house or building is unfair. For these reasons it has been found more satisfactory in these cases (and the last Conference approved and recommended this custom) to rate this use separately.

There is, however, a divergence of practice in this respect, and some boroughs still frequently add the increased value to that of the hereditament.

There is another divergence of practice in the deduction from gross value. Some authorities make this deduction, whether an advertisement hoarding is permanent or temporary; others only in the case of buildings. The last Conference passed a resolution that where there

was a prospect of repairs, 5 per cent. deduction should be allowed, but that no deductions should be allowed on temporary hoardings. This limit is exceeded in several boroughs in the case of independent hoardings, and where the hoarding is assessed with a building, the rate of deduction is governed by that of the building.

With regard to advertisement hoardings in respect of which a licence fee is paid to the borough council for the use of the highway or public land, the rateable value should be arrived at as follows :—

(*a*) Where the landlord pays rates and licence fees, the rent paid by the advertising contractor should be reduced by the amount of the rates and the fee for the advertising licence, but not the fee for hoarding licence, which is of the nature of additional rent.

(*b*) Where the advertising contractor pays a net rent and bears all rates and licence fees, the amount of the fee for hoarding licence (but not the additional licence for advertising) should be added to the net rent.

Among particular properties having advertising stations attached, mention may be made of railway stations. Generally the use of station walls for advertising purposes is not separately rated; and it is doubtful if the increased value of these premises from this cause is sufficiently regarded in all cases. In analysing the accounts of a railway for assessment purposes the receipts in respect of advertisements on stations, buildings, etc., should be excluded from the net earnings, and the stations, etc., assessed at the higher value by reason of the advertising stations.

*23. Assessment of Markets.

On the 12th May last a letter was received from the Stepney Borough Council notifying that, consequent upon the decision of the Divisional Court in the case of *Horner* v. *The Stepney Assessment Committee*, they had passed the following resolution, viz. :—

"That in view of the promise made by His Majesty's Government through the medium of the King's Speech to introduce a Bill for the amendment of the system of valuation of property for the assessment of imperial and local charges, a statement of the above case be submitted to the President of the Local Government Board, and that he be urged to take steps with a view to the law being so amended as to provide that payments made to the occupiers of a market by sellers of goods or commodities making use of the same for market purposes, whether such payments be made as stallage, piccage, pennage, franchise tolls, or otherwise, and whether such market be an overflow one into the public streets or otherwise, shall be taken into account in ascertaining the gross and rateable values of the market respectively."

For assessment purposes it has been the practice to distinguish between tolls taken in respect of the franchise of the market, and tolls paid in

respect of the direct occupation of the soil. It has been decided by the Courts that tolls are not rateable, *per se*, unless possessing some corporeal characteristic. (*R.* v. *Nicholson*, *Duke of Bedford* v. *St. Paul's*, *Covent-garden*, *R.* v. *Casswell.*)

Stallage and piccage, being payments made by sellers for the use of, and power to erect, stalls, and for breaking the ground for same, are clearly tolls for the use of the soil concomitant with occupation value. They have, on this account, been held to be rateable.

Market tolls proper, being payments made by the buyer in respect of goods sold in the market, irrespective of the manner of sale, have been regarded as not being connected with the use of land in such a way as to be part of the occupation value These payments have been held to be non-rateable.

Tolls of this nature were included in the valuation for assessment of Spitalfields market, but the Divisional Court upheld the decision of Quarter Sessions and ruled them to be non-rateable. (*Horner* v. *Stepney Assessment Committee.*)

It is difficult, however, to regard this class of toll as not being indirectly connected with the use of land. Certainly the right to receive franchise tolls would be a most important element for consideration by a hypothetical tenant in deciding what rent could reasonably be paid, and it seems to be rational to make no distinction between the various market tolls in arriving at an assessment, more especially as the Courts have not found it easy to define the limits of stallage. Thus, as ambulatory traffic does not come within the term "stallage," tolls arising from this source are at present regarded as non-rateable, although practically conferring the same market occupation value as stallage. (*Mayor of Yarmouth* v. *Groom.*)

The rule which appears to have been adopted by the Courts is that where no specific place in the market has been allotted for the toll such payment is in the nature of a franchise and is not to be taken into account, but where a specific place has been appropriated the toll is rateable.

The distinction is certainly difficult to define in dealing with rating, especially as the matter involved is the assessment of the market as a whole, and in *Williams* v. *Overseers of Wednesbury* (1890) the Court appears to have decided that all the tolls were rateable.

In any amendment of the valuation law provision should be made for the assessment of markets on a basis by which all tolls taken in respect of the market, and having a bearing on the rent which a tenant may reasonably be expected to pay for the market, shall be taken into account in arriving at rateable value.

*24. Assessment of Cemeteries.

The Assessment Conference of 1904 passed the following resolution on this subject, viz. :—

> "11. That the assessment of all cemeteries be made on the basis of profits, and it is desirable that the private or local Acts exempting or partially exempting cemeteries from assessment be so amended as to enable such cemeteries to be rated on the above basis."

For the purpose of rating, cemeteries may be divided into two classes, viz. :—those acquired by local authorities under the Burial Acts, 1852 to 1855, and those controlled by cemetery companies.

Cemeteries maintained by Local Authorities.

The Burial Acts in effect decide the manner in which these are to be assessed, section 15 of the 1855 Act providing that the land acquired for the purpose shall not be assessed at a higher value or more improved rent than the value or rent at which the same was assessed at the time of acquisition.

In this connection, however, an important point arises with regard to the deduction from the gross value to arrive at the rateable value. In respect of agricultural land, the deduction should be $\frac{1}{20}$, whereas in many instances a deduction of $\frac{1}{6}$ is now made. It is desirable that uniformity should be maintained in the deduction of $\frac{1}{20}$, which allowance—quite apart from the probability that the assessment of the land before its use as a cemetery provided for only the small deduction—appears to be sufficient to meet the case of cemeteries.

Proprietary Cemeteries.

The principles laid down in *R.* v. *St. Mary Abbot's* and *R.* v. *Abney Park Cemetery Co.* somewhat fully detail the method of assessment of company cemeteries. Briefly, the question is one of profits, the net annual receipts governing the rateable value. Such receipts include the proceeds from the sale of rights of burial in perpetuity, and of course the hereditament ultimately becomes exhausted.

No deduction should be made for sinking fund (*R.* v. *Westbrook*, 1847.)

25. Assessment of Supply Undertakings.

The only resolution of the Assessment Conference of 1904, with regard to the assessment of supply undertakings, was as follows :—

> "18. That any extension of live mains of a supply undertaking between two quinquennial revaluations be assessed, as a temporary expedient, on the basis of the existing mileage of live mains."

For the purpose of assessment the mains of the various supply undertakings, such as gas, water, electricity, hydraulic power, etc., are divided into two classes, viz., (1) dead mains, *i.e.*, indirectly productive mains, and (2) live mains, *i.e.*, directly productive mains.

There is a considerable difference of opinion as to what conditions constitute dead and live mains in a parish where both are situate ; but in practice some distinction, though rough and unscientific, is invariably

adopted. In the case of *Gas Light and Coke Company* v. *City of London Union* (1892), the Court treated all mains with a diameter of 24 inches and upwards as indirectly productive or dead mains.

Dead mains are assessed at a percentage on their structural value, so that the value of any extension can be arrived at with comparatively little trouble. The assessment of live mains, however, is a more complicated matter. It is necessary to arrive first at the rateable value of the whole undertaking on the basis of the net earnings, and then to subtract from that figure the assessment of the buildings and machinery and also of the dead mains. This is a complicated and lengthy process, and it would be practically impossible to revalue an undertaking every time an extension of mains occurred. In actual practice, prior to 1904, no notice was taken of an extension of mains; and the quinquennial figures were allowed to stand for the whole quinquennium, unless, of course, special circumstances, such as new buildings, machinery, etc., rendered a revaluation necessary.

In view of the fact that the assessment of the indirectly productive works in any parish affects the assessment of the directly productive works in all the parishes in which they lie, it would be desirable to arrive at an agreement as to the percentage to be applied uniformly to all indirectly productive works. The percentage usually adopted is 4 per cent. for land and 5 per cent. for buildings to arrive at the rateable value.

26. Assessment of Electricity Supply Undertakings.

This question was not considered by the last Conference, except in a very limited aspect, namely, the principle which should be followed when an undertaking is worked in conjunction with a refuse destructor.

The subject is an important one, not because it involves any special principle of rating, but rather from an administrative point of view. The supply of electricity in London is carried out by 15 borough councils and 13 companies, and it is most desirable that there should be strict uniformity of assessment between the borough councils' undertakings on the one hand, and the companies' undertakings on the other.

The matter has already been brought to the notice of the assessment committees (in October, 1907), when, in consequence of the general absence of uniformity of assessment, a copy of the table appended hereto was circulated to them at the instance of the Local Government Committee.

The table in question, amended in a few particulars, shows the rateable values of the various undertakings in force immediately prior to the quinquennial valuation, 1905, and as finally fixed at that valuation, respectively, side by side with an estimate of the rateable values based on the accounts for the year 1904–5 (or 1904 in the case of the companies, whose accounts are made up for the year ended 31st December), as these accounts presumably formed the basis of the quinquennial figures.

There is also included an estimate of the rateable values based on the accounts for 1906–7 (or 1906), the latest accounts available at the date when the table was circulated.

In the majority of cases the estimate of rateable value is in respect of the undertaking as a whole, and covers both the directly and indirectly productive works. Sufficient information is not given in the published accounts to allow of the apportionment of the estimate between the various boroughs, where an undertaking is situate in more than one; but this does not affect the general question of the sufficiency of an assessment, though it prevents the allocation of a discrepancy to any particular borough.

In such a complicated question as the assessment of an electricity supply undertaking, no doubt there is room for considerable difference of opinion on such points as the amounts to be allowed for depreciation and for tenant's capital. In view of this uncertainty, an endeavour has been made, in preparing the estimates, to allow deductions to the fullest reasonable extent, and some of the items thus allowed might possibly be struck out in the event of proceedings before Quarter Sessions. The main value of the figures, however, lies in the fact that the same basis has been adopted for all undertakings wherever possible, thus providing a standard whereby the relative correctness of the assessments may not unfairly be gauged.

In a few instances, where an estimate of the rateable value on the basis of net earnings appeared to be less than the value of the generating and sub-stations alone, an attempt has been made to arrive at an estimate by taking 3 per cent. on the total net cost of the land, buildings and fixed plant, the mains being considered as worth a rateable value of "nil." In taking an all-round 3 per cent. on *cost*, instead of the usual 5 per cent. on *value*, ample allowance is made for possible depreciation and for construction undertaken in advance of existing requirements.

In a few of the companies' undertakings it has not been possible to prepare any estimate, owing to the absence of full information.

Assessment of London Electricity Supply Undertakings.

(a) *Borough Councils.*

Undertaking.	Rateable value prior to Quinquennial, 1905.	Rateable value at Quinquennial, 1905.		Rateable value according to Statistical Officer's estimate.		Remarks.
		As estimated by Overseers.	As confirmed by Assessment Committee (*a*)	On basis of 1904-5 accounts.	On basis of 1906-7 accounts.	
	£	£	£	£	£	
Battersea	1,000	1,529	1,529	3,857	4,396	Statistical Officer's estimate relates to generating and sub-stations, and represents 3 per cent. of total cost.
Bermondsey	865	1,796	1,796	1,509	1,879	Do. do.
Fulham	1,545	1,900	1,900	3,124	4,114	Do. do.
Hackney	3,430	3,430	3,430	7,559	6,254	Representation made to Assessment Committee at quinquennial, but without effect.
Hammersmith ...	3,309	9,500	6,500	8,057	6.524	No representation made at quinquennial, as action of Assessment Committee in reducing the Overseers' valuation was not anticipated.
Hampstead	9,484	16,284	13,000	15,092	13,818	Do. do.
Islington	3,833	8,924	4,666*a*	8,135	6,401	Do. do.
Poplar	1,924	3,804	3,804	3,632	4,519	Statistical Officer's estimate on basis of 1904–5 accounts relates to generating and sub-stations, and represents 3 per cent. of total cost.
St. Marylebone ...	4,752*	7,347*	7,347*	—	66,847*b*	*Supplemental list, 1907. Representation made to Assessment Committee in July, 1907, and again in July, 1908, but without effect.
St. Pancras	7,038	7,022	7,022	15,165	15,050	Representation made to Assessment Committee at quinquennial, but without effect.

Shoreditch—				7,640	6 685	Representation made to Shoreditch Assessment Committee at quinquennial.
Finsbury	54	120	100			
Shoreditch	2,741	2,741	4,528			
	2,795	2,861	4,628			
Southwark	800	800	800	1,668	1,870	Representation made to Assessment Committee at quinquennial, but without effect.
Stepney	3,044	4,050	4,233	6,263	6,156	Representation made to Assessment Committee at quinquennial, but rateable value only increased by £183.
Stoke Newington ...	60*	180*	370*	—	461	*Supplemental list, 1907. Representation made to Assessment Committee in July, 1907, with result that rateable value of station was increased from £180 to £370.
Woolwich	2,070	2,070	2,647	3,692	4,048	Statistical Officer's estimate relates to generating and sub-stations, and represents 3 per cent. of total cost.
Totals (exeluding St. Marylebone and Stoke Newington)	41,137	63,970	55,955	85,393	81,714	

(*a*) The figures in this column are still in force (Jan., 1909), with the exception that the rateable value of the Islington undertaking has been increased by £18.

(*b*) St. Marylebone—Disregarding the actual prices charged for current and taking the revenue on the basis of the average of the prices obtained by four neighbouring undertakings, the rateable value would work out at £37,391.

(b) *Companies.*

Undertaking.	Boroughs in which situate.	Rateable value prior to Quinquennial, 1905.	Rateable value at Quinquennial, 1905 (*a*)	Rateable value according to Statistical Officer's estimate.		Remarks.
				On basis of 1904 accounts.	On basis of 1906. accounts.	
		£	£	£	£	
Brompton and Kensington	Kensington	8,084	11,784	13,161	15,264	
Charing Cross—						
(i.) West End	Holborn	1,636	3,040*a*	29,885	24,854	
	Lambeth	6,389	8,053			
	Westminster... ...	7,131	19,000			
	West End ...	15,156	30,093			
(ii.) City	Poplar	260	260	(*b*)	(*b*)	
	Stepney	594	794			
	City of London ...	7,826	12,401			
	West Ham	2,700	2,700*a*			
	City	11,380	16,155			
Chelsea	Chelsea	8,656	16,560	16,503	15,069	
	Kensington	34	34			
	Westminster... ...	67	107			
		8,757	16,701			

City of London	City of London ...	10,536	17,428	58,792	59,140	
	Southwark	11,995	15,108*a*			
	Finsbury	9	—			
		22,540	32,536			
County of London ...	Bermondsey ...	10	50	17,067	22,193	
	Camberwell	154	703			
	Finsbury	5,008	10,955			
	Holborn	387	1,634			
	Islington	20	20			
	St. Pancras	3	3			
	Shoreditch	10	137			
	Southwark	329	620			
	Wandsworth ...	3,608	8,000			
	City of London ...	20	20			
		9,549	22,142			
Kensington and Knightsbridge	Chelsea	44	30	19,376	13,529	
	Kensington	13,356	13,524			
	Westminster... ...	1,391	3,900			
		14,791	17,454			
London	Bermondsey ...	961	1,507	24,747	19,012	
	Camberwell	128	319			
	Chelsea	70	70			
	Deptford	304	1,080			
	Greenwich	4,000	13,387*a*			
	Lambeth	150	920			
	Southwark	714	1,238*a*			
	Westminster... ...	2,288	6,500			
		8,615	25,021			

(*a*) See note (*a*) on page 95.

(*b*) All necessary data not available

Undertaking.	Boroughs in which situate.	Rateable value prior to Quinquennial, 1905.	Rateable value at Quinquennial, 1905 (*a*)	Rateable value according to Statistical Officer's estimate.		Remarks.
				On basis of 1904 accounts.	On basis of 1906. accounts.	
		£	£			
Metropolitan	Finsbury	5	9	(*b*)	(*b*)	
	Hammersmith ...	24	50			
	Holborn	2,815	5,279*a*			
	Kensington	490	420			
	Paddington	9,236	11,312*a*			
	St. Marylebone ...	7,265	4,814			
	St. Pancras	53	53			
	Westminster... ...	1,876	2,089			
	Acton	300	300*a*			
	Willesden	11,695	11,695*a*			
		33,759	36,021			
Notting-hill	Kensington	5,440	7,656	6,571	6,748	
	Paddington	102	102			
		5,542	7,758			
St. James' and Pall Mall ...	Westminster... ...	25,410	28,000*a*	31,167	24,865	Westminster Overseers' estimate at quinquennial was £31,462, but this was reduced by Westminster Assessment Committee to £28,000.
South London	Lambeth	3,120	9,000*a*	13,606*c*	(*b*)	
	Southwark	—	3			
		3,120	9,003			

South Metropolitan ...	Camberwell	65	22	(*b*)	6,033	Statistical Officer's estimate relates to generating and sub-stations, and represents 3 per eent of total eost.
	Greenwich	1,248	3,080			
	Lambeth	55	100*a*			
	Lewisham	1,329	1,532*a*			
	Beckenham	16	16*a*			
	Penge	40	40*a*			
		2,753	4,790			
Westminster	Chelsea	264	290	75,615	64,333	Westminster Overseers' estimate at quinquennial was £64,042, but a reduetion of £16,282 was made by Westminster Assessment Committee on objection.
	Westminster... ...	30,335	47,760*a*			
		30,599	48,050			
Totals. London Supply Companies ...		200,055	305,508*a*	...	...	
Comparable totals ..		*149,043*	*239,539*	*292,884*	*265,007*	

(*a*) The figures in this eolumn will be in foree on 6th April, 1909, with the following exceptions, viz., Charing Cross Company (Holborn, + £77 ; West Ham, + £6,330)); City of London Company (Southwark, + £750) ; London Supply Corporation (Greenwieh, — £2,000 ; Southwark, + £629) ; Metropolitan Company (Holborn, + £50 ; Paddington, + £28 ; Aeton, + £60 ; Willesden, — £60) ; St. James' and Pall Mall Company (Westminster, — £4,500) ; South London Supply Corporation (Lambeth, — £5,000) ; South Metropolitan Company (Lambeth, — £65 ; Lewisham, — £70 ; Beekenham, — £16 ; Penge, + £95) ; Westminster Supply Corporation (Westminster, — £2,452).

(*b*) All necessary data not available.

(*c*) South London—No allowance has been made in preparing this estimate for the fact that the supply of steam to the London County Couneil tramway plant was merely temporary and ceased altogether in July, 1906.

*27 Assessment of Machinery.

The Assessment Conference of 1904 passed the following resolutions as a guide to the assessment of machinery :—

"10.—(*a*) That in the case of premises where the assessable value is enhanced by the presence of plant and machinery essentially necessary to the business carried on, and which it is intended should remain attached to the premises so long as they are used for the purposes of the business, such enhanced value, unless already covered by the rent paid by the occupier, shall be taken into account."

"(*b*) That, having due regard to necessary modifications in special cases, 10 per cent. of the capital value of rateable machinery shall be taken as the average percentage for gross value."

"(*c*) That the maximum deduction of one-third should not be allowed as a matter of course, but the amount should vary between one-third and one-sixth according to the proportion of machinery included in the assessment."

These resolutions have not been uniformly adhered to.

Great difficulty is experienced by assessment authorities in applying the law to the case of buildings containing machinery. Machinery on rated premises, so far as rating is concerned, appears to come within one of the following classes, as stated by Chief Justice Cockburn in *R.* v. *North Staffordshire Railway*, 1860 :—

"(i.) Things movable, as office and station furniture.

"(ii.) Things so attached to the freehold as to become part of it.

"(iii.) Things which, though capable of being removed, are yet so far attached as that it is intended that they shall remain permanently connected with the . . . premises, . . . and remain permanent appendages with it as essential to its working."

Articles coming within class (i.) are neither rateable nor to be considered in the assessment.

Articles coming within class (ii.) are definitely rateable as part of the premises.

Articles coming within class (iii.) are not rateable themselves, but are to be taken into account, according to the decisions of the courts in numerous cases, in arriving at the rateable value.

The chief difficulties arise in regard to articles under class (iii.). Occupiers contend that "taking into account" means that a small additional rent might be paid by the tenant because he is saved the expense of fitting up in the premises the various machines and plant coming within this class. This small additional rent, but not the charge for user, they say, is to be included. The assessment authorities, on the other hand, contend that the rent paid for the premises should include a charge for the user of these things.

The recent case of *Kirby* v. *Hunslet Union*, decided by the House of Lords in 1905, appears to strengthen the contention of assessment authorities. In this case the appellant occupied premises as a jobbing engineer. His assessment was increased by the assessment committee from £22 to £45 rateable value, against which figure he appealed to

Quarter Sessions. The premises consisted of (*inter alia*) a machine shop, a fitting shop, engine room, etc., which contained machinery. Some of the machinery formed no part of the freehold and had been installed by the appellant for the purpose of making the premises fit for the particular purpose for which they were used. These machines were not fixed to the freehold, but were merely secured to the fixed shafting by belting to enable the machines to be worked by the appellant, whose property they were. The appellant occupied the premises as a tenant from year to year, at a rent of £26 per annum.

The Recorder of Leeds fixed the rateable value at £31, and in deciding the case said: "That the basis of the problem was to ascertain what was the rent which a hypothetical tenant would give for the engineering works as a combination of land, buildings and machines, on a demise which included the right to use the machines. Also that the value of the user of the machinery was not necessarily to be arrived at by taking the cost or value of the machinery and putting a percentage on such value."

The House of Lords upheld the Recorder's decision. Lord Halsbury, delivering judgment, said: "The overseer has a comparatively simple problem to solve, although it is difficult enough sometimes; he sees the place being conducted as a brewery or an iron foundry or what not; he looks at the premises, he looks at the furniture which is necessary for carrying on the business as a brewery or foundry . . . and he says to himself—'Well, looking at the whole of the place, such and such is the rent that would probably be paid by a tenant from year to year for such an establishment as this.'"

A demise of a factory, including machinery, is very rarely made, and thus assessment authorities can only in very exceptional cases be guided by the rent paid in arriving at figures of assessment. Thus, as a general rule, it has to be assumed that a tenant would not pay less than a net amount of about 5 per cent. per annum of the capital value of a machine. The net annual value of the land and buildings, together with an annual amount for the machinery as calculated above, may give the rateable value, but it by no means follows that it is any more reliable a guide to take a percentage of capital value for machinery than it is in the case of houses and other buildings. The question that the assessment committee have to answer in each case is what will the hypothetical tenant pay for those works as a combination of land and buildings, with the machinery coming within classes (ii.) and (iii.) on a demise, which includes the right to use all such machines.

The fact that in manufactories personal property helps to increase the rateable value of those premises causes undue burden on industry, The Royal Commission on Local Taxation recommended that there should be excluded from the assessment "any increased value arising from machines, tools, or appliances, which are not fixed or are only so fixed that they can be removed from their place without necessitating the removal of any part of the hereditament."

Districts vary considerably in the method adopted in rating buildings containing machinery. In London the difference of practice is

less than formerly, but there is still a tendency in some districts to omit machinery coming within class (iii.). In the provinces a much greater diversity of practice obtains; some districts omitting altogether the machinery put in by a tenant without regard to its character. In Scotland an Act was passed in 1902 which practically gave to manufacturers the benefits recommended by the Royal Commission on Local Taxation. Through this lack of uniformity, there is an unfair competition among manufacturers.

In view of possible legislation, it appears desirable to obtain a resolution on the lines of the Royal Commission report.

In arriving at the figures of assessment, the assessment authorities have adopted in practice various rates per cent. on the capital value of machinery, ranging from 10 per cent. to include repairs to 5 per cent. excluding repairs. The method set out in the last Conference resolution has only been followed in a few districts. Generally, valuations are made for the assessment committees by experienced valuers, and in such cases the rateable value includes a percentage on the capital value of the machinery considered.

In the circumstances, the point would be met if the resolutions passed in 1904 were reaffirmed with the following amendment of Resolution 10 (*b*) :—

> That where a hereditament contains machinery which ought to be taken into account in arriving at the assessment of such hereditament, the percentage to be used in arriving at the gross value shall not exceed 10 per cent. of the capital value of such machinery, having due regard to necessary modifications in special cases.

* 28. Assessment of Public Property.
(Other than Government property).

The resolution of the Assessment Conference of 1904 on this question was as follows—

> "8. That public buildings (including workhouses, vestry halls, public libraries, schools, baths, washhouses, public conveniences, and hospitals) should be assessed at a gross value calculated at 3, 3½, and 4 per cent. on the present value of the land and 5 per cent. on the value of the buildings erected thereon."

The term "town halls" should have been substituted for "vestry halls" in the above resolution.

At the Assessment Conference of 1899 a resolution similar to that quoted above was passed, adopting the 4 and 5 per cent. principle, but the Council in publishing the resolutions added a note reserving its liberty of action. A similar note was added to the published resolutions of the 1904 Conference.

Since the date of the last Conference, the question has been before Quarter Sessions in connection with the Council's appeals against the assessment of certain schools. In giving judgment in the first case then heard the Vice-Chairman said—"We have put 4 per cent. on the land, and we say in this case, as in other cases, it is 4 per cent. on the land and 5 per cent. on the building." This decision will probably be the basis of any alterations made in the assessment of public property at the coming quinquennial revaluation.

The varying measure of assessment throughout London is mainly due to the use of one or other of two different bases, namely (1) 3 per cent. on capital value to arrive at rateable value, and (2) 4 per cent. on the capital value of land and 5 per cent. on the capital value of buildings to arrive at gross value, while varying bases of estimating capital value cause further difference of assessment. Moreover, the different authorities are not always consistent in applying the same basis to all similar public property. There does not appear to be any reason for differentiating between the basis adopted for assessing property owned by central authorities and that owned by borough councils and guardians. The following table gives some indication of the relative standards of assessment of the different kinds of public property in each area.

The table does not, however, apply to properties where fair rents are paid, no percentage basis being needed in such cases; nor does it apply to electricity undertakings, public libraries and underground conveniences, the assessment of which is dealt with elsewhere.

Borough.	Basis apparently employed in arriving at the assessments of		
	The properties of the London County Council.	The properties of other central or local authorities.	The properties of the borough council or guardians.
Battersea	4 and 5 %	4 and 5 % Some treated	4 and 5 % exceptionally.
Bermondsey ...	4 and 5 %	4 and 5 % Some treated	4 and 5 % exceptionally.
Bethnal Green ...	4 and 5 %	4 and 5 %	4 and 5 %, some 3 % and under
Camberwell... ...	4 and 5 %	4 and 5 %	Some 4 and 5 % some 3 %
Chelsea ...	Schools 3½ % R. on school accom. basis 4 & 5 % other props.	3 % approx.	3 % approx.
Deptford	4 and 5 %	4 and 5%	4 and 5 %
Finsbury ...	Schools 3½% R. on school accom. basis	4 and 5 %	4 and 5 %, some 3 % and under
Fulham	4 and 5 %	4 and 5 %	4 and 5 %
Greenwich	4 and 5 %	4 and 5 %	4 and 5 %
Hackney	4 and 5 %	—	—
Hammersmith ...	4 and 5 %	4 and 5 %	4 and 5 % or under
Hampstead... ...	4 and 5 %	3% approx.	3 % approx.
Holborn	4 and 5 %	4 and 5 %	4 and 5 %, some 3 % and under
Islington	4 and 5 %	4 and 5 %	4 and 5 %
Kensington... ...	4 and 5 %	4 and 5 %	4 and 5 %
Lambeth	4 and 5 %	Over 3 %	3 % and under
Lewisham	4 and 5 %	4 and 5 %	4 and 5 %, Baths 2% R.V.
Paddington...	Schools 3½% R. on school accom. basis. 3 % other props.	3 %	3 %
Poplar	4 and 5 %	4 and 5 %	Some 4 and 5 % some 3 %

Borough.	Basis apparently employed in arriving at the assessments of		
	The properties of the London County Council.	The properties of other central or local authorities.	The properties of the borough council or guardians.
St. Marylebone	Schools 3½% R. on school accom. basis 4 & 5% other props.	—	3 % approx.
St. Pancras... ...	4 and 5 %	—	3 % approx.
Shoreditch	4 and 5 %	4 and 5 %	4 and 5 %, some 3 % and under
Southwark	4 and 5 %	4 and 5 %	4 & 5 %, some 3 %
Stepney	4 and 5 %	4 and 5 %	Some 4 and 5 % some 3 %
Stoke Newington ...	4 and 5 %	—	—
Wandsworth ...	4 and 5 %	4 and 5 % Some treated	4 and 5 % exceptionally.
City of Westminster	3 %	—	—
Woolwich	4 and 5 %	4 and 5 % Some treated	4 and 5 % exceptionally.
City of London ...	4 and 5 %	4 and 5 %	3 % and under

The above table should not be interpreted as representing that the several assessment authorities have formally adopted any specified basis; it is intended to indicate the general standard of assessment, judged by the results. The adoption of low figures of capital value, with 4 and 5 per cent. applied to produce gross value, may bring out even lower assessments than the calculation of 3 per cent. rateable on the full capital values. The percentages in the table assume proper capital values.

The 4 and 5 per cent. gross basis seems to be almost universally applied to public property owned by other authorities, whilst 3 per cent. or less (for rateable value) is more often adopted for the property of the local public bodies. In some cases the 4 and 5 per cent. basis is used for all public property with the exception of baths and wash-houses.

Public libraries.

The Assessment Conferences of 1899 and 1904 included public libraries in the resolution dealing with public buildings. In 1897 certain assessment committees took public libraries out of assessment, following the decision of the House of Lords in the Manchester case, in which libraries were held to be "literary" institutions within the meaning of the Income Tax Act, 1842; in 1905, the Divisional Court held that a public library belonging to the Liverpool Corporation did not come within the meaning of the Scientific and Literary Societies Act, 1843, and that it was rateable on the full annual value of the premises; and in March, 1908, the Public Libraries Bill—a private member's bill, providing for the exemption of public libraries from rates—was introduced into Parliament, but was not proceeded with.

At the present time there are only three boroughs in which libraries are assessed, namely, Westminster, Islington and Deptford. The

Westminster libraries are assessed at substantial figures, a library in Islington is assessed at a rateable value of just over 2 per cent. on cost of buildings *plus* the value of the land, whilst the temporary library in Deptford is assessed at the figure existing before conversion of the premises. In seven boroughs the librarians' and caretakers' quarters only are assessed, whilst in the remaining boroughs which have adopted the Libraries Act no assessment exists on either libraries or quarters. The authorities who have not adopted the Act are Bethnal Green, St. Marylebone and Paddington (except as regards the part transferred from Chelsea), Finsbury (in respect of the parish of St. Luke, to which the benefits of the Cripplegate Institute are extended), and the City of London (which already possesses important libraries).

The maximum rate that can be levied under the Libraries Acts is 1d. in the £, and during the year 1907–8 the maximum rate was levied in all metropolitan boroughs that have adopted the Acts with the exception of six. In these six the amount varied from $\frac{1}{4}$d. (St. Pancras) to $\frac{7}{8}$d. (Hackney). A substantial assessment placed on libraries would, therefore, in most cases limit their usefulness unless powers are obtained to increase the rate at present leviable. The statutory income is in most cases fully utilised, and the imposition of a charge for rates would, of course, reduce the amount available for other purposes. It may, however, be mentioned that there are about 30 library districts outside the County of London in which increased rating powers have been obtained by special legislation.

In the interests of uniformity one of two principles would appear to be necessary—either total exemption from rateability or assessment on their fair value on the same footing as other public buildings. The former alternative is contrary not only to the recommendations of the Royal Commission on Local Taxation, but to the existing law. Whatever means may be considered best to meet the difficulty in the meantime, there can be no doubt that public libraries should be assessed on the same principle as other public buildings.

Hospitals.

Although hospitals were included in the resolutions dealing with public property at both the 1899 and 1904 Conferences, very few instances of substantial assessments occur. Generally speaking, hospital assessments are nominal, but even in this respect no uniformity can be said to exist, as the variations are considerable. In the 33 hospitals in London containing more than 100 beds the rateable value varies from 12s. per bed to over £15 per bed, the average being about £7 10s. per bed.

The following table gives particulars of the 33 hospitals referred to, with the number of beds, total rateable value, and the rateable value per bed.

The assessments of medical schools and nurses' training homes are included.

Hospital.	Borough.	Number of beds.	Rateable value.	Rateable value per bed.
			£	£
City of London—Chest ...	Bethnal Green ...	164	612	3·7
North-Eastern—Children ...	Do. ...	125	750	6·0
Brompton—Consumption ...	Chelsea and Kensington	318	3,334	10·5
Victoria—Children	Chelsea	104	679	6·5
Cancer	Do.	114	979	8·6
Royal London—Ophthalmic	Finsbury	138	2,131	15·4
Seamen's (Dreadnought) ...	Greenwich... ...	250	609	2·4
German	Hackney	130	684	5·3
Metropolitan	Do.	160	486	3·0
West London	Hammersmith ...	159	690	4·3
Mount Vernon—Consumption	Hampstead ...	145	1,191	8·2
National—Paralysed and Epileptic	Holborn	160	1,976	12·3
Children's	Do.	200	2,266	11·3
London—Homœopathic ...	Do.	100	1,209	12·1
London Fever	Islington	198	1,476	7·5
Great-Northern Central ...	Do. ...	162	875	5·4
St. Thomas's	Lambeth	603	9,559(*a*, *b*)	15·9
London—Lock (female) ...	Paddington and Westminster	162	1,106	6·8
St. Mary's	Paddington ...	281	2,110(*a*, *b*)	7·5
Poplar—Accidents	Poplar	103	60	0·6
Middlesex	St. Marylebone ...	343	2,683(*a*, *b*)	7·8
St. John and St. Elizabeth ...	St. Marylebone ...	110	785	7·1
University College	St. Pancras ...	279	1,500(*a*, *b*)	5·4
London Temperance... ...	Do. ...	120	668	5·6
Royal Free	Do. ...	165	1,457(*a*, *b*)	8·8
Guy's	Southwark ...	602	9,273(*a*, *b*)	15·4
London	Stepney	929	4,162(*a*, *b*)	4·5
East London—Children and Women	Do.	109	518	4·8
King's College	Westminster ...	224	1,389(*a*, *b*)	6·2
St. George's	Do. ...	350	2,778(*a*, *b*)	7·9
Westminster	Do. ...	213	1,720(*a*, *b*)	8·1
Charing Cross	Do. ...	187	2,432(*a*, *b*)	13·0
St. Bartholomew's	City of London ...	670	8,716(*a*, *b*)	13·0

(*a*) Including medical school. (*b*) Including nurses' training homes.

In this table it will be noticed that the variation per bed is not so great between hospitals in the same borough as between hospitals in

different boroughs. In many cases the assessments are affected by the existence of medical schools and nurses' training homes, which, if not entirely self-supporting, are certainly less in the nature of charitable institutions than the hospitals themselves. If properly valued, they must in any case substantially increase the rateable value per bed.

Hospitals were not considered rateable until 1875, when the House of Lords held that St. Thomas' Hospital was rateable on the grounds of capability of beneficial occupation. A Select Committee of the House of Commons in 1900 reported in favour of exemption of hospitals, and assumed that relief would have been given at the time when scientific etc., societies were exempted if it had been supposed that they were under liability under the terms of the Statute of Elizabeth. The Royal Commission on Local Taxation, however, reported in 1901 against exemption of hospitals, mainly on the grounds of the inequality of the consequent burden of rates following exemption.

On the 18th March, 1902, the Council after receiving and discussing two reports on the subject from the Local Government and Taxation Committee, passed a resolution to the effect—

> "That all rates levied on metropolitan hospitals should, subject to a certificate by the London County Council, be paid out of the Metropolitan Common Poor Fund."

This would have the effect of distributing the burden of relieving hospitals from rates all over the county rateably; and it seems, on the whole, the best solution of a very difficult problem, provided the hospitals are valued uniformly.

Public Conveniences.

The Assessment Conference of 1904 embodied the subject of public conveniences in the resolution dealing with the assessment of public property, and decided to arrive at the gross value by taking 3, $3\frac{1}{2}$ or 4 per cent. on the value of the land and 5 per cent. on the value of the building.

Owing, however, to the peculiar nature of these hereditaments, it is very doubtful whether they can be equitably assessed by this method, the cost of excavation and construction being naturally sufficiently large to preclude, in the majority of cases, the possibility of estimating the rent a hypothetical tenant would give by taking 5 per cent. on such expenditure.

In some instances the borough councils, acting under section 45 of the Public Health (London) Act, 1891, let these undertakings at a rent. In such instances the rent paid might fairly be taken as evidence of value for rating purposes. In other cases, however, the profit-yielding basis might be employed to arrive at a fair assessment. Very few public conveniences, however, show a profit after deducting the cost of maintenance, and on this account they are in many boroughs not assessed; on the other hand, in one or two boroughs they are assessed although the working shows a deficit.

The following resolution would appear to meet the case—

That where let at a fair rent, public convenienees shall be assessed on the basis of such rent, and that in other eases they shall be assessed on the basis of the profits derived from the undertaking.

*29. Government Property.

The Conference of 1904 passed the following resolutions:—

"21. (*a*) That in the opinion of this Conference, Government property should be made rateable and valued for that purpose on the same basis and in the same manner as other property."

"(*b*) That the Valuation Bill now before Parliament affords a convenient opportunity for such an amendment of the law."

"(*c*) That copies of this resolution be sent to the President of the Local Government Board and to all provincial corporations with a view to their taking similar action."

All Crown property is exempt from assessment, as the Crown, not being mentioned in the Statute of Elizabeth, is not bound by it.

In the case of *Reg.* v. *Smith* the Lord Chief Justice said: "As the law now stands, if property is in the possession of the Crown it is exempted from rateability, and it is immaterial whether the property be part of the hereditary possessions of the Crown or be rented by the Crown."

It is, however, the practice for Government departments to make a voluntary contribution in lieu of rates in respect of property occupied in the service of the Crown. But these payments are calculated upon a net annual value fixed by the Government valuer, and do not negative the exemption of the Crown from rateability.

The present system, therefore, allows the valuation of Government property to be entirely in the hands of the Government valuer, and the rating authority has no influence in the matter, except indirectly. This is, of course, an entire reversal of the general principles and practice of the law relating to assessment.

Government property does not differ from private property in the benefits it receives from the services administered by the local authorities at the cost of the ratepayers. There appears to be no reason why Government property should not be assessed in the ordinary way; and there is no greater difficulty in this than there is in assessing the large amount of municipal property which is never let from year to year.

At the request of the Conference held in 1893-4 the London County Council asked the Treasury to consider the position of Government property in London with reference to its valuation for the purpose of assessing the amount of the Government contribution in lieu of rates, the special points being—

(i.) The amount of valuation.
(ii.) The uniformity of valuation and practice.
(iii.) The repeal of local Acts which fixed the valuation of Government property at an unalterable amount.

In their reply the Treasury stated that the valuations referred to are made under the authority of and in the manner prescribed by Treasury Minute, dated June 25th, 1874, and are based on the principles laid down in the memorandum on the subject which the then Chancellor of the Exchequer read in the House of Commons. The most important paragraph of this memorandum, after providing for the retention of the valuation of Government property in their own hands, goes on to say that "Property occupied as *ex-officio* residences or quarters for officers of the Government will be assessed on the estimated rateable value which would attach to such premises if they were in private occupation and liable to assessment to the local rates. The same rule will, as far as practicable, be applied in determining the rateable value of all Government hereditaments occupied as post-offices, county courts, probate registries, Inland Revenue buildings, Custom House, etc.

The effect of this is to exclude the Government (in most cases the best possible tenant) from consideration in estimating the value—a course which appears to be inconsistent with the judgment of the House of Lords in the Erith case. Although the principle embodied in the memorandum has not been entirely carried out, the valuation of Government property in various parishes in the county has been materially increased as the result of the representation which was made to the Treasury.

After the Conference held in 1899, and at their request, the Council again made application to the Government, with the result that further increases were made in some of the parishes.

The attention of the Royal Commission on Local Taxation was called to this subject, and their report contains the following paragraph—

> "We see no reason to doubt that this arrangement works well in practice, and even if it is not perfect in theory, we think that the results likely to follow from any change in it would not be on the whole more generally acceptable, while it is not improbable they might be much less fair than the present system."

Examination of existing assessments will show that little has been done since the last Conference to bring Government buildings into line with other properties as regards annual value for assessment purposes. Increases in the amount on which the Government contribution is paid are made in a number of cases, but it has been usually found that alterations or additions have occurred, and the standing figures are still generally under a 3 per cent. average. As regards new properties a similar basis seems to be adopted.

The accompanying return shows the annual values upon which contributions were made in respect of the principal Government property in the county of London in 1891, 1896, 1901 and 1906 and the present time; and, for the purpose of facilitating comparison, the figures for the present date have been worked out to a price per square foot. By taking out the total rateable values of blocks of ordinary property in similar situations and reducing them to a price per square foot a rough indication of the difference may generally be obtained.

Government Property.

Return showing the principal properties in the occupation of H.M. Government in the Administrative County of London, with the annual values upon which rates (or contribution in lieu of rates) are paid.

Description.	Situation.	Approximate area in sq. ft.	Annual values on which contributions in lieu of rates are paid.					
			Quinquennial, 1891.	Quinquennial, 1896.	Quinquennial, 1901.	Quinquennial, 1906.	In 1908-9.	
							Amount.	Per sq. ft.
City of	**London.**		£	£	£	£	£	s. d.
General Post Office ..	St. Martin's-le-Grand ..	194,275	13,317	17,623/10	38,780	39,489	39,489	4 0·73
,, Telephone Department	Queen Victoria-street, Carter-lane, and Knightrider-street, etc.	39,900	6,112	6,708	9,650	9,650	9,650	4 11·05
Custom House ..	Lower Thames-street	98,050	5,224	5,224	8,100	8,100	8,100	1 7·83
Post Office	Threadneedle-street ..	4,250	1,526	2,917	2,917	2,917	2,917	13 8·70
Telegraph Office ..	Throgmorton-avenue ..	4,000	2,000	2,000	2,100	2,100	2,100	10 6·00
City of	**Westminster.**							
Liberty of the Rolls.								
Record Office (*a*) ..	Chancery-lane	100,720	4,678*b*	10,550	11,667	12,567	12,567	2 5·95
Parish of	*St. Anne.*							
Police section-house ..	82, Charing-cross road	6,525	New	335	550	550	650	1 11·91
Parish of St.	*Clement Danes.*							
Law Courts (*c*) ..	Strand	235,200	12,930	12,930	40,375	40,375	40,375	3 5·19
Bankruptcy Court ..	Carey-street	21,200	500	4,167	4,167	4,167	4,167	3 11·15
Land Registry office ..	Lincoln's Inn, Serle-street, etc.	16,000	—	—	1,000	1,658	2,750	3 5·25
Parish of St. George,	*Hanover-square.*							
Army Clothing Depot	Grosvenor-road ..	289,800	3,055	3,055	5,864	6,500	6,500	- 5·38
Barracks	Chelsea-bridge-road ..	571,600	3,400	4,359	4,709	6,000	6,000	- 2·52
Parish of	*St. James.*							
Offices	80 to 91, Pall-mall ..	55,770	5,003	5,003	10,076	10,076	10,076	3 7·36
War Office	19 and 21, St. James'-square and 3, Cleveland-yard	30,400	884	884	1,334	5,667	5,667	3 8·74
Offices	Burlington-gardens ..	29,900	2,160	4,500	4,500	5,500	5,500	3 8·15
Geological Museum ..	Jermyn-street	11,200	2,392	2,434	2,434	2,459	2,459	4 4·69
Board of Agriculture..	3, St. James'-square, and 9 and 10, Babmayes-mews	14,900	1,000	1,000	1,667	1,667	1,667	2 2·85
Parish of St. Margaret and St. John.								
Westminster Palace ..	Old Palace-yard ..	421,400	2,730	7,392	52,800	40,000	40,000	1 10·78
India Office, Foreign, Colonial, Home and Local Government Offices	Whitehall	194,320	11,600	25,000	35,000	28,000	28,000	2 10·58
Public office	Parliament-street and Delahay-street	..	—	—	—	18,107	30,000	..
Imperial Institute (*e*)	Kensington-gore ..	227,200	..	..	13,771	13,371	13,371	1 1·59
Treasury Buildings, Privy Council and Education Department	Whitehall and 10 and 11, Downing-street	100,600	5,800	10,500	15,000	11,300	11,300	2 2·96
Headquarters, Metropolitan Police	New Scotland-yard ..	..	New	5,000	10,000	7,000	10,900	..
Wellington Barracks..	Birdcage-walk	344,680	2,900	7,754	11,714	9,920	9,920	- 6·90
Cavalry Barracks ..	Knightsbridge	155,022	3,750	6,667	10,000	7,333	7,333	- 10·61
Various Departments	St. Stephen's-house ..	13,850	..	..	7,084	7,084	7,084	10 2·75
Horseguards (*d*) ..	Whitehall	46,525	2,550	2,550	3,738	3,538	3,538	1 6·25
Board of Trade ..	7 and 8, Whitehall-gardens and 1 to 4, Whitehall-yard	69,535	2,345	2,538	5,000	3,500	3,500	1 0·07

(*a*) Includes the parts in the City of London. (*b*) Rebuilding.
(*c*) Includes the parts in the City of London and the Liberty of the Rolls.
(*d*) Includes the part in the parish of St. Martin-in-the-Fields. (*e*) Includes University of London.

Description.	Situation.	Approximate area in sq. ft.	Annual values on which contributions in lieu of rates are paid.					
			Quinquennial, 1891.	Quinquennial, 1896.	Quinquennial, 1901.	Quinquennial, 1906.	In 1908-9.	
							Amount.	Per sq. ft.
City of	**Westminster**—*contd.*							
Parish of St. Margar	*et and St. John—contd.*		£	£	£	£	£	s. d.
Office of Works ..	Birdcage-walk	9,800	—	—	3,500	3,500	3,500	7 1·71
Stationery Office ..	Princes-street	43,700	1,100	2,000	3,000	2,750	2,750	1 3·10
National Gallery of British Art	Grosvenor-road ..	190,000	—	—	2,500	2,350	2,350	– 2·97
Scottish Office ..	Dover-house	17,900	1,084	1,084	2,000	1,500	1,500	1 8·11
Charity Commission ..	Gwydyr-house	17,325	1,125	1,125	1,500	1,345	1,345	1 6·63
Parish of St. M	*artin-in-the-Fields.*							
Admiralty	Whitehall and St. James'-park	221,275	3,000	10,000	14,413	14,800	17,800	1 7·36
War Office	Whitehall	112,000	—	—	7,967	7,967	25,000	4 5·57
National and Portrait Galleries	Trafalgar-square ..	102,650	3,000	6,000	6,000	6,000	6,000	1 2·00
Marlborough House	Pall Mall	190,000	—	—	—	4,439	4,439	– 5·61
St. George's Barracks	Orange-street	56,700	800	1,700	1,600	1,600	1,600	– 6·77
St. James' Palace ..	Pall Mall	160,000	2,000	1,500	1,500	1,350	1,350	– 2·03
Paymaster-General ..	Whitehall	12,760	1,000	1,276	1,276	1,276	1,276	20·00
Board of Agriculture..	4, Whitehall-place ..	3,300	—	626	626	626	626	3 9·70
Do. ..	5, Whitehall-place ..	3,080	—	550	550	550	550	3 6·85
Parish of St.	*Mary-le-Strand.*							
Somerset House (*a*) ..	Strand	217,650	10,000	22,500	22,500	22,500	22,500	2 0·80
Parish of St.	*Paul, Covent-garden.*							
Police court and station (*b*)	Bow-street	21,750	1,780	2,880	2,554	2,650	2,650	2 5·25
Post Office	17–19, Bedford-street ..		900	950	950	950	950	..
Borough of	**Battersea.**							
Police-court	Lavender-hill	12,600	—	400	400	400	400	– 7·61
Police-station ..	Do.	8,510	—	New	200	200	200	– 5·64
Borough of	**Bermondsey.**							
Police-court	Tooley-street	..	—	—	—	1,200	1,200	..
Police-station ..	Do.	..	—	—	—	550	550	..
Parcels depot and post office	Denman-street and Borough High-street	19,521	667	834	1,036	834	210*c*	– 2·58
Borough of	**Bethnal-green.**							
Museum and officers' quarters	Cambridge-road ..	85,800	273	550	800	800	800	– 2·23
Police-station ..	458, Bethnal-green-rd.	14,152	125	225	225	225	225	– 3·81
Borough of	**Camberwell.**							
Police-station ..	High-street	..	100	200	200	225	225	
County Court ..	Camberwell New-road	15,500	150	200	200	200	200	– 3·09
Borough of	**Chelsea.**							
Royal Hospital ..	Chelsea	782,800	4,184	5,266	5,266	5,266	5,128	– 1·57
Duke of York's Schools	Franklin's-row ..	440,050	2,500	2,667	2,667	2,667	2,667	– 1·45
Post Office	232, King's-road ..	10,640	—	—	—	—	450	– 10·15
County Court ..	Whitehead's-grove ..	10,200	200	200	200	200	200	– 4·70
Borough of	**Deptford.**							
Royal Victoria Naval Yard(*d*)	..	1,525,552	8,913	8,828	15,000	15,000	15,000	– 2·35
Borough of	**Finsbury.**							
Parish of	*Clerkenwell.*							
Parcels Post Depot ..	Mount-pleasant ..	402,550	—	5,500	8,242	11,125	11,125	– 6·63
Police-court and station	King's-cross-road ..	21,600	487	487	550	650	650	– 7·22
Borough of	**Fulham.**							
West London Police-court	Vernon-street	11,300	180	180	180	200	200	– 4·25

(*a*) Includes the part in the precinct of the Savoy.
(*b*) Includes the part in the parish of St Martin-in-the-Fields.
(*c*) Temporary assessment during alterations.
(*d*) Includes the part in the parish of St. Nicholas, Deptford.