



**MANDATORY GUIDANCE ON THE
VALUATION METHODOLOGY FOR
COUNCIL DWELLINGS**

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LASAAC [The Local Authority (Scotland) Accounts Advisory Committee] is constituted of volunteer members representing the five funding bodies: CIPFA, ACCA, ICAS, Audit Scotland and the Scottish Government. LASAAC is primarily concerned with the development and promotion of proper accounting practice for Scottish local government. A key task in achieving this is LASAAC's representation on CIPFA-LASAAC which produces the UK-wide 'Code of Practice on Local Authority Accounting in the United Kingdom'.

Further information about LASAAC can be obtained at <http://www.cipfascotland.org.uk/technical/lasaac.cfm>

The Chartered Institute of Public Finance and Accountancy (CIPFA) provide secretariat support for LASAAC. If you would like to contact LASAAC please communicate with

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LASAAC Mandatory Guidance

1. Scottish local government organisations that are not already using a Beacon Approach (Adjusted Vacant Possession) methodology to value their Council Dwellings shall adopt the Beacon Approach (Adjusted Vacant Possession) methodology at the next full formal valuation of their Council Dwellings.
2. All Scottish local government organisations shall use the Beacon Approach (Adjusted Vacant Possession) methodology to value their Council Dwellings in their 2015/16 financial statements and subsequent financial statements.
3. All of an authority's council dwellings should be valued using the same valuation methodology for the financial statements for any given financial year.

Background to the Guidance

4. This guidance has been issued to improve, in the future, the comparability of Council Dwelling valuations in Scottish local government financial statements.
5. The Code of Practice on Local Authority Accounting in the United Kingdom ('the Code') states that :

"The fair value of council dwellings shall be measured using existing use value–social housing (EUV–SH)."
6. It has become evident however that the variety of valuation methods currently in use in compliance with EUV-SH are unlikely to achieve the level of comparability in asset valuation that LASAAC believes to be desirable.
7. At present a Beacon Approach (Adjusted Vacant Possession) methodology is the most widely used valuation methodology, being used by a significant majority of Scottish local authorities for Council Dwellings. It is also the most widely used methodology in England and Wales. Its use in England is supported by advice on its application issued by the Department for Communities and Local Government.
8. LASAAC therefore considers it is appropriate to specify the Beacon Approach (Adjusted Vacant Possession) as the standard valuation methodology to be used for the valuation of Council Dwellings.
9. LASAAC is however aware that immediate adoption of this policy in 2010/11 financial statements would require some authorities to immediately undertake a full formal valuation exercise, disrupting the normal 'five year' formal valuation cycle for some authorities and incurring additional costs.

10. In recognition of this LASAAC have concluded that those Scottish local authorities affected should be required to move to a Beacon Approach (Adjusted Vacant Possession) methodology at their next full revaluation point, and in any event by no later than 2015/16. For the avoidance of doubt this means that the financial statements for 2015/16 should include Council Dwellings valued on a Beacon Approach (Adjusted Vacant Possession) methodology. Earlier year comparative figures in the same financial statements will also require restatement.
11. LASAAC also concluded that it would be inappropriate, and in breach of the normal accounting requirements for consistent application of an accounting policy, to use a mixture of valuation methods to value council dwellings in any given year.