

Eilis Fallon

From: Coyle, Catherine <catherine.coyle@valoff.ie>
Sent: 17 July 2019 12:32
To: Public Accounts Committee
Cc: Byrnes, Cillian; O'Sullivan, John
Subject: RE: Correspondence from the Public Accounts Committee
Attachments: VO reply to PAC (Ref PAC32-I-1503).pdf

Categories: Red Category

Dear Ms. Fallon,

Please find attached response from Commissioner John O'Sullivan to correspondence from the Public Accounts Committee dated 4th July.

If you have any further queries don't hesitate to contact me.

Regards,

Catherine Coyle
Management Support



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From: Public Accounts Committee [<mailto:PAC@oireachtas.ie>]
Sent: 04 July 2019 16:40
To: O'Sullivan, John <john.osullivan@VALOFF.IE>
Cc: Byrnes, Cillian <cillian.byrnes@VALOFF.IE>
Subject: Correspondence from the Public Accounts Committee

Dear Mr. O'Sullivan,

Please find attached correspondence from the Public Accounts Committee.

Kind regards,

Éilis Fallon

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Ms. Éilis Fallon,
Committee Secretariat,
Committee of Public Accounts,
Leinster House,
Dublin 2.

17th July 2019

Ref: PAC32-I-1503

National Revaluation Programme and Valuation Tribunal

Dear Ms. Fallon,

I refer to your letter of 4th July 2019 on behalf of the Committee of Public Accounts requesting information arising from the Committee's meeting on the 27th June 2019. The information requested by the Committee is set out hereunder.

1. National Revaluation Programme

The Valuation Office is currently engaged in a national revaluation programme, the immediate objective of which is to ensure that the first revaluation of all rating authority areas in over 160 years is conducted across the country, on a phased basis. The purpose of revaluation is to bring more equity, fairness and transparency into the local authority rating system and to distribute the commercial rates liability across businesses more equitably, based on modern circumstances. Following revaluation there is a much closer and uniform relationship between contemporary rental values of property and the commercial rates liability of properties. In essence, the exercise aims to ensure that each ratepayer bears a fair share of the business rates burden relative to the modern rental value of the property that they occupy.

The national revaluation programme involves the valuation from first principles of some 150,000 commercial rateable properties. When a Local Authority area is revalued it must be revalued again within a minimum of 5 years and a maximum of 10 years, in accordance with Section 25 of the Valuation Act 2001, as amended. Completing the first revaluation since the middle of the 19th century and getting properties in every Local Authority area onto the 5-10 year cycle of revaluations provided for in the legislation represents a sea-change for the rateable valuation system.

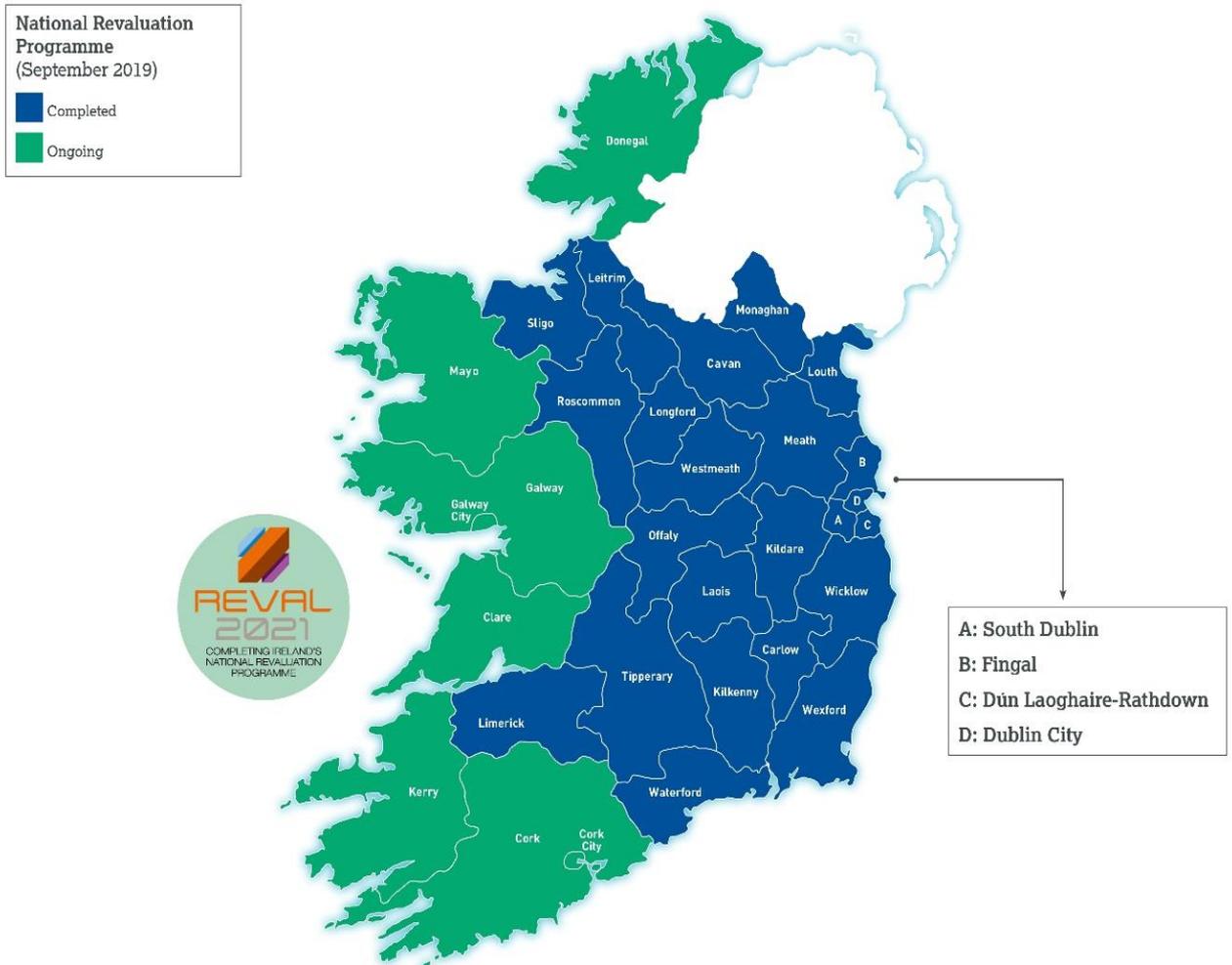
In accordance with section 19(1) of the Act, the Commissioner of Valuation consults with relevant stakeholders, in particular the Minister for Housing, Planning and Local Government and the relevant Local Authority, before carrying out the revaluation of a Local Authority area. Subsequently the Commissioner makes a valuation order to formally commence the process. A valuation date is set in the order, and the new rateable valuations are then assessed and set by reference to the market conditions and business environment that prevailed on this date. Ultimately, a revaluation results in the publication of a new valuation list for the Local Authority area.

The key dates associated with the revaluation projects already concluded and those currently underway i.e. due to be completed in September 2019 is set out in the table below.

Table 1: Revaluation Programme

| Rating Authority | Date of signing of Valuation Order | Valuation Date | Publication Date of Valuation List |
|--|------------------------------------|----------------|------------------------------------|
| South Dublin | 07/11/2005 | 30/09/2005 | 31/12/2007 |
| Fingal | 15/03/2007 | 30/09/2005 | 31/12/2009 |
| Dún Laoghaire - Rathdown | 27/06/2008 | 30/09/2005 | 31/12/2010 |
| Dublin City | 05/05/2011 | 07/04/2011 | 31/12/2013 |
| Waterford City | 12/12/2011 | 28/10/2011 | 31/12/2013 |
| Waterford County | 12/12/2011 | 28/10/2011 | 31/12/2013 |
| Dungarvan Town | 12/12/2011 | 28/10/2011 | 31/12/2013 |
| Limerick City | 29/03/2012 | 01/03/2012 | 31/12/2014 |
| Limerick County | 29/03/2012 | 01/03/2012 | 31/12/2014 |
| Kildare | 23/11/2015 | 30/10/2015 | 15/09/2017 |
| Leitrim | 23/11/2015 | 30/10/2015 | 15/09/2017 |
| Longford | 23/11/2015 | 30/10/2015 | 15/09/2017 |
| Offaly | 23/11/2015 | 30/10/2015 | 15/09/2017 |
| Sligo | 23/11/2015 | 30/10/2015 | 15/09/2017 |
| Westmeath | 23/11/2015 | 30/10/2015 | 15/09/2017 |
| Roscommon | 26/01/2016 | 30/10/2015 | 15/09/2017 |
| South Dublin (2 nd Revaluation) | 29/07/2016 | 30/10/2015 | 15/09/2017 |
| Carlow | 23/09/2016 | 30/10/2015 | 15/09/2017 |
| Kilkenny | 23/09/2016 | 30/10/2015 | 15/09/2017 |
| Cavan | 06/10/2017 | 15/09/2017 | 17/09/2019 |
| Fingal (2 nd Revaluation) | 06/10/2017 | 15/09/2017 | 17/09/2019 |
| Louth | 06/10/2017 | 15/09/2017 | 17/09/2019 |
| Meath | 06/10/2017 | 15/09/2017 | 17/09/2019 |
| Monaghan | 06/10/2017 | 15/09/2017 | 17/09/2019 |
| Tipperary | 06/10/2017 | 15/09/2017 | 17/09/2019 |
| Wexford | 06/10/2017 | 15/09/2017 | 17/09/2019 |
| Wicklow | 06/10/2017 | 15/09/2017 | 17/09/2019 |
| Laois | 22/12/2017 | 30/10/2015 | 26/10/2018 |

The map hereunder shows the status of the National Revaluation Programme following completion of Reval2019 in September 2019.



As the map demonstrates, significant progress has been made following the enactment of the Valuation (Amendment) Act 2015, which addressed several key operational deficiencies in the 2001 Act. Thus, it has been possible to establish momentum and the current phase of work known as “Reval 2019” is scheduled to conclude by September 2019. This phase covers the following rating authority areas - Cavan, Louth, Meath, Monaghan, Tipperary, Wexford and Wicklow. In accordance with section 25, as outlined above, Fingal County Council rating authority area is also undergoing a second revaluation in 2019, having initially been the subject of a revaluation in 2009. The new valuations for the areas undergoing revaluation will be published on 17th September 2019, and become effective for rates purposes from January 2020 onwards.

As provided by section 19(1) of the Act, I have recently commenced the consultation process with the Minister for Housing, Planning and Local Government and with Donegal County Council, Mayo County Council, Galway City Council, Galway County Council, Clare County Council, Kerry County Council, Cork City Council and Cork County Council. Subject to the outcome of that consultation, I propose to commence the revaluation of these local authority areas in late 2019. The Dún Laoghaire-Rathdown rating authority area will undergo a second revaluation in 2020, having initially been the subject of revaluation in 2010. The completion of the revaluations in Donegal, Mayo, Galway City, Galway County, Clare, Kerry, Cork City and Cork County will conclude the first revaluation of all rating authority areas since the middle of the nineteenth century.

Revaluation involves a redistribution of the rates burden across the ratepayers in a local authority area and, inevitably, this means that some ratepayers experience a reduction while others experience an increase. The outcomes for each local authority in which a revaluation has been completed are set out in Table 2. Preliminary analysis of the Reval 2019 rating authority areas also suggests that the number of ratepayers receiving a reduction in rates has exceeded the numbers receiving an increase on a roughly 60:40 basis.

Table 2: Completed revaluation outcomes

| Local Authority | % of ratepayers experiencing Rates Reduction | % of ratepayers experiencing Rates Increase | No change or new properties |
|--|--|---|-----------------------------|
| South Dublin (1 st Revaluation) | 49% | 39% | 12% |
| Fingal | 65% | 30% | 5% |
| Dún Laoghaire – Rathdown | 54% | 46% | - |
| Dublin City | 56% | 41% | 3% |
| Waterford City & County | 65% | 32% | 3% |
| Laois | 65% | 33% | 2% |
| Limerick City & County | 65% | 32% | 3% |
| Carlow | 55% | 42% | 3% |
| Kilkenny | 56% | 41% | 3% |
| Kildare | 52% | 42% | 6% |
| Leitrim | 70% | 24% | 6% |
| Longford | 65% | 31% | 4% |
| Offaly | 58% | 38% | 4% |
| Roscommon | 63% | 33% | 4% |
| Sligo | 69% | 27% | 4% |
| Westmeath | 56% | 38% | 6% |
| South Dublin (2 nd Revaluation) | 61% | 35% | 4% |

2. Valuation Tribunal

The Valuation Tribunal is an independent statutory body, initially established under the Valuation Act 1988, and continued by the Valuation Act 2001 to hear appeals against decisions of the Commissioner of Valuation on the valuation and revaluation of commercial properties for rating purposes. The Tribunal also hears appeals made by owners of derelict sites against the determination by local authorities of the market value of those sites under the Derelict Sites Act 1990. Under section 13 (1) of the Urban Regeneration and Housing Act, 2015 the Tribunal determines appeals made by vacant site owners against the determinations made by local authorities of the market value of vacant sites. Subject to a right of appeal to the High Court by way of a case stated on a point of law, the decision of the Tribunal is final.

The Valuation Tribunal comprises a Chairperson, deputy chairpersons and ordinary members. Members are appointed for a term of up to five years by the Minister for Housing, Planning and Local Government and are drawn mainly from the legal and property valuation professions. Members of the Valuation Tribunal receive administrative support from the Registrar and a small team of staff at the Valuation Tribunal offices in Holbrook House.

Although legislatively independent from the Commissioner of Valuation, the Valuation Tribunal is funded under Vote 16, which is the Vote of the Valuation Office. The Head of the Valuation Office, the Commissioner of Valuation, is the Accounting Officer for Vote 16 but does not hold responsibility for the operations of the Tribunal.

Challenges facing the Tribunal and strategies for dealing with them

The Valuation Tribunal was set up in 1988 and, once established, dealt only with revision appeals (previously dealt with by the Circuit Court) as there was no revaluation programme in place at the time. The principal challenge for the Tribunal is the processing of the significantly increased number of appeals being received as a result of the acceleration of the National Revaluation programme being undertaken by the Valuation Office and by the fact that all appeals thereunder are now made directly to the Tribunal.

Table 3: No. of Appeals to the Valuation Tribunal

| Year | 2015 | 2016 | 2017 | 2018 | Jan-June 2019 |
|---|-------------|------------|-------------|-------------|---------------|
| Number of appeals on hand at beginning of year | 1028 | 555 | 312 | 1384 | 1157 |
| Number of appeals received: | | | | | |
| - Revaluation Programme | 68 | 0 | 1271 | 20 | 0 |
| - Revision | 111 | 130 | 97 | 194 | 29 |
| - Derelict sites | 2 | 10 | 2 | 10 | 4 |
| - Vacant Sites | <u>0</u> | <u>0</u> | <u>0</u> | <u>10</u> | <u>10</u> |
| Total | 181 | 140 | 1370 | 234 | 43 |
| Number of appeals closed: | | | | | |
| - Revaluation Programme | 623 | 290 | 149 | 388 | 254 |
| - Revision | 31 | 93 | 143 | 64 | 27 |
| - Derelict sites | 0 | 0 | 6 | 7 | 0 |
| - Vacant Sites | <u>0</u> | <u>0</u> | <u>0</u> | <u>2</u> | <u>3</u> |
| Total | 654 | 383 | 298 | 461 | 284 |

| Year | 2015 | 2016 | 2017 | 2018 | June 2019 |
|---------------------------------------|------------|------------|-------------|-------------|------------|
| Appeals on hand at end of year | | | | | |
| - To be heard | 489 | 239 | 1340 | 1086 | 851 |
| - Heard or pending a decision | 65 | 71 | 42 | 50 | 36 |
| - With the courts | <u>1</u> | <u>2</u> | <u>2</u> | <u>21</u> | <u>29</u> |
| Total | 555 | 312 | 1384 | 1157 | 916 |

The Department of Housing, Planning and Local Government has undertaken a Periodic Critical Review of the Valuation Tribunal as provided for in sections 8.14 -8.15 and Appendix F of the *Code of Practice for the Governance of State Bodies*. The overarching objective of the review is to secure improvements in accountability, efficiency and effectiveness. I understand from the Department that this review, which will include a number of recommendations on securing improvements, will be finalised and submitted to the Minister imminently.

In the meantime, the Tribunal has introduced a number of measures to ensure appeals are progressed in as timely a manner as is possible. These include:

- **Increased number of sittings**

By virtue of the Valuation (Amendment) Act, 2015 there is no longer a right of appeal to the Commissioner of Valuation so all appeals are now made directly to the Tribunal. The Tribunal, whenever possible, holds 2 hearings a day up to three times per week, to deal with the large influx of appeals. There were 268 hearings/sittings held in 2018 as compared to 143 in 2017. 461 appeals were closed in 2018 as compared to 298 in 2017. The Tribunal is continuing this policy in 2019.

- **Determining appeals based on written documentation**

One of the new provisions introduced under the Valuation (Amendment) Act, 2015 is that appeals may be determined by a single member of the Tribunal based on written documentation obviating the need to holding a hearing. The Tribunal has identified a number of appeals suitable for disposal in this manner which should ensure that many appeals can be dealt with expeditiously. This process has commenced on a pilot basis and it is expected that between 150 and 180 appeals will be determined in this way.

- **Call over system**

The Tribunal introduced a call over system to cope with the unprecedented levels of appeals to facilitate a more efficient listing of appeals and ensure better use of the Tribunal time. The call over system alerts the Tribunal to appeals that may be resolved, identifies cases that are ready to proceed so that hearing dates can be assigned and affords the chairperson or deputy chairperson an opportunity to discuss the progress of appeal with the parties' representatives and give to such directions as may be warranted to the parties to progress the appeal.

The introduction of the Call over system has made a positive impact on the efficient listing of appeals. This system will be kept under review.

- **Appointment of new members**

The Public Appointments Service, on behalf of the Tribunal, conducted a recruitment campaign in late 2017 and 12 new members have been appointed bringing the total membership to 31. The Minister for Housing, Planning and Local Government has sanctioned an increased membership of up to 36. Work will commence shortly on a new recruitment campaign by the Public Appointment Service to establish a Panel for the assignment of additional members.

- **Introduction of Revised Rules**

The procedures of the Tribunal are presently governed by Valuation Act, 2001 (Appeals) Rules, 2008. New and more comprehensive Appeal Rules for the Tribunal have been drafted to regulate procedure so as to deal with procedural issues that have arisen which are not covered by the existing 2008 Rules and for the purpose of ensuring that the Rules are modified as necessary to ensure that the operation of the rules are consistent with the Valuation Act 2001, as amended by the Valuation (Amendment) Act 2015. These new Rules will regulate Tribunal procedure so that appeals, in as far as possible, can be progressed efficiently. The Tribunal engaged in a consultative process with interested parties and are currently finalising the updated Rules for submission to the Minister for Housing, Planning and Local Government for consideration and approval prior to publication as a Statutory Instrument.

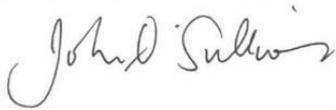
- **Improvements to website and ICT infrastructure**

To simplify procedures and increase efficiencies, the Tribunal is making improvements to its website. Work is being finalised on the introduction of an on-line appeals application process and electronic payment of appeal fees which should expedite the processing of appeals. The online application process is expected to be up and running in the near future.

An additional provision of €250,000 has been made for the Valuation Tribunal in the 2019 Estimates for investment in Information and Communication Technology to advance the first phase of its ICT programme.

I trust that this information will be of assistance to the Committee.

Yours sincerely,



John O'Sullivan
Commissioner of Valuation