



REPORT TO: Grampian Valuation Joint Board on 21 June 2019

SUBJECT: Valuation Roll & Council Tax Valuation List

BY: The Assessor & ERO

1. Reason for Report

- 1.1 To update the Board on progress in appeal resolution and advise the Board of performance levels achieved during 2018/19.
- 1.2 To update the Board on the progress of the reforms to non-domestic rates (NDR) and the related implications for Assessors.

2. Recommendation

- 2.1 **It is recommended that the Board note the appeal progress and performance information.**

3. Background

- 3.1 Revaluation appeal resolution is one of the key activities for the service following the 2017 revaluation.
- 3.2 The Board's Code of Corporate Governance requires annual reporting of operational performance. The performance indicators provided in Appendices 1 and 2 to this report have been agreed between the Scottish Government and the Scottish Assessors Association.
- 3.3 Traditionally the target performance thresholds have been reviewed and adjusted every three years. The Board reviewed the valuation roll performance thresholds in 2018/19, setting it at 70% of updates being implemented within 90 days of the date the change that gives rise to the update took place. The Board also reviewed the 2018/19 performance threshold for entering new dwellings on the Council Tax Valuation List, with a target of 94% of dwellings entering the list within 90 days of the dwelling being completed.

4. Current Position

4.1 Valuation Roll

- 4.1.1 As at 31 March 2019 the local valuation appeal committees had cited and where necessary heard appeals for 41% of the 10,098 properties under appeal following the 2017 revaluation in Grampian. As reported in the Management Commentary, the 2017 revaluation had a significant impact on ratepayers in the North East. The volume of appeals is 41% greater than had been the case following the 2010 revaluation. The sensitivity of the situation was principally due to the slowdown in the NE property market that became apparent after the valuation date of 1 April 2015 but before the revaluation values came into force on 1 April 2017. Against this backdrop the service has been severely challenged by ratepayers who had been encouraged to lodge appeals against their rateable values through campaigns in mainstream and social media along with advice from high profile professionals and politicians. The resultant heightened level of expectation for significant reductions in values through the appeal resolution process has been proven to be wrong and is evidenced by Grampian Assessor showing the lowest loss of value on appeal across Scotland. The resultant appeal resolution process has therefore been particularly demanding in terms of expertise and resources that have had to be diverted from business as usual running roll update priorities of the valuation roll.
- 4.1.2 Appendix 1 provides performance for running roll updates to the valuation roll during 2018/19 and the previous two years. Performance is clearly impacted by the demands of the appeal resolution process that this service must facilitate.
- 4.1.3 As at 31 March 2019, disputed rateable values for 4,168 of the 10,098 properties subject to Revaluation 2017 appeals had been resolved through the committee process with a further 1,522 appeals in receipt of their 15 week notices for hearings scheduled to take place during the period 1 April to 17 July 2019.
- 4.1.4 In addition to the revaluation appeal caseload the Valuation service has also resolved 3,361 running roll appeals during 2018/19.

4.2 Council Tax Valuation List

- 4.2.1 Appendix 2 to this report provides the position for the year to 31 March 2019. The number of new house completions at 3,524 is 9% greater than the previous year's total and performance in terms of the percentage of new properties being allocated to bands within the first 90 days has increased from 91.3% to 93.7%, which means that 12% more dwellings are being allocated to bands within the 90 day performance timeframe.
- 4.2.2 Accuracy can be measured by establishing the number of successful challenges to bandings. During 2018/19 there were 16 successful proposals relative to 3,524 new or altered bandings. This represents 0.4% of the new dwellings added. The corresponding percentage for 2017/18 was 0.8%. There were 18 entries that relate to an effective date during 2017/18 where more than 12 months elapsed prior to the change being made during 2018/19. This compares to a corresponding total of 30 reported to the Board in June 2018.

5. NDR reform

- 5.1 The Non-domestic Rates (Scotland) Bill 2019 was published on 25 March¹. This Bill lays the foundations for the introduction of three yearly revaluations and a wider package of reforms to NDR in Scotland. This includes requirements for Assessors to add parts of public parks to valuation rolls and show additional markers in valuation rolls to indicate whether an entry on the roll can be considered to be a new build or improvement that is relevant to the Business Growth Accelerator relief.
- 5.2 The Bill also provides for wider information gathering powers for Assessors that involves civil penalties and a more complex two-stage proposal and appeal resolution process which is subject to on-going policy development by Scottish Government.
- 5.3 The significant financial implications for Assessors are recognised by the financial memorandum that accompanied the Bill. The Scottish Parliament Local Government & Communities Committee and Finance & Communities Committee are scrutinising the Bill as part of the Stage 1 consideration of the Bill.
- 5.4 It is anticipated that new powers for information gathering and other aspects of the Bill will be in force for 1 April 2020, the target date for the Revaluation 2022.

6. Conclusion

- 6.1 The professionalism and commitment of the surveying personnel dedicated to appeal resolution must be recognised for their class-leading appeal resolution performance. Such high level performance does impact on business as usual updates and this is reflected particularly in the key performance indicator data for valuation roll update. Whilst cross-resourcing the appeal disposal programme, the service has nevertheless improved its performance in terms of quantity and turnaround times for the valuation list. Again, this is only possible through the high degree of professionalism and commitment across the service.
- 6.2 The NDR reforms present another unique challenge to the organisation and the Assessor is directly engaged with Scottish Government, Scottish Parliament and COSLA in order to seek to secure reforms that are deliverable on the ground in terms of practicalities and also in terms of financial resources. Recruitment is currently underway as the Management Team implements its plans to achieve the necessary increase in expertise to deliver the reforms in Grampian.

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¹ <https://www.parliament.scot/parliamentarybusiness/Bills/111337.aspx>