



REPORT TO: Grampian Valuation Joint Board on 19 June 2020

SUBJECT: Valuation Roll & Council Tax Valuation List

BY: The Assessor & ERO

1. Reason for Report

- 1.1 To report on progress in appeal resolution and advise the Board of performance levels achieved during 2019/20.
- 1.2 To report on the progress of the reforms to non-domestic rates (NDR) and the related implications for Assessors.
- 1.3 To report on issues arising from the Covid-19 pandemic

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 2020 the local valuation appeal committees had cited and where necessary heard appeals for 80% of the 10,102 properties under appeal following the 2017 revaluation in Grampian. This means that the service has resolved appeals against 8,000 revaluation assessments. The corresponding figure for the previous revaluation was 6,134 revaluation appeal assessments resolved as at 31 March 2013. This represents a 30% increase in appeal resolution productivity. The 2017 revaluation had a significant impact on ratepayers in the North East and the volume of appeals is greater than had been the case in previous revaluation years. 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. Apart from this significant increase in productivity, the level of accuracy of the revaluation assessments made by the service for 1 April 2017 revaluation has been shown to be extremely high with revaluation appeal losses in Grampian being the lowest in Scotland¹ for the third consecutive year.
- 4.1.2 The arrival of the Covid-19 pandemic in Scotland in early 2020 resulted in a large volume of appeals being lodged on the grounds that the pandemic had had an impact on value. Over 7,800 appeals were received between 31 December 2019 and 31 March 2020 with the vast majority being lodged during the last two weeks of March 2020. The organisation, although rebased from operational offices to home-based working on 23 March had arrangements in place to log, verify and acknowledge receipt of this unprecedented volume of running roll appeals and also deal with a completely new service priority that was introduced by the introduction of business support grants and awards that were based on the valuation roll as at 17 March 2020. Survey staff responded to high volumes of priority enquiries generated by the Covid-19 support grant regime.
- 4.1.3 Appendix 1 provides performance for running roll updates to the valuation roll during 2019/20 and the previous two years. Performance is clearly impacted by the demands of the appeal resolution process that this service must facilitate.
- 4.1.4 In addition to the revaluation appeal caseload the Valuation service has also resolved 977 running roll appeals during 2019/20.

¹ <https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2019/08/non-domestic-rates-revaluation-appeals/documents/2019-20/non-domestic-rates-revaluation-appeals-2019-20-q4-bulletin/non-domestic-rates-revaluation-appeals-2019-20-q4-bulletin/govscot%3Adocument/RVAPP%2B2019-20%2BQ4%2B-%2BPublication%2B-%2BBulletin.pdf>

4.2 Council Tax Valuation List

- 4.2.1 Appendix 2 to this report provides the position for the year to 31 March 2020. The number of new house completions at 3,437 is similar to that for 2018/19. The focussing of resources on the revaluation appeal priority and posts becoming vacant has however impacted on performance in terms of the percentage of new properties being allocated to bands within the first 90 days has decreased from 93.7% in 2018/19 to 89.9% in 2019/20.
- 4.2.2 Accuracy can be measured by establishing the number of successful challenges to bandings. During 2018/19 there were 24 successful proposals relative to 3,437 new or altered bandings. This represents 0.7% of the new dwellings added. The corresponding percentage for 2018/19 was 0.4% and 2017/18 0.8%. There were 62 entries that relate to an effective date during 2018/19 where more than 12 months elapsed prior to the change being made during 2018/19. The majority of these entries relate to properties that were formerly assessed as non-domestic guest accommodation that during appeal negotiations were re-classified as domestic subjects. As such the properties were already assessed for local taxation purposes and the changes amounted to retrospective re-classification.

5. Developments

- 5.1 The Non-domestic Rates (Scotland) Act 2020 came into force on 1 April 2020, although the majority of provisions are not as yet commenced. The Act provides for three yearly revaluations and makes a number of changes to the legal framework for valuation for rating. These changes include wider powers for Assessors to request information from ratepayers and their advisers and a new two-stage proposal and appeal resolution process. They also include 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 corresponding secondary legislation necessary for the operation of the information gathering powers and the new proposal and appeal system is not yet in place.
- 5.3 The target date for the 2022 revaluation was 1 April 2020 and the Scottish Assessors' Association has developed a new online information form and geographic interface that will aid the provision of rental information and facilitate access to valuation roll data.
- 5.4 Joint working with Moray Council is currently underway to administer the new civil penalty regime that Assessors are required to use to support their information gathering powers.

6.0 Issues arising from the Covid-19 pandemic

- 6.1 The pandemic has introduced additional challenges to the delivery of services during 2019/20 in a number of areas. Apart from the challenges of moving from an office-based environment to home-based working and restrictions on meetings, travel and inspections, the pandemic has given rise to service-specific challenges that include -
- Revaluation 2017 Appeal disposal – the statutory deadline for Valuation Appeal Committees (VACs) to dispose of all revaluation 2017 appeals is 31 December 2020. The Grampian VACs were on target to meet this deadline prior to the cancellation of their hearings scheduled between late March 2020 and July 2020 due to the pandemic. A hearing diet for the autumn has been prepared and the VACs are currently listing all remaining cases for hearings. The organisation has continued to service the requirements of the VACs, including the issue of citations for the scheduled autumn hearings and allocating caseloads to our professional staff.
 - Additional appeal caseload – the organisation has received over 7,800 new appeals made on the basis that the pandemic has impacted on annual values. These appeals have a disposal date of 31 March 2021.
 - The workloads involved in dealing with the appeals cited for the cancelled hearings that were to take place between March and July and are now re-scheduled to the autumn, the pre-existing autumn diet of Revaluation 2017 appeals and the disposal of the Covid-19 appeals prior to 31 March 2021 is an immense challenge to the service and out of necessity will divert resources from the preparations for the 2022 Revaluation.

7. Conclusion

- 7.1 The class-leading appeal resolution performance and accuracy of the work that underpins it reflects the professionalism and commitment of the organisation's surveying personnel and support staff. Such high level performance does however impact on business as usual updates and this is reflected particularly in the key performance indicator data.
- 7.2 The pandemic has introduced a whole new layer of complexity and challenge for the organisation. The additional appeal caseload and current restrictions are bringing significant pressures to bear on meeting the objectives of the Revaluation 2017 appeal disposal programme and delivery of Revaluation 2022.

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