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**REPORT TO: Grampian Valuation Joint Board on 6 November 2020**

**SUBJECT: Valuation Roll and Council Tax Valuation List**

**BY: The Assessor and ERO**

**1. Reason for Report**

- 1.1 To provide an operational update on the valuation services provided by the Assessor.
- 1.2 To report on the progress of the reforms to non-domestic rates (NDR).

**2. Recommendation**

- 2.1 **It is recommended that the Board note the report.**

**3. Background**

- 3.1 Appeal resolution is one of the key activities for the valuation service following the 2017 revaluation. This has to be delivered in tandem with maintaining both the valuation rolls and council tax valuation lists along with preparing for the NDR reforms.
- 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 30 September 2020 the local valuation appeal committees had cited and where necessary heard appeals for 87% of the 10,102 properties under appeal following the 2017 revaluation in Grampian. This means that the service has resolved appeals against 8,835 revaluation assessments. The corresponding figure for the previous revaluation was 6,960 revaluation appeal assessments resolved as at 30 September 2013. Despite the current operational challenges this represents a 27% increase in appeal resolution productivity.

4.1.2 The onset 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. Between revaluations, running roll appeals can be lodged where the valuation roll is altered or a ratepayer believes that a material change of circumstance has occurred. As at 30 September 2020 an additional 12,698 appeals had been lodged, of which 1,781 have been resolved, leaving a balance of 10,971 running roll appeals that remain outstanding. The vast majority of these appeals have been lodged in response to the pandemic and represent approximately 20% of an unprecedented volume of running roll appeals across Scotland. The Scottish Assessors' Association is actively engaging with ratepayer representatives at a national level in order to seek to progress resolution of these appeals.

4.1.3 Appendix 1 provides performance for running roll updates to the valuation roll during the period from 1 April 2020 to 30 September 2020 and the previous two years. Performance has continued to be impacted by the challenging operating environment, the diversion of resources to assist with Covid-19 business support grant application enquiries and the demands of the appeal resolution process. The shutdown of the construction industry is also reflected in the data.

### **4.2 Council Tax Valuation List**

4.2.1 Appendix 2 provides performance for updates to the council tax valuation list. The data reflects the challenging operational environment and the shutdown of the construction and housing market in the first quarter of the year.

## **5. Developments**

5.1 In recognising the impact of the pandemic on Valuation Appeal Panel capacity to continue to dispose of revaluation and running roll appeals, the Scottish Government extended the appeal disposal deadline for the remaining revaluation appeals and the majority of running roll appeals by 12 months to 31 December 2021. The Valuation Appeal Panel in Grampian has now held its first in-person hearing since the introduction of Covid-19 restrictions and it is anticipated that the committee hearing diet for the remaining revaluation appeals and running roll appeals will proceed to schedule.

- 5.2 The pace of implementation of the non-domestic rates reforms has slowed with consultations under way on the civil penalty appeal procedure that will apply to information notices issued by Assessors and local authorities. The government announced that it intends to postpone the 2022 revaluation to 2023, albeit with a tone date for that revaluation only 12 months prior. This will present unique challenges to Assessors who had been working towards implementing a 12 month tone date for the 2025 revaluation.
- 5.3 The second commencement order for the wider provisions of the Non-domestic Rates (Scotland) Act comes into force on 5 November. This brings provisions of the Act into force on that date that include –
- requiring Assessors to carry out revaluations every three years;
  - additional requirements on Assessors to publish a draft valuation roll ahead of each revaluation;
  - a new two-stage proposal and appeal process;
  - a new requirement on valuation authorities to report to Parliament on the number of Assessors and the resourcing of those Assessors;
  - a new requirement on Assessors to ‘flag’ new and improved properties on the valuation rolls; and
  - the transfer of the functions of valuation appeal committees to the Scottish Tribunals.

In terms of this Order, further provisions of the Act come into force on 1 April 2021, 1 April 2022 and 1 April 2023. These include a range of administrative provisions and the new requirement for Assessors to enter parks on the valuation rolls.

## **7. Conclusion**

- 7.1 Appeal and running roll activities have continued throughout the summer and whilst construction volumes have been reduced updates to the roll and list have continued to be made.
- 7.2 The anticipated implementation of NDR reforms has altered with some elements of the reforms delayed whilst other elements have been brought forward. This dynamism in the implementation stages presents ongoing challenges to the organisation that are compounded by the difficult operating environment.

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