



REPORT TO: Grampian Valuation Joint Board on 18 June 2021

SUBJECT: Valuation Roll and Council Tax Valuation List

BY: The Assessor & ERO

1. Reason for Report

1.1 To report on progress in appeal resolution, advise the Board of performance levels achieved during 2020/21 and make recommendations for performance targets for the next three years.

2. Recommendation

2.1 It is recommended that the Board:

- i) consider and note the appeal progress and performance information; and**
- ii) consider and note the recommendations in respect of the Valuation Roll and Council Tax Valuation List performance thresholds for the three year period 2020/21 to 2022/23.**

3. Background

3.1 Revaluation and running roll appeal resolution are 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. With the passage of three years since those reviews the performance thresholds are due for review once again.

4. Valuation Roll

4.1 Revaluation 2017 Appeals

As at 31 March 2021 the local valuation appeal committees had cited and where necessary heard appeals for 90% of the 10,102 properties under appeal following the 2017 revaluation in Grampian. Appeals against the valuation of 1,038 properties remained outstanding. The principal reasons for this relatively high number of appeals remaining unresolved at a late stage in the cycle are as follows.

4.2 The 2017 revaluation had a significant impact on ratepayers in the North East and the volume of appeals was 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. The matter came under the scrutiny of the Aberdeen City Valuation Appeal Committee (VAC) in relation to two test cases concerning offices in the West End and Prime Four Business Park localities. The March 2019 decisions of the local Committee were appealed to the Lands Valuation Appeal Court in Edinburgh and the judges published their decision, upholding the Grampian Assessor's interpretation of the law, on 2 February 2021. Around 600 properties had their appeals on hold whilst this decision was awaited. The appeals have been re-cited for hearing in September and should be capable of resolution on their facts without recourse to a hearing now that the law has been clarified.

4.3 Of the remaining 400 or so properties with outstanding Revaluation appeals the majority comprise subjects in categories where there have been recent breakthroughs in negotiations taking place at a national level i.e. Universities and Colleges, the top classes of Halls and Civic buildings, Whisky related subjects and Wind Farms.

4.4 The level of accuracy of the revaluation assessments made by the service for 1 April 2017 revaluation has been shown to be very good, with revaluation appeal losses in Grampian being the lowest in Scotland¹ for the fourth consecutive year.

Running Roll Appeals

4.5 In addition to the revaluation appeal caseload the valuation service has also resolved 1,298 running roll appeals during 2020/21.

¹ [RVAPP 2020-21 Q4 \(www.gov.scot\)](http://www.gov.scot)

- 4.6 As a result of the Covid-19 pandemic, an unprecedented number of inter-valuation appeals have been received on the grounds of material change of circumstances (MCC).
- 4.7 As previously reported, the arrival of the 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. Approximately 9,000 appeals were received prior to 31 March 2020. A further 8,700 appeals were received in the days leading up to the 31 March 2021 deadline for a 2020/21 MCC appeal.
- 4.8 Large numbers of the first tranche of appeals have been cited for hearings across Grampian but, to date, all have been continued for three principal reasons:
1. Ongoing national discussions between representatives of the Scottish Assessors' Association and the Scottish Business Ratepayers Group.
 2. The possibility of expedited test cases being heard by the Lands Tribunal for Scotland.
 3. To await the outcome of the new Scottish Government's consideration of the UK Government's decision to rule out COVID-19 appeals in England announced in March.
- 4.9 Whilst the Scottish Government is still considering its reaction to the UK Government's decision, it has just announced, in light of stakeholder concerns regarding the looming disposal deadline of 31 December 2021 for the first of these appeals, that it will legislate to change the deadline to 31 December 2022. If the Scottish Government does not follow the approach of the UK Government the resolution of these appeals will be an immense challenge even with the delay to the disposal deadline.

Running roll updates

- 4.10 Appendix 1 provides performance for running roll updates to the valuation roll during 2020/21 and the previous two years. Performance was clearly impacted by the challenges presented by the Covid-19 pandemic. Whilst the numbers of amendments are down due to the effect of the pandemic on commercial development and the construction industry, the difficulties of enabling home-working for all our staff in the initial stages of lockdown and the subsequent challenges of valuing non-domestic subjects from the desktop has resulted in only 50% of amendments being made within 6 months of completion. In all the circumstances this is considered to be a good outcome as, despite delays, the integrity of the Valuation Roll was assured by financial year end.

Review of performance thresholds

- 4.11 The 2009/10 and 2016/17 performance thresholds were lowered to account for the impact of carrying out a revaluation in the year prior to it coming into force. The former Assessor suggested in 2016, when reviewing performance in 2015/16, that with the benefit of hindsight, performance thresholds should ideally be reviewed to reflect revaluation work for the 2 years prior to a revaluation coming into force. The current 90 day threshold is 70% whilst the 90 day threshold for the 2016/17 revaluation year was 60%. In a five year revaluation cycle it might have been realistic to have three years set at the 70% threshold and the two years most impacted by revaluation at 60%. However, with the advent of three yearly revaluations from 2023 it is clear that a revaluation becomes less of an isolated event and more of an ongoing process. The transfer of the functions of valuation appeal committees to the Scottish Tribunals service comes with an expectation from the Barclay Review that appeals arising from a revaluation will be resolved before the next revaluation comes into effect. Running Roll update to value new and altered properties then becomes one of three strands of constantly ongoing non-domestic workload along with revaluations and appeal resolution. Non-domestic valuation will therefore be tackled under a revised operational model going forward. As such, it is recommended that the thresholds do not fluctuate, but are set at the same level until the next review becomes due three years later. The average achieved over the last three years was 61.5% of amendments made within 90 days. The Valuation Roll key performance indicators have always been set at a much lower level than those for Council Tax to recognise the fact that so many of the changes that are required to be made fall outwith the Assessor's control. The recommended thresholds are therefore as follows:

	0 - 90 days	91 - 180 days	Over 180 days
Existing thresholds	70%	15%	15%
Proposed thresholds	65%	20%	15%

5. Council Tax Valuation List

Updates to the List

- 5.1 Appendix 2 to this report provides the position for the year to 31 March 2021. The number of new house completions was 2,212, well down on the previous two years and no doubt entirely due to the effect of the pandemic on the construction sector and the housing market. The percentage of updates achieved with the 90 day initial performance threshold was well below target for a normal year and reflective of the challenging operational environment prevailing throughout the year. The pandemic impacted significantly on the usual information flows and the staff were therefore required to innovate whilst working from home to ensure that dwellings were entered in the List throughout a difficult year. 61.3% of dwellings were entered in the List within 90 days of occupation and 79.8% within 180 days. These results are considered to be reasonable in all the circumstances.

Proposals and Appeals

- 5.2 During the 2020/21 year there were 11 successful proposals. However, a number of others that were either unresolved at the start of lockdown or lodged during 2020/21 remain outstanding due to the inability of our surveyors to carry out physical inspections until recently. With the easing of Covid restriction levels to Level 2, quickly followed by Level 1, these appeals are now being tackled and resolved where possible.
- 5.3 If a proposal cannot be resolved through discussion between appellant and Assessor it becomes an appeal to the Valuation Appeal Committee (VAC). The Grampian VACs refrained from citing Council Tax appeals for hearings during 2020/21, but it is hoped that these can resume shortly in order to clear the backlog.

Review of performance thresholds

- 5.4 Average performance over the last three years has seen 91.6% of new dwellings entering the list within 90 days of completion. The existing target of 94% was almost achieved in 2018/19 when the figure was 93.7%. On that basis the target appears to be reasonable and it is therefore recommended that the thresholds remain unaltered for the next three years:

	0 - 90 days	91 - 180 days	Over 180 days
Existing thresholds	94%	3%	3%
Proposed thresholds	94%	3%	3%

6. Conclusion

- 6.1 The pandemic has introduced significant additional challenges to the delivery of services during 2020/21 in a number of areas, particularly the move from office based to home-based working and the inability to undertake site visits or hold face-to-face meetings. Nevertheless the valuation service has performed very well in relation to the update of both the Roll and the List and in respect of appeal resolution.**

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