

**REPORT OF THE  
COMMISSIONER OF VALUATION  
TO THE  
MINISTER FOR PUBLIC EXPENDITURE  
AND REFORM  
IN RESPECT OF 2014**

**(PURSUANT TO SECTION 41 OF THE VALUATION ACT, 2001)**

**February 2015**

## **Statutory Basis for Report**

- 1.1 Section 41 of the Valuation Act, 2001 (Number 13 of 2001) provides as follows:
- (1) The Commissioner shall, as soon as may be, but not later than 2 months after the end of each year, make a report to the Minister in relation to the performance by the Commissioner of his or her functions under this Act in that year and the Minister shall cause copies of the report to be laid before each House of the Oireachtas.
  - (2) Each report under *subsection (1)* shall include information in such form and regarding such matters as the Commissioner thinks fit or the Minister may direct.

## **Structure of Report**

- 2.1 The report is formatted by reference to the following 11 headings, which essentially encompass the principal areas of activity of the Valuation Office during 2014:
- Valuation
  - Revaluation
  - New Legislation
  - Appeals
  - Global Valuations and Special Projects (including market value services)
  - Enhancement of Service Provision
  - HR /Personnel Issues
  - Finance
  - Archives/Public Office

## **Valuation**

- 3.1 The principal statutory function of the Valuation Office is to set and maintain equitable and uniform valuation of property for rating purposes. Its non-statutory functions include the provision, where possible given the limits on its resources, of an essential professional property valuation service for other public bodies. The activities of the Office underpin the annual collection of €1.4 billion in rates by local authorities to help finance their activities.

## **Valuation Act, 2001**

- 4.1 The main purpose of the Valuation Act, 2001 Act is to provide for a national revaluation of commercial and industrial property, resulting in a fairer and more uniform distribution of the rates burden among commercial and industrial ratepayers. Neither residential nor agricultural property is currently rateable. The Act also made provision for the ongoing revision programme to allow for valuation of new properties for the first time and changes to valuations of existing properties.

## **Revision Programme**

- 5.1 The Office continued with efforts to streamline the revision process in 2014 with a consequent increase in the number of cases which were dealt with in the year. During 2014 a total of 3,464 revision applications were received. 4,204 applications were dealt with which resulted in 6,024 valuation certificates issued. This was an increase of 63% over the outturn for the previous year. The revisions out-turn for 2014 exceeded the Business Plan target of 1,700, facilitated by the new processes and by a concentration of resources on the Revision programme at two specific points in the year.

The office commenced a revision pilot project during 2014 on data sharing involving five local authorities. The data which is generally planning data is required to enable the Valuation Office to carry out its function to value property for commercial rates. It is important that the office values property in the most cost effective way, providing an efficient service to local authorities and to ratepayers so that correct valuations can be issued. We have been encouraged by the positive responses received from local authorities involved in the pilot. Sharing property plans and other details with us that have already been provided by the ratepayer reduces the compliance burden and helps us avoid any duplication in effort. In 2014 the pilot project was rolled out in three local authority areas and will be rolled out to other local authorities in 2015.

## **Revaluation**

- 6.1 In accordance with the Valuation Act, 2001, which came into force on 2<sup>nd</sup> May, 2002, a national programme is being rolled out progressively for the revaluation of all commercial and industrial properties in the State.
- 6.2 The case for conducting a national revaluation programme is compelling. The rental values of individual properties and categories of property change over time as a result of differential economic shifts between categories and locations. Apart from the rating authorities that have been revalued to date, commercial rates in all other areas are, at present, based on valuations which reflect market conditions and relativities prevailing in 1988. The only comprehensive way to address this is through a revaluation programme from which some ratepayers will obtain a reduction while, inevitably, others will experience an increase.

- 6.3 There are an estimated 146,000 commercial and industrial properties in Ireland. Between 2007 and 2010 the Valuation Office revalued three Rating authorities - South Dublin, Fingal and Dún Laoghaire - Rathdown county councils - comprising c.17,700 items or 22% of the national rateable valuation base in monetary value terms or 12% in numerical terms. Dublin City Council and the three Waterford rating authorities were completed in December 2013, thus adding a further 25,000 or so properties to the revalued base.
- 6.4 Limerick City and County Council was completed in December 2014. In addition, 13 public utilities have been valued on a global basis. To date a total of 48,600 individual items have been revalued equating to 57% of the national rateable valuation base in monetary value terms or 33% in numerical terms.
- 6.5 The statutory consultation process, required before a valuation order can be made, has been conducted in relation to a further three rating authorities, Galway City Council, Kilkenny County Council and Carlow County Council comprising c. 7,400 items or approximately 5% of the valuation base in monetary terms. That consultation process will commence shortly with two other rating authorities.
- 6.6 In addition to the revaluation programme, the Valuation Office continues to carry out a revision programme in relation to the existing valuation lists, at the request of local authorities and ratepayers. Whereas the Revaluation programme remains a priority, the Valuation Office continues to explore ways to also enhance its capacity to deliver a high-quality revision service.

### **Redistribution of commercial rates liabilities following Revaluation**

- 7.1 The purpose of a revaluation is to redistribute commercial rates liabilities among ratepayers based on up-to-date market rental values. Following revaluation, there is a much closer relationship between rental value and commercial rates liability. Even though property values have fallen generally, some ratepayers will experience reduced rates liability while others will experience increased liability from the process of redistribution but, overall, there will be a fairer distribution of the rates burden.

In general, however, the number of ratepayers who will experience reductions has exceeded those who have experienced increases in their rates bills in the revaluations carried out to date. To illustrate the changes which have occurred in some of the areas which have already been valued, the following table sets out the position:

<b>Local Authority Area</b>	<b>Ratepayers with a reduced rates liability following revaluation</b>	<b>Ratepayers with an increased rates liability following revaluation</b>	<b>New Property Valuations</b>
South Dublin County	49%	39%	12%
Fingal County	65%	30%	5%
DunLaoghaire-Rathdown	54%	46%	0%
Dublin City	56%	41%	3%
Waterford	65%	32%	3%
Limerick	65%	32%	3%

## **New Legislation**

- 8.1 The Government published the Valuation (Amendment) (No. 2) Bill, 2012 on 3rd August, 2012 as part of its legislative programme. The Bill proceeded through its course in Seanad Éireann and passed final stage in the Upper House on 20th November 2014.
- 8.2 The primary purpose of the Bill is to accelerate the national programme of revaluing every commercial and industrial property in the country which is being undertaken by the Valuation Office. The Bill amends several provisions contained in the Valuation Act 2001. These amendments include a number of technical changes to Part 5 of the 2001 Act which deals with how a revaluation of an entire rating authority area is carried out. The Bill also proposes to amend Part 6, which deals with the carrying out of revisions of the rateable valuation of individual properties within rating authority areas between revaluations. In both instances, it is envisaged that officers will be appointed to carry out the tasks in question and the Bill makes specific provision for the appointment of “revision managers”.
- 8.3 Section 6 of the Bill proposes to amend Section 19 of the Valuation Act 2001 by enabling the Office to enter into an arrangement with a person or persons (other than officers of the Commissioner) to assist in the performance of the revaluation function. The effect of this provision is to contract out some of the revaluation work, in order to augment the in-house capacity of the Valuation Office. This is one of the express provisions intended to assist the acceleration of the national revaluation programme. Following enactment of the Bill, it is intended running a pilot revaluation project which will utilise such external resources.

- 8.4 Following enactment of the Bill, it is envisaged that revaluation projects can continue to be conducted through the normal *direct assessment* methodology. However, the Bill (Section 11, inserting a new Part 5A into the 2001 Act) also provides for the Commissioner to conduct a revaluation using elements of *occupier assisted valuation*. This provision is also intended to assist the acceleration of the national revaluation programme and, following enactment of the Bill, it is intended to run a pilot project which will utilise self-assessment principles. Finally, Section 22 of the Bill proposes to amend Section 48 of the 2001 Act by providing for the use of general market data or aggregated data (including *statistical and computer-aided techniques*) in determining valuations, where it is considered appropriate to do so.
- 8.5 The Office is working on the preparation for the carrying out of a pilot using elements of Self Assessment in Galway city and a pilot on the use of external valuation services in the Carlow/Kilkenny local authority areas. Preliminary work has been carried out in preparation for the procurement procedure in advance of the outsourcing pilot project.
- 8.6 The national revaluation programme will be advanced as quickly as possible and this is a priority for Government and part of its Action Plan for Jobs. It will provide an up-to-date and more transparent system of valuations on which to base rates and will give greater equity and uniformity. Of course, not every business will see a reduction in their liability as a result of the revaluation as the shift in value is dependent on relative movements of property values. Local authorities will still have to raise the money they need for the services they provide.

## **Appeals**

- 9.1 Section 30 of the Act provides for the exercise of an appeal where an occupier of property, a rating authority or an interest holder is dissatisfied with a determination of value by the Commissioner of Valuation. Currently there is a three-tier appeal system. The first appeal is to the Commissioner, followed by a further appeal to the independent Valuation Tribunal which was established for that purpose and finally there is an appeal to the Higher Courts on a point of law. In 2014 the Office issued 271 First Appeal decisions from the ongoing revision programme and 2,893 First Appeals were processed and issued in respect of the Revaluation programme in Dublin City and Waterford. A total of 20 Tribunal Appeals were processed by the Valuation Office in 2014, of which 6 appeals related to the Revaluation programme.

## **Global Valuations & Special Projects**

### **Global Valuations**

- 10.1 Section 53 of the Valuation Act, 2001 makes provision for the valuation of the relevant property of certain public utility undertakings on a global basis, that is, relevant properties taken as a whole as respects the particular undertaking. There are 13 such undertakings valued on a global basis and each undertaking is revalued every 5 years.

- 10.2 In 2014 two public utility undertakings were revalued on a global basis and a seven more public utilities will be valued in 2015.

### **Market Value Services**

- 11.1 The State Property Asset Management Plan was launched by the OPW in 2013. As part of this plan the Valuation Office carried out five valuations in 2014 of properties being transferred from OPW ownership to the ownership of local authorities or third parties.
- 11.2 A number of government departments and public bodies sought general valuation advice and/or valuations for inclusion in their financial statements.
- 11.3 All valuations for market value purposes are carried out in accordance with the International Valuation Standards 2013 and the Royal institute of Chartered Surveyors Valuation Professional Standards 2014.

### **Enhancement of Service Provision**

#### **Central Market Analysis Unit**

- 12.1 The Central Market Analysis Unit drafted a number of sample practice notes, continued to undertake analysis of macro data and produced two quarterly synopsis reports on trends in the property market, and also produced a number of reports for internal use to standardise the approach to market analysis of property transactions.

#### **GIS/GPS**

- 12.2 During 2014 development work was carried out which facilitated users to view data in response to user generated queries results using a geospatial interface. Further development on the GIS front end of the internal Valuation Office database yielded considerable efficiencies in the area of geocoding.

A beta version of an android mobile application has been developed and is ready for testing with valuers in the field. During 2015 the office will deploy secure smart phones to all valuer staff who will then have the capacity to access database information from remote locations. The objective is for the valuer to gather survey data in the field and, by recording that information in real-time, update the database instantaneously.

## **Market Information**

- 12.3 On foot of the enactment of the Property Services (Regulation) Act, 2011, large tracts of property transactional information contained in the Revenue Commissioners eStamping system was made available to the Office. Following an Interface Agreement outlining the transfer of residential and non residential eStamping data between the Revenue Commissioners and the Valuation Office, the exchange of information which was initiated in 2013 continued in 2014.

## **On-line Services**

- 12.4 The service provided to individual ratepayers, during the revaluation process of all commercial and industrial properties within a local authority area, was improved considerably in 2014 due to the development of the web-based NAVdirect facility. NAVdirect is the Valuation Office's flagship online service and presents, in a geo-spatial format, information about the valuations of individual industrial and commercial properties. The service is accessed through the Valuation Office website and the information is publicly available, free of charge. The data is currently confined to the Dublin and Waterford areas but the service is being extended nationwide as part of the national revaluation programme. The online map which is the at the core of NAVdirect enables members of the public and property professionals to view the valuations (known as Net Annual Values or NAVs) of commercial properties in a spatial context, providing real-time graphical access to the Valuation Office property database. NAVdirect provides public access to some of the extensive datasets which the Valuation Office has built over the last number of years.

Statistics indicate that there was a reduction in the number of requests for valuation reports in 2014 of 87% over a corresponding period in 2013 and this decrease is directly attributed to the rollout of NAVdirect.

Work is ongoing with the local authorities to improve the Valuation Office facility which accepts requests for revision through an online portal.

## **Human Resources/Personnel Issues**

### **Recruitment and Training**

- 13.1 Following on from the Government moratorium on promotion and recruitment, effective from 27 March 2009, no external recruitment campaigns were undertaken in 2014.

The Education and Development Steering Committee was established in 2014 to recommend and oversee all interventions and expenditure on Training and Development in the Office so as to ensure that expenditure in this area is consistent with all organisational strategies. The emphasis for the office continues to ensure that the skill requirements and the developmental needs of the office and staff are met so that the right people are receiving the right training, at the right time and that staff are



in a position to apply what is being learnt in a timely manner. The Office, in collaboration with the Society of Chartered Surveyors of Ireland, developed an APC programme for valuer staff in the office and this programme was rolled out in the first quarter of 2014.

A series of educational programmes designed to skill staff at all levels and in all areas of the organisation commenced in the mid 2014. Throughout the year the Office continued to support staff in undertaking relevant third level courses and other appropriate educational initiatives.

### **Performance Management**

- 13.2 The Office is continuing to fulfil its commitments under PMDS and the system worked well overall in 2014. Senior managers co-operated with the Calibration process of PMDS in line with central agreements. Management is continuing to focus on performance issues.

### **HR Shared Services**

- 13.3 The HR unit continued to work with the Department of Public Expenditure and Reform to facilitate the Valuation Office move to PeoplePoint, a centrally managed HR Shared service for Civil Service Departments and Offices. Transition of the Valuation records to PeoplePoint is scheduled for July 2015. The ongoing efficiencies derived from the existing HRMS system in the management of staff records and the provision of reports continue to be a support to management and staff.

### **Extension of Flexible Working Hours**

- 13.4 The flexible working hours facility was in use for the majority of staff during 2014 and the system is working well. There are further plans to roll out the electronic attendance recording system to 100% of staff early in 2015.

## **Finance**

### **Vote**

- 14.1 At the end of 2014, total gross expenditure for the Office was €8.3 million, which represents 82% of the total vote provision for the year. The income received in Appropriations-in-Aid amounted to €1.6 million and this income represents 133% of the amount estimated in the vote for the year. This income, primarily from Valuation Revision Fees, was considerably higher in 2014 than in previous years reflecting the higher appeal fees received in respect of both appeals to the Commissioner arising from the revaluation programme and appeals to the Valuation Tribunal.

There were general savings across the non-pay administration subheads of €0.4 million. An allocation of €1m which is ring fenced for Revaluation Projects, the expenditure on which is dependent on the enactment of enabling legislation, has been carried over into the estimate for 2015. Overall, net expenditure at the end of the year was 74% of the total net vote of €8.9 million

### **Audit Issues**

- 14.2 In his audit of the 2013 Appropriation Account, the Comptroller and Auditor General, having signed the Account, did not find any significant weaknesses in any of the areas covered by the Audit.

The Internal Audit Unit concluded one internal Audit during 2014, which was a combined review of corporate compliance with (a) the Working Time Act, 1997 to include an examination of the time recording system in the Office and the Safety, Health and Welfare at (b) Work Act, 2005. The results of the review which was finalised in March 2014 were approved by the Audit Committee at its meeting on 26 June 2014 and the recommendations were implemented on an incremental basis during the second half of 2014. During this period also, a further three audits were commenced and these were as follows:

- Review of the arrangements in place for the protection of commercially sensitive information
- Review of the payroll processes and procedures to include the collection and pay-over of VAT and PSWT to the Office of the Revenue Commissioners.
- Review of the extent of implementation of recommendations contained in all audit reviews undertaken since 2010.

These audits were at various stages of completion at the close of 2014.

### **14.3 Risk Management**

Management continued to update and monitor the Risk Register throughout 2014. The Office continued to implement measures to comply with best practice in accounting practices and requisitioned consequent and necessary alterations to the Financial Management System (FMS). A new sales module of the FMS became operational in Public Office to facilitate integration of the Public Office recording system with the FMS system in Accounts Unit. A purchase order processing system was developed and implemented throughout the office and in the Valuation Tribunal in 2014.

### **Financial Reports for Management**

- 14.4 Financial Reports showing detail of expenditure vis-a-vis budget were presented to the Management Committee on a monthly basis and considered by that committee.

## **Cost Recovery**

- 14.5 Cost recovery was 19% in 2014. This was against an envisaged cost recovery of 12.5% for the year. The most significant surplus in receipts was for fees received in relation to appeals to the Commissioner of Valuation arising from the revaluation of Dublin City and Waterford and in relation to fees to the Valuation Tribunal in respect of appeals to that body for Dublin and Waterford.

## **Archive/Public Office**

- 15.1 Historical valuation records kept by the Office constitute a unique and irreplaceable national resource which needs to be protected and preserved for posterity while being simultaneously accessible to those who need recourse to it.

This Archive Preservation Project is designed to preserve the manuscript valuation record books and associated maps dating from the 1850s and to provide this information digitally to our customers. Digitisation of the archive books for Dublin City and County and for Counties Kerry, Mayo and Tipperary are complete.

The programme for preservation of the manuscript valuation record books continued in 2014 when the scanning of the records for Cork City & County and for Limerick City & County was completed.

A trial exercise to make the digital images available to customers in the Public Office was undertaken in 2014 with the aim of making the digital images available to all customers in 2015 and subsequently restricting access to the relevant original documents. It is intended to continue with the digitisation of the remaining manuscript books, making the images available as soon as possible to customers.

## **Archive Conservation Project with National Archives**

- 15.2 During 2014 the National Archives continued, on behalf of the Valuation Office, a project to restore 11,000 Valuation Maps dating from 1830 – 1870 to render them stable and usable. The work is expected to continue until 2017 and the National Archives has dedicated a full time Conservator and a Conservation Intern to the project. The salary costs are covered by the Valuation Office.

These maps have major potential as a source of information for research in genealogy, family history, local studies and a wide range of socio-economic studies. The National Archives are examining the feasibility of a pilot project which would relate individual occupiers, listed in the Valuation Office archive books, to the buildings and tenements shown on the maps.

***John O'Sullivan,  
Commissioner of Valuation.  
28<sup>th</sup> February, 2015***