

**REPORT OF THE
COMMISSIONER OF VALUATION
TO THE
MINISTER FOR PUBLIC EXPENDITURE
AND REFORM
IN RESPECT OF 2012**

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

February 2013

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 2012:

- Valuation
- Revaluation
- Amending Legislation
- Appeals
- Global Valuations and Special Projects (including market value services)
- Enhancement of Service Provision
- HR
- Finance
- Archive

Valuation

Revision

3.1 During 2012, a total of 2,170 revision requests were completed. There were 669 new records (new properties) created as a result of this revision work, bringing the total number of valuations issued to 2,869. The revisions out-turn did not meet the 2012 target of 4,000 revision requests.

Revaluation Programme

Dublin City Council

4.1 The processing and finalisation of 21,000 cases took place in 2012. The vast majority of those cases were issued in the final quarter of 2012 and the remainder were issued in 2013.

Revaluation of Waterford City and County

- 4.2 The revaluation of the three rating authorities of Waterford City Council, Waterford County Council and Dungarvan Town Council continued during 2012 and c4,700 proposed valuation certificates are due to issue in May 2013.

Revaluation of Limerick City and County

- 4.3 After the necessary statutory consultation with the Minister for the Environment, Community and Local Government and with Limerick County Council and Limerick City Council, Valuation Orders were signed by the Commissioner on 29th March 2012, which provided for the revaluation of both rating authority areas.

Revaluation: General

- 4.4 The revaluation programme which has been completed in three County Council areas in Dublin began in November 2005 in the South Dublin County Council area and has since been rolled out to the areas covered by Fingal and Dún Laoghaire-Rathdown County Councils. The revaluation of South Dublin was completed in December 2007, Fingal was completed in 2009 and Dún Laoghaire- Rathdown was completed in 2010. The revaluation of Dublin City Council area began in May 2011 and most of the proposed valuation certificates were issued to ratepayers during the 4th quarter of 2012. The Dublin City revaluation project will be completed in 2013.
- 4.5 The Commissioner signed valuation orders for Waterford on 12th December, 2011 and Limerick on 29th March, 2012. The Waterford and Limerick revaluations will be completed in 2013 and 2014 respectively. At that stage, approximately 33% of all rateable properties in the country, representing over 50% of the national valuation base in monetary terms, will have been revalued. It is intended to extend the revaluation programme to further local authority areas as soon as it is practicable to do so but it is not possible at present to say where these areas will be.

New Legislation

- 5.1 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 second stage in Seanad Éireann on 11th October 2012. Officials engaged with a wide range of stakeholders and other interested parties and as a result a number of potential amendments which may be introduced at Committee Stage in the near future are under consideration.
- 5.2 The Bill will not change the basis of valuation for rating purposes. This will continue to be “net annual value” which is the hypothetical rental value of a property as assessed by reference to a specified date. This is a long standing principle of the rateable valuation system in Ireland and ensures equity and

fairness in relation to the values of commercial and industrial properties across a local authority area.

- 5.3 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 valuations, including revaluation of entire rating authority areas, are 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 the Commissioner will appoint officers to carry out the tasks in question and the Bill makes specific provision for the appointment of “revision managers”. Section 6 of the Bill proposes to amend Section 19 of the Valuation Act 2001 by enabling the Commissioner to appoint persons to carry out the revaluation of entire rating authority areas. Such persons may be an officer of the Commissioner.
- 5.4 Provision is also being made for the Commissioner 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 enable the Commissioner 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. I understand that, following enactment of the Bill, the Commissioner intends running a pilot revaluation project which will utilise such external resources.
- 5.5 Following enactment of the Bill, it is envisaged that revaluation projects can 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 *self-assessment* by ratepayers. This provision is also intended to assist the acceleration of the national revaluation programme and I understand that, following enactment of the Bill, the Commissioner intends running a pilot project which will utilise self-assessment principles. Finally, I wish to draw the Deputy’s attention to Section 22 of the Bill which 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 the Commissioner considers it appropriate to do so.

Indexation and Statistical Methods

- 6.1 The Office is continuing to examine, with the assistance of the Central Statistics Office, the possible development and use of statistical modelling techniques.

Appeals

Revision Appeals

- 7.1 In 2012 the Office received 90 First Appeals arising from the ongoing revision programme. This represented some 3.2% of revision cases. The Office issued 349 appeals during 2012 of these cases 39% had their valuation reduced, and the Percentage reduction in the total valuation under appeal for local authority areas pre revaluation was 1.76% and post revaluation was 1.1%.
- 7.2 The Office received 74 Valuation Tribunal appeals, arising from the determinations of the Commissioner of Valuation at First Appeal. This represented some 21.2% of First Appeals to the Commissioner. The Office issued 96 Valuation Tribunal Appeals during 2012, in 59.4% of these cases the valuation was reduced and the average reduction in the valuation under appeal for local authority areas pre valuation was 7.98% and post revaluation was 19.6%. 22.9% of the Tribunal cases involved legal issues. This percentage of Tribunal cases involving legal issues compares to 17.1% in 2011 and 19.5% in 2010.

Revaluation Appeals

- 7.3 All revaluation First Appeals were concluded in 2011.
- 7.4 273 Valuation Tribunal Appeals were issued during 2012. In 78.4% of these cases the valuation was reduced and the average reduction in the valuation was 14.4%.

Global Valuations & Special Projects

- 8.1 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.
- 8.2 During 2012 the Global Valuation of Hutchison 3G was completed and published. The appeal against the UPC Global Valuation that had been completed in 2011 was dealt with in 2012.
- 8.3 Appeals to the Valuation Tribunal against valuations placed on the M6, M7 and N25 tolls were progressed during the year. New projects commenced in 2012 were the valuation of the property assets of the Commissioner of Irish Lights and of Our Lady's Hospital for Sick Children, Crumlin, Dublin.

Market Value Services

- 9.1 During 2012, primacy in Market Value service was given to valuation requests received from Local Authorities in respect of Tenant Purchase scheme valuations. There were 58 local authority tenant purchase scheme valuations completed during the year.

Enhancement of Service Provision

Performance Measurement

- 10.1 The electronic work return for professional staff, which was introduced in November 2011, is designed to measure the output per valuer and the unit cost per case dealt with for the different categories of valuation work. The Performance Management and Development system is operational throughout the Office and Managers are continuing to engage with staff in relation to performance issues as they arise.

Central Market Analysis Unit

- 10.2 The Central Market Analysis Unit 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. Sample practice notes were drafted by the unit in respect of 10 classes of properties.

GIS/GPS

- 10.3 In September 2011 the Management Committee agreed that GIS had the potential to play an important role in the work of the Office and in facilitating analytical work aimed at faster, fairer and more consistent valuations, as well as quality assurance. A GIS desk-top application was developed and integrated within the VOS database in 2012 in support of the revaluation of the Dublin City Council area. Valuers can display the Valuation Office map points and the An Post GeoDirectory map points for all commercial properties to include details of occupation and property type against the Ordnance Survey Map Genie background mapping layer. There is also the facility to display the Dublin City Council planning register map to include individual planning reference numbers. Other features included in the application are Google Street View and a tool to measure both distances and areas. To assist in the benchmarking module of the VOS database which automates the assessment of the valuations of standard property types, valuers can display the analysis of key comparator transactional information and view in a spatial context both the comparators and all the properties linked to any defined standard property type.

Market Information

- 10.4 In conjunction with the Revenue Commissioners the Office was successful in seeking amending legislation whereby access to property transactional information contained in the Revenue Commissioners eStamping system will be made available to the Office. The necessary provision was enacted in Schedule 8 of the Property Services (Regulation) Act, 2011. A draft Interface Agreement outlining the transfer of residential and non residential eStamping data between the Revenue Commissioners and the Valuation Office was completed in September 2012.

On-Line Services

- 10.5 The following additional electronic functions were made available to individual ratepayers in tandem with the publication of Proposed Valuation Certificates during the revaluation process of all commercial and industrial properties within a local authority area:

- (1) Check on-line to see whether their own Proposed Valuation Certificate has yet issued.
- (2) View a summary valuation report of their own property.
- (3) Make representations on their own proposed valuation to the Revaluation Manager on a prescribed form and attach files in support of their representations.

We completed the development of the following on-line services which will be available following the publication of a Valuation List:

- (1) ratepayers who made representations can view their representations outcome report on-line
- (2) the public can view summary valuation reports of any commercial property within a local authority area.

We also completed the development of an on-line service for local authorities to submit revision requests for the valuation of additions to existing properties or to value new commercial properties. On completion of the revision request local authorities can download the outcomes of their applications. Requests are archived and available for on-line retrieval.

Human Resource / Personnel Issues

Recruitment and Training

- 11.1 Following on from the Government moratorium on promotion and recruitment, effective from 27 March 2009, no external recruitment campaigns were undertaken in 2012.

A new Training and Development Strategy was launched in February 2012. The emphasis in this Training and Development Strategy is placed on ensuring that the skill requirements and the developmental needs of the office and staff are met in order to ensure 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. An initiative to carry out Project Management training for all management staff was nearing completion at the end of 2012.

Performance Management

- 11.2 PMDS was re-launched in the Office for the 2012 cycle and, although there were some issues to work through in the year, the system largely worked well. Management is continuing to focus on performance and will roll out the changes agreed centrally under Phase 2 of the new Performance System in early 2013.

HR Shared Services

- 11.3. The HR unit has continued to work with the Department of Public Expenditure and Reform to facilitate the Valuation Office move to PeoplePoint in September 2014, a centrally managed HR Shared service for Civil Service Departments and Offices. The ongoing efficiencies 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.

Devolving HR to Line Management

- 11.4 The devolution of responsibility for local HR issues to Line Managers continued in 2012. HR Unit are monitoring the overall effectiveness of this policy across the organisation and have continued to provide the necessary support to assist managers in dealing with HR issues.

Finance

Vote

- 12.1 At the end of 2012, total gross expenditure for the Office was €8.9 million, which represents 85% of our vote provision for the year. The income received in Appropriations-in-Aid amounted to €1.3 million and this income represents 58% of the amount estimated in the vote for the year. This income, primarily from Valuation Revision Fees and Appeal Fees, was considerably reduced in 2012 reflecting a reduced Revision service to Local Authorities. This service was necessarily reduced by the concentration of resources on the Dublin City Revaluation project. As the Revision programme increases in future years, the deferred income will be recovered. There were general savings across the administration subheads of €0.86 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 2013.

Overall, net expenditure at the end of the year was 89% of the total net vote of €8.5 million.

Audit Issues

- 12.2 In his audit of the 2011 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.
- 12.3 The Internal audit Unit carried out one internal Audit on the Internal Financial controls as they relate to the approval of payments and receipts. The recommendations contained in the report were accepted by the Audit Committee.

The draft terms of reference for an audit of the IT systems were approved by the Audit Committee. That audit will commence in early 2013.

- 12.4 Management continued to update and monitor the Risk Register throughout 2012. 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. These changes will be fully implemented in early 2013.

Financial Reports for Management

- 12.5 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

- 12.6 Cost recovery was 15% in 2012. This was against an envisaged cost recovery of 20% for the year. The most significant shortfall in receipts was in relation to fees from Local Authorities for revision services which netted €0.44 million as against an anticipated income of €1.2 million.

Archive / Public Office

- 13.1 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.
- 13.2 This Archive Preservation Project is designed to preserve the manuscript valuation record books and associated maps dating from the 1840s and to provide this information digitally to our customers. Scanning of the archive books for Counties Kerry and Mayo are complete. The programme for preservation of the manuscript valuation record books continued in 2012 with the completion in January of the scanning of records for the Dublin city and county areas. No further progress was made on this project in 2012; however, proposals are currently being considered for the scanning of an additional local authority area in 2013. The long term aim is to restrict physical access to all manuscript valuation records so that they may be preserved in good condition.
- 13.3 The Office has developed a system to utilise the digital data produced for the valuation books and files. The system allows staff to access information without reference to the physical records. It is rolled out on a county-by-county basis to coincide with the availability of the digital records.

*John O'Sullivan,
Commissioner of Valuation,
28th February, 2013.*

