Comptroller and Auditor General

Special Report

Department of Finance

The Valuation Office

November 2007

This report was prepared on the basis of information, documentation and explanations obtained from the public bodies referred to in the report. The draft report was sent to the Valuation Office, the Valuation Tribunal, the Department of Finance, the Department of Environment, Heritage and Local Government and the County and City Managers' Association. Where appropriate, the comments received were incorporated in the final version of the report.

Report of the Comptroller and Auditor General

The Valuation Office

I have, in accordance with the provisions of Section 9 of the Comptroller and Auditor General (Amendment) Act, 1993, carried out an examination of the Valuation Office.

I hereby submit my report on the above examination for presentation to Dáil Éireann pursuant to Section 11 of the said Act.

John Purcell
Comptroller and Auditor General

28 November 2007

Table of Contents

Summary of Findings

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Local authorities raise rates on the basis of property valuations which are carried out by the Valuation Office. Rates account for over 25% of their income. Consequently, they are highly dependent on valuation services provided by the Valuation Office. The Valuation Office also provides a non-statutory property valuation service to government departments and public bodies.

Over the years the rateable valuation of properties has diverged from their rental value. Under legislation enacted in 2001, provision was made for the revaluation of all commercial and industrial property. This was designed to bring rateable property valuations into line with current rental values. The Valuation Office began a revaluation programme in 2005.

This examination set out to review

- the arrangements for the provision of valuation services to rating authorities and public bodies
- the progress in implementation of the revaluation programme
- how overall performance is managed.

Valuation Services

My examination found that restructuring following the enactment of the Valuation Act, 2001 has impacted positively on the valuation revision process. The Valuation Office has had considerable success in addressing an appeal culture that existed previously. By focusing on the quality of revision work, resources previously used to process appeals have more than halved. As a consequence, overall productivity in the provision of valuation services improved by around 35% over the period 2001 – 2006.

In the case of non-statutory market valuation work the examination found that there was a substantial backlog. Cases not processed at the end of 2006 represented approximately 18 months work. Delays in processing on this scale impact on the capacity of commissioning agencies to efficiently complete transactions for which the valuations are required. The Valuation Office needs to implement an improved method of delivering this output and ensure that a timely service can be provided to those agencies that for reasons of confidentiality cannot source the service elsewhere.

Cases should only be submitted for valuation where there has been a material change of circumstances and the property is capable of beneficial occupation. 9% of cases referred for valuation were rejected by the Valuation Office in 2006 for not meeting this criterion.

The Valuation Office still has some work to do before it will have a target setting and measurement system that reflects its output in a fair and consistent manner.

- The Valuation Office uses different bases for target setting and measurement. Individual and team targets are based on requests for valuation while organisational performance is based on valuations completed. The review found an inconsistent relationship between requests and valuations completed.
- The Valuation Office only measures performance from the point a case is assigned. Timeliness of case assignment diminished during 2006. Under the provisions of the Local Government (Business Improvement Districts) Act passed in late 2006 the Valuation Office will face a further challenge in ensuring the timeliness of revision output to enable rating authorities to charge entry fee levies in new build cases at the earliest point in time.

Revaluation of Property

No national revaluation of property has taken place since the original Griffith Valuation of 1852 – 1865 with the result that there are acknowledged anomalies and inequities in the system. The revaluation process involves the making of current valuations for over 180,000 commercial and industrial properties. Industrial action by staff in the Valuation Office delayed the commencement of the revaluation process. To date, the revaluation process has been activated only in two rating authorities – South Dublin County Council (in November 2005) and Fingal County Council (in March 2007). About 84% of targeted revaluations in the South Dublin County Council area were completed in 2006.

The examination found that the original ministerial expectation that the first countrywide revaluation would be entirely completed within five years of commencement will not be realised. Output per valuer is around 25% of the levels envisaged by consultants who assisted the Valuation Office in framing the revaluation programme. The Valuation Office considers that the output levels envisaged by the consultants were unrealistic given its practical experience in conducting revaluations in the South Dublin County Council area. Also, staff recruitment and retention has proved difficult. The Valuation Office, in conjunction with its main stakeholders, needs to determine a realistic completion target for the overall revaluation of the country.

Due to the extended timeframe now envisaged and based on current productivity levels, the budget for the project could be up to five times that projected by the consultants, before taking account of inflation. The Valuation Office should review the costing of the programme taking account of the mix of resources necessary in the light of its experience to date.

Currently, the average cost of a first revaluation of individual properties is over €600. While it is acknowledged that a first revaluation entails extra work, it was noted that the average cost of a revaluation in the UK was considerably lower. Although revaluation programmes there are now largely desk-based there would be merit in reviewing the approach to revaluation used in that jurisdiction with a view to identifying any instances of transferable good practice.

On completion of the full cycle of revaluation in the South Dublin County Council area, there is an urgent need for a revised strategy for the roll out of the revaluation programme which addresses its resourcing, timeframe and budget.

Performance Management

The examination found that, overall, the Valuation Office has set out its strategy and has business management, corporate governance and risk management systems. However, it needs to focus its efforts better by identifying and aligning specific initiatives with its strategic objectives.

The Valuation Office has set up business process re-engineering and performance measurement groups which are involved in identifying obstacles that prevent individuals from working in an efficient and rewarding manner and agreeing methodologies for the measurement of performance in valuer grades. It is important that this work is brought to a conclusion and performance measurement policies agreed across all grades.

In the area of management accounting, the examination found that only a small proportion of overall expenditure is specifically allocated to designated cost centres. 85% of 2006 expenditure was coded to the Valuation Office's general cost centre, so most costing information is based on the apportionment of costs rather than direct capture. The Valuation Office will only derive full value from its investment in its management information systems if it establishes data capture and analysis procedures for its expenditure which allow it to accurately and systematically cost its activities and calculate unit costs.

The review found that there was an increase in customer satisfaction ratings with the services provided by the Valuation Office up to 2005. While there was a drop across a range of criteria in 2006, four rating authorities interviewed as part of the examination process were generally satisfied with the service. On the other hand, the County and City Managers' Association said that authorities have concerns about perceived staffing reductions, a decrease in targets, the effectiveness of communication and changed procedures that require more information from and input by authorities. The Association stated that the strict deadline imposed by the Valuation Office for the submission of listings does not take into account the extent and ongoing nature of development and construction which invariably means that some properties are completed after the Valuation Office's deadlines.

Currently, only two rating authorities are engaged in the electronic exchange of information with the Valuation Office while discussions are ongoing with a further three authorities who are in the process of developing their systems to accommodate electronic transfers. It would facilitate valuation and rating processes if there were interoperability and greater uniformity of systems used by rating authorities and the Valuation Office.

The Valuation Office

1 Introduction

1.1 Rates are a form of property tax, which are levied by local authorities[1] on the occupiers of certain property. Historically, most property was subject to rates but over the years the base for this local taxation has contracted. Currently, all commercial and industrial property and certain other designated property is rateable. Appendix A outlines property which is rateable (and not rateable).

1.2 Valuations of rateable property are carried out by the Valuation Office (the Office)[2] which also considers first instance appeals. A Valuation Tribunal exists to consider further appeals against valuations.

1.3 While the valuation of a property was originally intended to be equivalent to its net annual value it came to represent over time a smaller and smaller fraction of that value. As a result, the most common method currently used by the Office in assessing the valuation of a property for rating purposes is a direct comparison with similar properties in an area. The valuation is made on the assumption that the occupier is responsible for the rates, repairs and building insurance of the property.

Determination of Rates

1.4 An annual rate is struck by each local authority as part of its budgetary functions. To establish the amount of rates payable on a property, each authority applies this annual rate to the valuation of the property. This amount is payable by the occupier. For example, if a property has a valuation of €100 and an annual rate on valuation of 60, the rates payable on the property will be €6,000.

1.5 Rates account for over 25% of the income base of local authorities. Appendix B lists those local authorities who levy rates (rating authorities).

Valuations

1.6 Most property other than commercial and industrial property is exempt from rates. The major portion of valuation work arises from new commercial and industrial building developments and from the alteration of existing commercial and industrial property.

1.7 In 2004 a programme of global valuations of public utility undertakings was commenced and work on most of the major utilities has now been completed.

1.8 Over the years, concerns were expressed about perceived inequities in the distribution of rates and complexity in the calculation of valuations, which militated against transparency. As a result, ratepayers found it difficult to understand how the valuation process worked and how their valuations were arrived at. An Interdepartmental Working Group carried out a review of the Rateable Valuation System and reported its findings in October 1995. Amongst its recommendations was a proposal to enact comprehensive, up to date, consolidated legislation.

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1 There are 88 local authorities who levy rates. For the purposes of this report, small authorities are grouped with the relevant county council for analytical purposes. This reduces the number of authorities reported on to 34.

2 The Office refers to ongoing valuations of property as revisions.

1.9 In response, the Valuation Act, 2001 (the 2001 Act) was enacted. It came into force on 2 May 2002. Its aim was to give uniformity of valuations within rating authorities and to offer the ratepayer a more equitable transparent and comprehensive valuation process with enhanced legal rights. The Act defines the categories of rateable and non-rateable property.

Revaluation

1.10 As well as providing for ongoing revision of rateable valuations, the 2001 Act also provided for the revaluation of all commercial and industrial properties. The revaluation will be made in a rating authority's functional area, with reference to the annual open market rental value of properties at a specified date. This will be the first revaluation since property valuations were established around the middle of the nineteenth century. To ensure that there is no increase in the overall rates burden in real terms following a revaluation, the Act provides for capping of the rates income of each rating authority in the year following a revaluation.

1.11 The objective of revaluation is that following its completion, the valuations in the valuation list of each rating authority will reflect the current rental values at the date specified in the relevant valuation order[3].

Appeals

1.12 After the Office's determination of the valuation of a property there are potentially three levels of appeal

- first appeal – an appeal can be made directly to the Commissioner of Valuation (the Commissioner) within 40 days of issue of the final valuation certificate
- a further appeal can be made to a Valuation Tribunal within 28 days of issue of the first appeal outcome by the Commissioner
- there is a final right of appeal to the Higher Courts on a point of law only.

Services to Public Bodies

1.13 As a matter of established practice, the Office provides a non-statutory property valuation service to government departments and public bodies. This service includes advice on the sale, letting and purchase of property. Advice is also provided to the Revenue Commissioners, where requested, on the valuation of property for taxation purposes. All public bodies are obliged to pay a fee for these services.

Resources

1.14 Expenditure by the Office in 2006 was over €10.5m. Staff costs accounted for about 76% of that expenditure. Most of the Office's expenditure is provided by way of Exchequer grant with the balance funded by way of receipts in respect of services provided. Receipts in 2006 were €2.8m. The establishment of the Office at 31 December 2006 was 180. Staff serving at the end of 2006 totalled 155[4]. The staff level in 2001 was 135.

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3 A valuation order will be signed by the Commissioner of Valuation for each rating authority setting out the date by reference to which the value of every relevant property in the rating authority shall be determined.

4 The wholetime equivalent number of staff was 148.

1.15 The Office has been restructured in recent years to facilitate the provision of an improved rating service and to allow for the implementation of a revaluation programme under the Act. At the end of 2006, valuers accounted for over 50% of the staff complement. Currently, two out of three valuers are engaged on ongoing valuation. The remainder work on the revaluation programme.

Objectives and Scope of the Examination

1.16 The examination set out to review

- the arrangements for the provision of valuation services to rating authorities and public bodies
- the progress in implementation of the revaluation programme
- how overall performance is managed.

1.17 The Office also provides a range of services to the general public through its Public Office. These services include the provision of current valuation certificates, certified copies of valuation maps and inspection of current and archival material. The services provided are subject to a range of fees. Public Office receipts for 2006 were €201,202. The scope of the examination did not extend to these services.

The examination, accordingly, focused on the provision of valuation services over the period 2001 to 2006.

Examination Methodology

1.18 The examination was carried out by staff of the Comptroller and Auditor General. Information and evidence was gathered through

- examination of the Office's records in relation to its funding, expenditure, workflow, the monitoring of the service and the management of its relationships with its clients
- interviews with employees of the Office and other relevant officials
- the review of reports and statements by the Office and other relevant third parties.

1.19 The report considers the results in the chapters that follow. Chapter 2 deals with arrangements for the provision of valuation services on an ongoing basis. Chapter 3 reviews the programme of revaluation and the factors impacting on progress. Chapter 4 deals with overall performance management of the Office.

2 Valuation Services

2.1 A key statutory function of the Office is to provide valuations of commercial and industrial properties to ratepayers and rating authorities. These valuations underpin one of the principal revenue gathering operations of rating authorities. Between 2001 and 2006 the rateable valuation base of those authorities expanded by 21%. This chapter looks at how the Office manages the valuation revision work. It also examines the arrangements for the provision of valuation services to public bodies.

Organisation of the Service

2.2 At the end of 2006, the number of industrial and commercial rateable properties recorded on the Office's system was almost 180,500. 41% of these rateable properties are located in the Cork and Dublin regions[5].

2.3 The revision of rateable valuations is effected by teams dedicated to particular regions. Each team is organised on a cross-functional basis and comprises a team leader, valuers, technical/mapping staff and administrative staff. There are four such teams.

2.4 A small highly specialised unit known as the special projects team, which was established as part of the 2004 reorganisation deals with global valuations and other special projects. Global valuations are carried out on a national basis. They involve the valuation of the assets (generally extensive real property networks) of public utilities throughout the State[6]. Special projects entail the valuation of the property assets mostly of utilities at a regional or local level. Such properties usually extend into two or more rating authority areas[7]. This approach has been a growing feature of recent valuation work. At this point, over 12% of the total rateable valuation base has been determined by global and special projects.

2.5 The Office also provides market value advice to State agencies. Property valuations are required by State agencies for a variety of purposes – principally

- to assist in tax assessment
- where property is being sold, leased or rented by those agencies
- where asset valuations are required for accounting purposes.

The cases are known as market value cases.

2.6 The provision of a market value service which is not a statutory function of the Office has been problematic in recent years due to increasing demands in the discharge of the Office's core statutory functions. To the extent that it is completed this work is currently dispersed among the existing teams but there is some degree of specialisation. Over 50% of this type of work is completed by a small number of valuers.

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5 Includes Dublin City Council, Dun-Laoghaire/Rathdown, Fingal and South Dublin County Councils, Cork City and County Councils.

6 Since 2004 global valuations have been completed on the following – ESB, Bord Gáis, RTE, Iarnród Éireann, Eircom, Esat/BT, Vodafone, Meteor, O2 and Hutchinson 3G, Cable Systems – NTL and Chorus and Waterways Ireland – a non ratepaying global.

7 Since 2004 valuations have been completed on the Luas, the Westlink Toll, M1 and M4 Toll Roads, Water supply and sewerage networks in Kildare, Wicklow and Dublin and the Broadband (ENET) network in 37 urban locations.

Source of Revision Work

2.7 Applications for valuations are submitted by rating authorities in the form of listings. The nature of each request must be specified in each listing. The information received is recorded on the Office's Worklist system. Excluding global and special projects, standard revision requests fall into three main categories. These are outlined for 2006 in Figure 2.1.

Figure 2.1 Requests for valuation revision – 2006

Type of Valuation	Standard Revision Cases	As Percentage of Total
Revision of Existing Valuations	4,243	47%
New industrial or commercial property	1,821	20%
Reconstructions or extensions	1,554	17%
Other[a]	1,362	16%
Total	**8,980**	**100%**

Source: Analysis by Comptroller and Auditor General

Note:

a Other includes change in character, demolished or vacant, complaint or appeal excessive.

2.8 Compared with 2001 the level of revision requests reduced in the period up to 2005. It was only in 2005 that requests again surpassed 2001 levels. The number of properties listed for revision dropped considerably following industrial action in the period May 2002 to February 2003. The drop was most significant in 2002, which showed a reduction of 28% in requests compared with 2001. The Office informed me that rating authorities managed demand in this period of reduced processing capacity in order to minimise the impact on the rate base. This was done on a one off basis following the industrial action but could not be done over a sustained period, as the 2001 Act does not allow the Office or the rating authorities to be selective in listing or dealing with requests. Appendix C sets out the distribution of valuation requests in the period 2001 – 2006.

Productivity of the Office

2.9 Figure 2.2 sets out how valuation staff have been deployed since 2001. There has been a drop in numbers assigned to the valuation process from 57 in 2001 to 46 in 2006. This represents a reduction of 19% in staff resources assigned.

Figure 2.2 Assignment of valuers to revision process 2001 – 2006

	2001	2002	2003	2004	2005	2006
Wholetime equivalent[a]	57	61	58	52	50	46

Source: Valuation Office

Note:

a The figures represent the number of wholetime equivalent valuers engaged in the revision process throughout each year. The figures have been rounded to the nearest full number.

2.10 Figure 2.3 outlines the pattern of revision work over the period 2001 – 2006. For purposes of comparison weightings used by consultants in 2004[8] have been used to estimate the relative value of market value cases. The output also takes account of the fact that each request can result

[8] PricewaterhouseCoopers commissioned by the Office to undertake an Expenditure Review of the Office reported their findings in March 2004.

in the delivery of one or more valuations. These additional outputs mainly arise where there are multiple occupiers of a premises listed for valuation by a rating authority. By 2006, additional valuations generated by requests were 63% of the requests for the year (up from 47% in 2001). The methodology used by the consultants has accordingly been adapted to take account of these additional outputs.

Figure 2.3 Valuation work completed 2001 – 2006

	Revision requests[a]	Additional Records[b]	Global Valuations[c]	Market Value	Weighted Valuation Output
Service weighting	**1**	**1**		**3**	
2001	8,426	3,945	–	2,037	14,408
2002	4,474	1,817	–	2,118	8,409
2003	7,639	4,825	–	957	13,421
2004	6,339	4,067	660	1,191	12,257
2005	7,884	5,269	861	780	14,794
2006	8,694	5,503	996	543	15,736
Percentage change 2001 – 2006					**9%**

Source: Consultants report and Valuation Office statistical output reports

Notes:

a The consultants report only took account of revision requests processed.

b The Office has not weighted the activity associated with additional records generated but is of the view that the same level of activity applies to a revision request processed and an additional record generated.

c The Office has not weighted the activity for global valuations. The figures shown reflect the Office's estimate of the average output activity per wholetime equivalent global valuer.

2.11 When the productivity of the Office is measured in terms of final valuation output relative to resources it is apparent that the output per wholetime equivalent has grown. Figure 2.4 makes this comparison over the years 2001 – 2006.

Figure 2.4 Productivity – valuation work 2001 – 2006

Year	Total Weighted Output	Wholetime Resources	Output per Staff Member
2001	14,408	57	253
2002	8,409	61	138
2003	13,421	58	231
2004	12,257	52	236
2005	14,794	50	296
2006	15,736	46	342

Source: Analysis by Comptroller and Auditor General

2.12 The foregoing would suggest that there has been an increase in productivity over the period of approximately 35%.

2.13 Prior to the implementation of new legislation and revised procedural arrangements there was considerable inefficiency in the system. A high proportion of cases was appealed. In 2001 the equivalent of 65% of the time applied on revisions and market value cases was absorbed in appeal and tribunal work. The organisation had what has been described as an 'appeals culture'. The challenge was to increase the quality of initial revisions and so reduce the overall resources necessary for the valuation process by eliminating some of the appeals activity. The scale of the reduction in the volume of appeals is demonstrated in Figure 2.5.

Figure 2.5 Appeals activity 2001 – 2006

Year	Appeals	Valuation Tribunal Cases
2001	2,777	173
2002	1,608	210
2003	134	221
2004	915	198
2005	628	212
2006	612	164
Reduction 2001 – 2006	**78%**	**5%**

Source: Consultants Report and Valuation Office statistical output reports

2.14 Prior to the determination of a valuation an occupier can make representations to the officer who is responsible for the case[9]. Representations received since the introduction of the Act have fluctuated considerably since their introduction in 2002. Figure 2.6 sets out the trend over the period 2003 (the first full year of operation) to 2006.

Figure 2.6 Representations as a percentage of valuation requests

Year	Percentage of Requests[a]
2003	20%
2004	18%
2005	18%
2006	14%

Source: Valuation Office statistical output reports

Note:

a This is based on the number of requests processed each year.

2.15 The restructuring which followed the implementation of the new legislation also impacted on the volume of cases being listed by rating authorities for valuation. This is demonstrated by the fact that despite an increase in the level of industrial and commercial development in the past decade, the level of valuation requests made by rating authorities to the Office has not increased substantially over the period 2001 – 2006. In fact, the number of requests for revision of valuations in 2006 represents about 74% of the intake a decade earlier. The stabilisation in the level of requests in recent years can be attributed to

- The gradual elimination of premature listings – a process which was copperfastened by provisions in the 2001 Act which required a material change of circumstances[10] to exist before the Office proceeds to a revision of valuation.
- Increased fees for valuations sanctioned in 2002 has also reduced demand. In 2002 provision was made for a fee of €250 to be levied for each actual revision arising from a request for valuation. Prior to 2002, a fee of €127 was payable in respect of a valuation request, although a high proportion of these requests can give rise to multiple valuations.

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9 See paragraph 2.22.

10 In effect, a physical alteration or a new building, a total or partial demolition, or a subdivision or amalgamation of relevant property.

- Some rating authorities interviewed in the course of the examination noted a trend towards more intensive development after 2001 as opposed to extensive development before that time.

2.16 Overall, the reduction in the volume of appeal and tribunal work to around a quarter of the level it stood at in 2001 positioned the Office to complete a greater volume of revision work and/or reduce the level of resources allocated to revision work.

Measures to Manage Demand

2.17 Most applications for valuation revisions emanate from rating authorities. Only around 5% come from ratepayers.

2.18 The Office has informed me that it has taken a proactive approach to the management of demand and that there now is greater ongoing communication and interaction between rating authorities and rating teams.

2.19 Since 2004 an annual service level agreement[11] is entered into with each rating authority. The service level agreement is agreed and signed off by the team leader and the rating authority. A standard agreement[12] is set out at Appendix D. The service level agreements are a reciprocal arrangement. In return for the Office's commitments on service delivery, the rating authorities undertake to provide as much information as possible on the requests and also to focus on the listing of material cases only.

2.20 Service level agreements do not impact on the level of underlying demand. Rather they are designed to improve the quality and timing of the listings, and also to ensure that resources are available to meet the demand from each rating authority. Changes in the pattern of demand are monitored by a Project Group within the Office and resources are rebalanced across teams as the need arises. The agreement of service levels with rating authorities is a positive development.

2.21 Global valuations are a relatively cost effective approach to valuation revision in cases where a public utility has property spread over several rating authorities. In the case of global valuations, the Minister for Finance[13], after consultation with the Minister for the Environment, Heritage and Local Government and any other Minister who is concerned in the matter, must sign a commencement statutory instrument. After the initial global valuation is completed the Commissioner is obliged to carry out a review every five years. The Minister for Finance after consultation with the Minister for Environment, Heritage and Local Government must also sign an apportionment order for the apportionment of the global valuation between different rating authorities for rate collection purposes, on a basis prescribed by the Minister.

Structural Change

2.22 The 2001 Act gave a statutory right to the occupier of relevant property to make representations to the revision officer[14]. Representations are made in writing and their consideration is mandatory under the Act. The Valuation Tribunal has held that representations

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[11] Each team leader agrees with rating authorities under his remit the number of valuations that will be carried out by his team during the period of the service level agreement.

[12] Service level agreements can be amended as deemed necessary and agreed between the client and teamleader.

[13] Provided for under Section 53 of the 2001 Act.

[14] Valuers were given the statutory title of revision officer under the 2001 Act.

cannot be dealt with in a summary manner. Representations are in effect first instance appeals and in addition to considering the submissions made, the revision officer may meet the occupier/agent to discuss the case or negotiate an agreement on valuation or rateability. This is a new and substantial addition to the revision process.

2.23 The new legislation also gave greater discretion to the Commissioner in relation to appeal procedures. In 2003, the Commissioner secured the agreement of the unions to the introduction of a new streamlined appeal process. Under this new system, the valuer who carries out the original valuation takes responsibility for the valuation through all stages including, in the event of appeals, the presentation of the case before the Valuation Tribunal. The overall objective is to get the valuation right at the revision stage of the process and by so doing to reduce the number of formal appeals to the Commissioner and to the Valuation Tribunal. This necessarily requires that the revision be done to a much higher standard than heretofore. Appeals under the old legislation required that a valuer other than the original valuer deal with the appeal, with the result that appeals were very time consuming and expensive. The Commissioner informed me that appeal rates and reductions in the proposed valuations under the old system were high and this was impacting on the credibility of the process and was at variance with the Office's strategic objective of improving the quality of the valuation product. The new system, has been successful in achieving a significant reduction in the appeal rate and in reductions on appeal.

Material Change Requirement

2.24 One inefficiency in the system arises from the extent of revision requests that continue to be made in circumstances where, in fact, there is 'no material change of circumstances'. Notices issued in respect of such cases form part of total requests processed for the year. Since the coming into force of the 2001 Act, around 3,500 such notices have issued. In these cases, the valuer decides not to revise the valuation and a 'no material change of circumstances' notice is issued indicating the reason. The profile of 'no material change of circumstances' cases in the period 2003 – 2006 is set out in Figure 2.7.

Figure 2.7 Profile of 'no material change of circumstances' cases, 2003 – 2006

Year	Number of 'no material change of circumstances' notices[a]	Percentage of total requests processed
2003	1,184	16%
2004	727	11%
2005	800	10%
2006	769	9%
Total	**3,480**	**11%**

Source: Valuation Office statistical output reports

Note:

a 47 'no material change of circumstances' cases were issued in 2002.

2.25 The Office has informed me that 'no material change of circumstances' cases arise in two main circumstances

- where requests from rating authorities are premature
- requests from occupiers seeking a review of an existing valuation, where a material change is not deemed to have occurred.

2.26 In all cases, the property listed must be inspected and investigated. Those cases involving occupier listings can take considerable time and resource to process. They are often appealed on legal grounds and some go to the Valuation Tribunal and the Higher Courts.

2.27 The Office has made progress in reducing the number of 'no material change of circumstances' cases through discussions with rating authorities in relation to premature listings. Although the number of such cases is dropping, greater efficiencies in the use of valuer time could be achieved by a further reduction.

2.28 However, the Office has informed me that while the number of 'no material change of circumstances' cases has dropped, there is limited scope for further reduction. This is largely down to behavioural issues at the listing stage. In cases of doubt about the timing of the availability for occupation of a property, a rating authority tends to submit the request rather than risk losing rates income particularly as fees are charged on outcomes. This leads to nugatory effort and expenditure by the Office. Over the period 2003 – 2006 the Office classified around one-tenth of the requests processed as 'no material change of circumstances' cases. A review of the level of these cases could be built into annual service level agreement formulation discussions with a view to identifying and agreeing ways of reducing the number submitted.

Achievement against Targets

2.29 The Office sets annual targets for output at the level of the organisation, team and individual valuers. These outputs are expressed in terms of valuation requests. With the exception of 2002, the targets at organisation level have been achieved in recent years. Likewise the team level targets were achieved. Figure 2.8 depicts the trend at organisational level.

Figure 2.8 Organisational performance against targets 2001 – 2006

Year	Target	Requests Processed
2001	8,200	8,426
2002	7,500	4,474
2003	6,500[a]	7,639
2004	5,500	6,339
2005	6,500	7,884
2006	7,000	8,694

Source: Valuation Office

Note:

a The 2003 business plan provided for the issue of draft certificates for 6,500 revision requests.

Performance Management

2.30 Under the Office's Performance Management and Development System, a target number of valuation cases to be completed is agreed with individual valuers on an annual basis. This is based on the average output per valuer over the years 2004 and 2005.

2.31 Targets in role profiles and for teams are based on revision requests. This is not in line with the Office's desired focus on total output in their current strategy and risks under or overallocation of work. A review as part of this examination noted that there is an inconsistent relationship between requests and output at individual level. Overall, for a sample of officers involved in the processing of valuation revisions throughout 2006 additional revision output ranged from 32% of requests processed to 148%. The average additional output in this sample of cases was 69%[15].

2.32 The Commissioner has pointed out that it is necessary to assign work on the basis of requests as the outputs are not known until the revision officer inspects the property. The team leader is aware that in the normal course of events additional valuation cases arising out of requests will be in the region of 60% over number of requests assigned. In view of the inconsistent relationship between requests and outputs it is desirable to review the relative weighting of work based on work study methods with a view to informing the allocation and measurement processes.

2.33 Different bases are used for target setting at individual, team and organisational levels. A more refined system for recording and monitoring time inputs would allow the production of better management information. A computerised time-recording system would benefit the Office in this regard. At a minimum all work returns should be computerised to facilitate more informed analyses of valuers' time.

2.34 The Office recognises that the Worklist system needs to include a method of time recording for each valuer assigned work under the system. This would facilitate the production of output statistics.

2.35 At this point, there is a need to establish a revised methodology for calculating the output of the Office. The only available methodology is one devised by the Office and used by consultants in their 2004 review which aggregates a variety of different outputs by setting relative weights commensurate with resource inputs in the areas of appeals, global valuations and additional valuation output arising from requests. However, the relative weightings have altered over time and it would be expected that certain efficiencies should have accrued in cases where multiple outputs arose in the course of processing the same revision request, that 'no material change of circumstances' cases would not be as resource intensive as standard valuation work and that the work associated with the removal of cases from valuation lists would not equate to that expended on a full revision. The latter cases although relatively straightforward are included in the output statistics of the Office. A more differentiated approach to output statistics to take account of the lower volume of work in these cases would be desirable.

Timeliness of Processing

2.36 Until the enactment of amending legislation in 2006 only those valuations completed before the passing of each rating authority's annual budget influenced the determination of rates by a rating authority. In general, rating authorities are asked to submit listings by the end of June each year. The Office has informed me that it is not in a position to guarantee that listings submitted later than that date will be completed in time for the application of rates in the following year. However, usually around September of each year, cases specified by rating authorities are prioritised. At 31 December 2006, the equivalent of 27%[16] of the requests received in 2006 were not finalised. In the view of the Office, this was mainly because rating authorities continue to submit requests after the September deadline operated by the Office.

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15 The analysis is confined to 27 valuers engaged on the revision process for all of 2006. It is based on a total of 6,855 requests and a total of 11,511 valuations which represents 79% of total requests processed and 81% of total valuations issued in 2006. Market value cases and global valuations are not included.

16 This percentage is based on the 2006 request intake for Teams 1 – 4 only.

Case Completion

2.37 Final valuation certificates must, under the governing legislation be issued within six months of cases being allocated to valuers. There is no penalty for the non-achievement of this target. However, there is a risk that in the event that a case, finalised outside the six months target, is appealed to the Valuation Tribunal, the valuation could be struck out on this basis.

2.38 In respect of recent years, the Office has reported that it is achieving the publication of valuations within six months in 99% of cases.

2.39 However, this performance is measured by reference to the date a case is assigned to a valuer. There can be delays in so doing. In addition, performance in this area has reduced as indicated in Figure 2.9.

Figure 2.9 Timeliness of case assignment[a]

Elapsed time	2005	Percentage	2006	Percentage
Less than 2 months	5,330	65%	4,917	55%
0 – 4 months	6,956	85%	6,625	77%
0 – 6 months	7,580	93%	7,507	84%

Source: Valuation Office

Note:

a Case assignment is based on the assignment of requests received in each year and is confined to Teams 1 – 4.

2.40 The Office informed me that while there is usually some delay between receipt of a case and assignment to the valuer this is necessary in the interests of good management. Cases are grouped for inspection in order to minimise valuer cost and to increase efficiency. Up to December 2006 the final certificate issue date had no implications for the ratepayer or the rating authority provided the case was issued before the end of year.

2.41 The passing of the Local Government (Business Improvement Districts) Act[17] legislation in December 2006 will place additional pressure on the Office to provide a timely service and a quick turnaround, particularly with regard to 'new build' cases. Prompt 'new build' valuation outcomes will be necessary in order to enable rating authorities to charge a levy under the legislation which is effective at the earliest possible date. The Office recognises that this will require more challenging internal targets and adherence to them in order to facilitate a more timely service in these cases and that the Office be in a position to separately monitor and manage new build cases so that they can be prioritised. The overall timeliness of completion currently being achieved is set out in Figure 2.10.

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[17] The Act provides for an 'entry year levy' – valuations in respect of newly built property are effective for property entry levies from the date the rateable valuation of the property is entered in the Valuation List.

Figure 2.10 Rate of achievement of internal and statutory targets for valuation cases[a] issued in 2006

Timeframe from assignment	Team 1	Team 2	Team 3	Team 4	Average
	Percentage				
Draft certificates issued within 2 months	58	46	59	63	57
Final certificates issued within 4 months	80	67	69	71	72
Final certificates issued within 6 months	100	96	97	97	98

Source: Analysis by Comptroller and Auditor General

Note:

a The analysis is based on total valuations issued by Teams 1 – 4.

Market Value Cases

2.42 The provision of a market valuation service by the Office is categorised as being work of a non-statutory nature, which the Office discharges as and when the call on resources of statutory work permit. There have been considerable backlogs in market value cases. This suggests that State agencies with urgent needs for valuations could not rely on the service to support their decision-making. Although the amount of market valuation work referred to the Office is declining the balance of cases not processed at 31 December 2006 represented approximately 18 months work. At the end of 2001 this had stood at 6 months work. Delays in processing on this scale impact on the capacity of the commissioning agencies to efficiently complete transactions. An analysis by source of the backlog of 271 cases which existed at the end of 2006 is shown in Figure 2.11.

Figure 2.11 Analysis of backlog of cases at the end of 2006

Case Source	Total	Percentage
Communications, Marine and Natural Resources	163	60%
Health Services Executive	34	12%
Local Authority Tenant Purchase	29	11%
Revenue	21	8%
Social and Family Affairs	16	6%
All Others	8	3%
Total	**271[a]**	**100%**

Source: Valuation Office

Note:

a This backlog is based on a manual count of market value cases not reported on at the end of 2006.

2.43 Delay in carrying out market valuations can also give rise to hardship especially in social welfare cases and tenant purchase valuations. The Office has assured me that team leaders endeavour to maintain a good response to these types of requests. However, since early 2006, these are no longer being dealt with in one of the four revision teams due to a lack of resources. With regard to requests from the Department of Communications, Marine and Natural Resources, development work can be delayed when valuations for foreshore leases, marinas and harbours are not promptly dealt with.

2.44 In regard to the foregoing, the Commissioner stated that the inadequacy of resources in the Office to deal with non-statutory work in addition to discharging statutory responsibilities, and the implications of that inadequacy for the processing of cases referred to the Office by one

Department (Department of Communications, Marine and Natural Resources), were clearly and forthrightly outlined[18].

2.45 Indeed, in consequence, the then Secretary General of the Department indicated that the Department was taking immediate steps to go to tender for an independent body to carry out valuation for all foreshore matters. He indicated that all outstanding cases would be withdrawn from the Office and referred to the successful company for immediate appraisal. The Office is not in a position to indicate the precise actions taken by the Department on foot of this indication, but cases were not withdrawn from the Office and have since continued to be referred to it.

2.46 The Commissioner also informed me that public bodies who submit requests have been advised of the limitation in the capacity of the Office to provide the service. The Accounting Officer of the Department of Finance informed me that in September 2001, the Department had effected a change in Procurement Guidelines, which allowed flexibility and freedom of choice to Government Departments and agencies in acquiring market value services and which relieved the Office of the rigid requirement to engage only with them for such purposes. In 2004, the Department of Finance issued new Procurement Guidelines, which required public bodies to procure valuation services on a best value for money basis via an appropriate competitive tendering process unless there are justifiable exceptional circumstances. Government Departments and Offices are required to follow a procedure of tendering for valuation services set out in the guidelines.

2.47 Despite this some agencies continue to send in requests. The Office, on foot of a comprehensive supply and demand assessment undertaken in 2006 in conjunction with its principal clients for market value work, and following discussions with the Department of Finance agreed that it would consider going to tender for market valuation services for Government Departments and agencies. Whatever delivery method is adopted there is a need to ensure that a timely service can be provided to those agencies that for reasons of confidentiality cannot source the service elsewhere.

Quality

2.48 One indicator of quality is the extent of appeals and how results of appeals are fed back into the valuation process. The current appeals system was introduced in mid 2004. Under that system, appeals officers now decide all first appeals on delegated authority from the Commissioner. The day-to-day management of appeals has transferred from the rating teams to a specialised appeals team.

2.49 Most appeals are against the quantum of valuation and typically state as grounds that the valuation is “excessive and inequitable”. Claims for exemption by charitable and voluntary organisations account for about 10% of appeals. About 1% of appeals are on the grounds that commercial activity has ceased and the premises have reverted to other uses.

2.50 The overall rate of appeal (based on total valuations issued) has dropped from over 11% in 2001 to just over 4% in 2006 (see Appendix E). Reasons advanced for the reduction include the new representations phase and the ongoing focus on quality in the revision process. An analysis of appeals by rating authority area for 2006 shows that the overall rate of appeal ranged from 1.5% in Offaly to almost 16% in Cavan[19]. The Commissioner has informed me that the rate of appeal can

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18 The Comptroller and Auditor General reported on this matter in his 2004 annual report.

19 In 2005, the overall rate of appeal ranged from 2% in Galway to almost 16% in Dun Laoghaire/Rathdown.

be affected by the scale of developments in a particular year. Where developments with multiple units are appealed they tend to distort the figures.

Valuation Tribunal Appeals

2.51 At the end of the first appeal process, the ratepayer may apply to have his case heard by the Valuation Tribunal, if unhappy with the outcome. The Valuation Tribunal is an independent body set up to deal with appeals against decisions of the Commissioner on the valuation of commercial properties. Subject to a right of appeal to the High Court on a point of law, the decision of the Valuation Tribunal is final.

2.52 In the period under review, appeals received by the Valuation Tribunal totalled almost 1,200. An analysis of appeals that went to the Valuation Tribunal based on the number of first appeals issued in each year shows that rate of appeal to the Valuation Tribunal went up from 7% for 2001 cases to almost 26% for 2006. However, when the rate of appeal to the Valuation Tribunal is compared with the number of valuations issued each year it constitutes less than 2% of all revision output.

2.53 The steps taken by the Office to eliminate the appeals culture are borne out in the overall reductions in the cases appealed both to the Commissioner and to the Valuation Tribunal. Currently, an appeal manager monitors appeals on an ongoing basis and compiles statistics on the incidence of reduction on appeal and the percentage reduction. From 2006, this is being done on a team and individual basis and aims to promote better awareness among individual valuers. Each year a target is set to reduce the incidence of appeal and the reduction of valuation on appeal. The Statement of Strategy 2005 – 2007 includes a target reduction of 20% in the incidence of appeal and a target to reduce the volume of cases where there has been a reduction in the valuation following appeal by 20%. By the end of 2006 these targets had been exceeded. In the case of the incidence of appeal the change was 25%. While the change in the number of cases where there was a reduction on appeal was 50%.

2.54 The reduction in the percentage of valuation cases appealed to the Valuation Tribunal is an indicator of the improved quality of the revision process. However, a higher proportion of the cases that are dealt with on first appeals are now being appealed to the Valuation Tribunal. The Office should continue to monitor the cause of this trend. The feeding back of information to revision teams is important in maintaining a focus on quality.

Valuations upheld on appeal

2.55 A further indicator of the quality of the revision process is the level of appeals upheld on an annual basis. The Office has reported that up to 2005, the level of cases where the original valuation was upheld on first appeal never rose above 50%. In 2005, the original valuation was upheld in 55% of cases as depicted in Figure 2.12. In 2006, the Office has reported that the original valuation was upheld in 56% of cases. The Valuation Tribunal does not routinely keep details of the number of cases where the original valuation/first appeal outcome was upheld at Tribunal. For the Office analysis of the outcome of Tribunal appeals is a potential aid to better practice. In this respect it maintains a database organised on an issue basis containing significant judgments of the Tribunal together with observations, summaries, legal opinions and legal submissions.

Figure 2.12 Appeals upheld for each year 2001 – 2006

	2001	2002	2003	2004	2005	2006[a]
Percentage of cases where original valuation upheld	43%	44%	47%	45%	55%	56%

Source: Valuation Office

Note:

a Incidence of reduction reported by Commissioner as 44%.

2.56 Overall, there has been good progress in the improvement of quality as indicated by appeal levels and outcomes and the use of targets combined with outcome feedback holds out the prospect of continuous improvement over time. The Office has informed me that it is keeping this key indicator of quality under ongoing review.

Comparison with Northern Ireland

2.57 The working practices at the Land and Property Services[20] in Northern Ireland and the industrial relations which underpin them, allow for greater flexibility in the use of staff resources, the application of technology and substantial mitigation of the need for on-site inspections. While these factors should lead to greater efficiency it is not possible to readily compare the unit cost of valuation output in Northern Ireland[21] with that in this jurisdiction due to the different structures and calculation bases used by both valuation services. There would, however, be merit in the Office carrying out a comparison of unit costs, on a harmonised base, to determine the cost impact of the different work practices in the two Offices and the scope for transferable good practice that may exist.

[20] Land and Property Services was established on 1 April 2007 as an executive Agency within the Department of Finance and Personnel for Northern Ireland, following the merger of the former Valuation and Lands Agency with the Rate Collection Agency.

[21] In Northern Ireland, valuations include domestic valuations while the Valuation Office only carries out valuations of industrial and commercial property. In addition, appeals in Northern Ireland are treated as independent weighted elements while in the Valuation Office their cost is included in calculating the unit cost of each valuation revision. Client services (the equivalent of Market Valuation Services) are administered separately in Northern Ireland and do not form part of the rating unit cost.

Conclusions

2.58 Restructuring following the implementation of new legislation has impacted on the valuation revision process. The Office has had considerable success in addressing an appeal culture which existed prior to the restructuring. By focusing on the quality of revision work the resources devoted to appeals has more than halved. This gain has allowed the Office to complete revision work with reduced resources. The scale of the improvement in productivity is of the order of 35%.

2.59 Rating authorities should now only submit cases where there has been a material change of circumstances for revision. Notwithstanding this, 9% of cases were still being rejected by the Office in 2006 on the basis that there was no material change of circumstances.

While acknowledging that there has been a gradual reduction in these cases the Office should explore with rating authorities whether there is scope for further efficiency by reducing the volume of premature listings.

2.60 Different bases are used for target setting and measurement. Individual and team targets are based on requests for valuation while organisational performance is based on valuations completed. The review found an inconsistent relationship between requests and valuations completed. At a wider level, the Office accepts that the relative weightings given to each type of output has altered substantially in recent years.

The Office needs to explore whether a greater alignment between the bases of measurement and target setting can be achieved. Any revised methodology needs to address whether additional outputs generated by the same revision request should be given the same weighting as a single request. At organisational level the basis for assessing the relative output in no material change of circumstances cases and cases involving the removal of entries from the valuations lists which give rise to little work needs to be reviewed.

2.61 The timeliness of case assignment diminished during 2006. Under new legislation enacted in 2006 the Office will face a challenge in ensuring the timeliness of revision output in order to position rating authorities to charge entry fee levies in new build cases at the earliest point in time.

The Office needs to address whether and to what extent these cases can be identified and prioritised in its future work programmes. The Office has assured me that it has introduced new procedures and alterations to its systems in order to facilitate the early delivery. It will review its performance in this area after the first year of operation in consultation with its customers.

2.62 Although the amount of non-statutory market valuation work referred to the Office is declining and adjustments have been made to allow for greater flexibility in the procurement of these services there was still a substantial backlog of cases. Cases not processed at 31 December 2006 represented approximately 18 months work. At the end of 2001 this had stood at 6 months work. Delays in processing on this scale impact on the capacity of the commissioning agencies to efficiently complete the transactions for which the valuations are required.

An improved method of delivering this output needs to be implemented to ensure that a timely service can be provided. This is especially important in the case of those agencies that for reasons of confidentiality cannot source the service elsewhere.

2.63 The working practices at the Land and Property Services in Northern Ireland and the industrial relations which underpin them, allow for greater flexibility in the use of staff resources, the application of technology and substantial mitigation of the need for on-site inspections.

The Office should attempt to determine the extent to which there is scope for transferable good practice.

3 Revaluation of Property

3.1 Under the 2001 Act provision was made for the full revaluation of commercial and industrial property in each rating authority. The need for such a revaluation arose out of the fact that no national revaluation of property has taken place since the original Griffith Valuation of 1852 – 1865, with the result that there are widespread anomalies and inequities in the system. The courts were also adverting to the need for modern legislation to restore equity and bring the system into line with market conditions.

3.2 The 2001 Act provides that ongoing valuation revisions must be done on the basis of comparison with similar properties in the same rating area. The aim is to maintain the 'tone of the list' in the course of valuation. However, when no comparable property is identified valuation is done by reference to 1988 rental values to which reducing factors are applied. Effectively, when revising valuations, 1988 net annual values are adjusted by reducing factors of 0.63% in the cities and 0.5% in the rest of the country[22]. Overall, the result of this evolution in practice is that the link to rental evidence has been eroded.

3.3 The revaluation process which is designed to restore the link with rental levels involves the making of current valuations for over 180,000[23] commercial and industrial properties. There was a ministerial expectation that the first revaluation would be completed within five years of its commencement.

The Revaluation Programme

3.4 The revaluation programme envisages that all relevant property in each rating authority will be valued as part of a sequential revaluation of the whole country. The aim is to have consistency of valuation within each rating authority area. There is provision in the 2001 Act for the use of different valuation dates. In the two valuation orders signed so far the same date has been used.

3.5 The sequence of the revaluation is at the discretion of the Commissioner subject to consultation and agreement with the Minister for Environment, Heritage and Local Government and the rating authority concerned.

3.6 The first revaluation in each rating authority will entail a significant gathering of up to date data. Existing survey data[24] and valuation reports will be gathered and property records held by the Office in various forms updated and integrated. The process also entails the collection of market data to support the development of valuation models[25]. It is envisaged that following the first revaluation, subsequent revaluations will be mainly desk-based. This is because, once gathered, permanent data on the attributes of a property will form the basis for future revaluations, when the task will be to adjust valuations within and between categories of property in line with market developments.

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22 A factor of 0.4% is used in Ennis, Co. Clare.

23 The number of properties to be revalued has increased by 20% since planning for revaluation commenced.

24 This data includes information on location, area and type of property.

25 Models of valuation designed from analyses of market data for the application of values to various types of properties.

Planning the Revaluation Programme

3.7 A report by consultants[26] on the optimum approach to the process was commissioned by the Office in late 2000 and delivered in July 2001[27]. A framework document based on the recommendations in the report was adopted by the Office in 2003. The consultants' report and the framework document informed the Office's approach to the organisation of the revaluation function.

3.8 The overall programme entails general planning activities to inform revaluations and a set of individual projects designed to effect revaluations in individual rating authorities. The programme commenced with an initial project in South Dublin County Council (SDCC) in 2005.

Structure and Organisation

3.9 The consultants ultimately concluded that the best approach was the establishment of a separate, new organisation under the control of the Commissioner in order to focus on the completion of the revaluation within a five-year time span. They emphasised that the organisation should be flexible so as to respond to changing circumstances and sufficiently adaptable in order to ensure that the revaluation would be completed successfully. In the event, a separate new organisation was not formed. The Revaluation Unit (the Unit) was established as an integral part of the Office.

3.10 The consultants proposed that a Revaluation Manager lead the revaluation and be directly supported by a high-powered Strategy, Planning and Research Unit consisting of three staff. They envisaged that the total number of staff required to undertake the revaluation was 51 — comprising a mix of existing staff and staff recruited on contract.

3.11 To date, only contract valuers have been recruited externally. All management posts (including team leaders) and administrative staff have been recruited from the existing organisation.

3.12 In the period 2004 – 2006, the Office recruited a total of 31 contract valuers. However, turnover of these staff was high and 14 contract valuers had resigned by the end of 2006. At no time in the period 2004 – 2006 did the total number of contracted valuers serving in the Unit exceed 17. The total authorised complement is 30 valuers. The Commissioner informed me that the unprecedented buoyancy of the property sector and the ready availability of alternative, private-sector employment opportunities had been the major driver of the high turnover of contracted valuers.

3.13 To address the necessity for timely recruitment, given these turnover levels, the Office obtained a licence from the Public Appointments Service in 2006 to allow it to recruit directly. This has given the Office greater flexibility in terms of the timing and appointment from panels. The Office has also expanded its recruitment focus to include the new communities resident in Ireland and suitable college undergraduates.

Risk Factors

3.14 The consultants set out a proposed model for the revaluation. Given the complexity of the project and, in particular, the number of factors which could not be accurately predicted in advance

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26 Deloitte and Touche.

27 The report was presented to management in October 2001.

of commencement, they cautioned that it was necessary to build in a series of review stages (probably on a bi-annual basis) and a set of contingency measures to counteract any unforeseen circumstances. They identified three main critical success factors

- Technology — the implementation of computer aided valuation[28], a new valuation database and the design of efficient processes would be critical to completing the revaluation in a timely manner.
- Training — training for new and existing staff in new work processes and technology would be an essential part of the establishment of a new structure and key to achieving the revaluation targets.
- New appeals process — a new process should be adopted for handling first appeals and tribunal appeals.

3.15 In response to this, the Office has

- developed seven revaluation computer aided valuation formats for different categories of property[29]
- developed a workflow tracking system
- drafted revaluation practice notes for 22 property types and put in place a code of measuring practice
- put a new appeal process in place.

3.16 Based on the experience of the revaluation programme to date, the Office has informed me that it recognises the need to have appropriate recruitment and retention policies in place given the impact that the loss of trained, experienced staff and the disruptive effect of staff turnover has had in terms of generating and maintaining the momentum of the revaluation programme. This was particularly evident in 2006. In addition, the intensive training and induction processes have been streamlined for new recruits with a view to having them operationally active within one month. However, in the event of sustained buoyancy in the property market the Office is likely to continue to have difficulties in recruitment and retention of contract valuer staff.

3.17 It is currently putting measures in place which may help to minimise first appeal and tribunal appeal rates. These include information campaigns, a consultative process and a fee structure designed to discourage frivolous appeals.

The Initial Revaluation Project

3.18 The valuation order (the order) for SDCC was signed on 7 November 2005. The order provided that every relevant property situate in the area should be valued and that the reference date by which the valuation of each such property would be determined was 30 September 2005. The order set 31 December 2007 as the publication date for the revised valuation list.

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[28] Computer aided valuation provides an automated tool to assist the valuer in working out valuations.

[29] The valuer's job is to establish the rental levels that apply to groups of similar properties – these groups may be of similar use in streets or part of a street, or in similar classes of property within a specific area. The computer aided valuation will facilitate the valuer in applying these rents to individual or groups of property to arrive at the valuation.

Revaluation Programme Targets

3.19 The consultants envisaged a project initiation period of 15 months[30] for the set up of the new organisation, consultation, development of new systems and the resolution of industrial relations issues. They also proposed that the start date for the revaluation process should not be later than 1 January 2003.

3.20 The Office informed me that the delay in starting the revaluation was due to industrial action, the resolution of which continued into early 2004 under an independent facilitator. This had a knock-on effect on all aspects of the lead-in to the signing of the commencement order and gearing up for and beginning the revaluation programme. It was possible only in July 2004 to recruit the first of the contract valuers necessary for the conduct of the programme and there followed the requirement for training/orientation of such recruits and other operational preparations.

3.21 In their report, the consultants proposed a target of 1,200 revaluation units[31] per valuer per annum. This equates to approximately 27 properties each working week with the valuer conducting the property survey, valuation and consultation. They noted that such volumes had been achieved elsewhere.

3.22 The consultants estimated that the total programme would be capable of being completed in five years based on 1,200 revaluations per annum and assuming the incidence of appeals to be 20% with 2% of cases going to the Valuation Tribunal.

Revaluation Programme Outturn

3.23 In its strategy statement for the period 2003 – 2005 the Office set a target to have 30% (45,000 properties)[32] of the revaluation completed by the end of 2005. Due to delays in commencement, the original target was revised on an ongoing basis. In its business plan for 2005, a target of 11,900 valuations by the end of 2005 was set. This target was based on three revaluation orders being signed by 1 May 2005. In the event, a second order was not signed until March 2007[33].

3.24 At the end of 2005, a total of 200 properties had been inspected following the signing of the order. This fell well short of the strategic and business plan targets.

3.25 The 2006 business plan included a target of 5,500 valuations to be completed in SDCC by the year-end. At the start of January 2007, the actual number of properties completed in SDCC totalled 4,599. This represents 61% of the total property records for SDCC and about 84% of the targeted completions for 2006. Unforeseen difficulties in recruiting and retaining contract valuer staff contributed to the targets not being achieved. Properties completed by category[34] up to 3 January 2007 are shown in Figure 3.1.

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30 This period covers the last quarter in 2001 and all of 2002.

31 This target is based on the assumption that one appeal equates to a standard valuation (unit) and that a tribunal case will take two and a half times a standard valuation.

32 This number of properties is based on the revaluation of an estimated total of 150,000 properties at that time.

33 A valuation order was signed on 15 March 2007 to carry out a revaluation in Fingal County Council.

34 For the purposes of revaluation, properties have been divided into different categories. These categories are specific to the revaluation and do not correspond directly with categorisations used by the Office for revision work.

Figure 3.1 Properties completed by category for SDCC for the period 7 November 2005 – 3 January 2007

Category	Property Records	Not Assigned	Assigned	Completed[a]
Office	1,011	95	916	534
Fuel/Depot	57	1	56	0
Leisure	128	16	112	14
Industrial Uses	3,269	166	3,103	2,176
Health	177	24	153	103
Hospitality	99	7	92	1
Minerals	14	0	14	0
Miscellaneous	254	44	210	102
Retail (Shops)	1,470	107	1,363	968
Utility	111	16	95	35
Retail (Warehouse)	58	5	53	43
N/A	761	31	730	470
No Value	3	0	3	2
Central Valuation List	151	0	131	151
Totals	**7,563**	**512**	**7,051**	**4,599**
Percentages	**100%**	**6.77%**	**93.23%**	**61.00%**

Source: Revaluation activity statistical report

Note:

a This means that the inspection and survey have been completed and that all relevant information on the property has been entered on the system for valuation purposes.

Work-in-Progress

3.26 As well as completing 4,599 properties a further 1,009[35] properties have been inspected.

3.27 Target output levels for each valuer are included in their role profiles. The target set for each valuer depends on the experience of the valuer. The estimated target level for a trained valuer is around 300 bulk class property completions[36]. The average number of properties completed by each wholetime equivalent valuer, by team in 2006 is shown in Figure 3.2.

[35] Valuation data for 599 of these properties has been entered on the revaluation workflow system.

[36] Revaluation management have estimated that trained valuers (more than six months experience) will deliver 300 bulk class completions each per year. Bulk class includes retail, office and industrial properties.

Figure 3.2 Average number of properties completed per valuer for the period 7 November 2005 – 3 January 2007[a]

Team[b]	Completed for valuation	Average number completed per valuer
1	1,289	242
2	1,997	307
3	1,134	195
Other	179	-
All teams	**4,599**	**248**

Source: Analysis by Comptroller and Auditor General

Notes:

a No properties were actually completed in the period up to the end of 2005.

b For the purposes of this exercise, analysis by team is based on wholetime equivalent valuers, including team leaders reporting to each managing valuer at 31 December 2006. The analysis also includes provision for revision officers transferred to the Unit in mid 2006.

3.28 The Office should examine the cause of the wide variation in output per valuer with a view to isolating the factors involved so as to inform its training, development and management policies.

Shortfall in Output

3.29 SDCC accounts for approximately 5% of properties to be valued. The new valuation list for the area is due to be published in December 2007 — two years after commencement of the revaluation.

3.30 In practice, output per valuer for revaluation work has settled close to the levels being achieved in terms of requests processed on revision work. As a result, the level of output has reached less than 25% of that envisaged by the consultants. The Office has informed me that it considers that the output per valuer envisaged by the consultants was hypothetical and based on a range of assumptions, which practical experience in conducting the revaluation of the SDCC area has shown do not accord with reality.

3.31 The consultants had envisaged that the resourcing of the Unit would entail the gradual formation of six valuation units[37] over a period of around 15 months. However, at the end of 2006, less than 60% of the overall planned resource was in place and all resources were engaged in the revaluation of SDCC. This was further supplemented by the temporary assignment of the whole-time equivalent of two revision officers towards the end of 2006.

3.32 Retention of staff is a key issue impacting on efficiency. A stable resource base would allow the maintenance of key skills and knowledge and reduce the extent of training since new recruits substantially come direct from college. The experience levels of current contract valuers and of those who have resigned is shown in Figure 3.3.

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[37] Each unit consisting of a team leader and five to six valuers.

Figure 3.3 Experience of past and current contract valuers

Experience of contract valuers (in months)	Current contract valuers	Contract valuers who have resigned
Less than 6	7	1
6 – 11	3	1
12 – 18	3	11
19 or more	3	2
Total	**16**	**15**

Source: Valuation Office

Monitoring Progress

3.33 The first formal review of the project was undertaken in May 2006. Three task groups were established to review and report on aspects of the approach to the project, which had been identified as giving rise to undue complexity, inefficiency and delay.

3.34 The task groups made a number of recommendations. Key amongst these was the need to

- focus on results with a view to completing the project with valuations meeting an acceptable standard and to develop a series of interim project targets for the remainder of 2006
- fully involve valuers in the rental analysis, valuation scheme and process, giving them full responsibility for their work assignments with agreed target dates for completion
- move urgently to establish valuation schemes and to target the approximately 5,000 properties in the three main property categories[38]
- simplify the valuation and data retrieval process, including the simplification of computer aided valuation and to move to a market focus while recognising that the market is not perfect
- view the initial revaluation as the beginning of a process that would bring them closer to the market with each revaluation cycle.

3.35 Management considered the reviews of the task groups in mid-May 2006. Given the slow progress in advancing the revaluation programme in early 2006, and concerns regarding the output and momentum of the revaluation project, a number of initiatives were undertaken which included the following

- team leaders in the Unit were assigned to undertake revaluation work in the field for the remainder of 2006
- a task group was set up to examine and report on the issue of standardisation of data and valuation methodologies
- the adoption of changes in the process for recruiting valuers
- agreements were concluded with IMPACT to
    - transfer four experienced valuers from revision work to the Unit on an interim basis
    - use revision valuers who were involved in revision work of a relatively small number of complex properties in SDCC on the associated revaluation work

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38 Industrial, retail and offices.

- use all the resources of the revision teams in clearing the residue of properties to be valued in SDCC after the year-end when revision work is traditionally low.

Budget for Revaluation

3.36 The budget for the revaluation is based on the estimated cost computed by consultants which they estimated at €18.5m[39] as shown in Figure 3.4. This comprises staff costs, IT costs and direct overheads for the proposed five-year duration of the programme and the initial lead-in phase. It also includes an indicative amount of €1.5m for performance related pay. The amount is exclusive of some overhead resources to be drawn from the existing Office including the cost of central administration. Total revaluation costs to the end of 2006 as identified by the Unit are in the region of €3.1m[40]. Salary costs account for over 76% of that overall expenditure to date. Budgeted revaluation expenditure for 2007 is in the region of €2.5m.

Figure 3.4 Time and cost targets for the revaluation programme

	Time Targets (years)	Cost Targets €m
Preparation	1.25	3.0
Programme	5.00	15.5
Total	**6.25**	**18.5**

Source: Consultants Report

3.37 Expenditure to date falls short of budgeted expenditure. This is mainly due to the non-filling of all posts in the Unit. It is not readily possible to apportion the costs between initial planning activities and revaluation work because the Unit has not separated the cost of the preparation phase of the project from the actual programme itself.

3.38 The outturn figures up to the end of 2006 suggest that the direct cost of revaluing a property in 2006 was around €400[41] before taking account of the cost of processing representations and appeals. When the Unit's share of organisational overheads is taken into account this cost will exceed €600. Based on these outturns the final cost, at current productivity levels, of revaluing the 180,000 properties now in the system may be in excess of €100 million at 2006 prices.

3.39 In regard to the cost the Commissioner has informed me that the revaluation which is the first in 150 years necessarily involves levels of inspection, data-gathering, and related activities that would not arise to anything like the same extent in the subsequent revaluation exercises envisaged by the 2001 Act. As such the eventual cost of the current revaluation exercise will incorporate a significant element of what might be seen as "once-off" costs. In addition, the cost must be viewed in the light of the requirement to maintain fairness and equity in the rates system which levies in excess of €1 billion per annum.

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39 This amounts to €21.4m when updated to December 2006 price levels.

40 This includes €1.3m in respect of expenditure up to 31 December 2005.

41 The direct cost is based on relating the revaluation expenditure for 2006 to the work completed in that year. Where information had been loaded onto the system the valuation was assessed as 85% complete. Where only inspection had occurred it was assessed as 50% complete.

International Comparison

3.40 Revaluations have been carried out in Northern Ireland and England and Wales. In a 2003 revaluation in Northern Ireland, a cost of £4.76[42] million was incurred covering 75,000 properties. This equates to €7.5 million[43] in 2006 prices or €100 per property. A 2005 revaluation in England and Wales cost £47.4 million[44] – the equivalent of €72.2 million[45] in 2006 prices. It covered 1.75 million properties. This is the equivalent of €41 per property.

3.41 These costs are not directly comparable with the Office's outturns. The cost of revaluation computed for Northern Ireland reflects mainly staff costs with an element of administrative overheads and any expenditure incurred on public relations, specialist assistance and enhancement of systems over the period of the revaluation process. In England and Wales, the reported costs reflect the direct expenditure[46] associated with the revaluation of properties over the period of the revaluation programme inclusive of preparatory work. Organisational overheads are not included in the final costs of the revaluation in the UK valuation agencies.

3.42 Nonetheless, there would be merit in the Office reviewing the methods and resourcing of the UK revaluations and attempting to determine the scope for cost reduction after taking account of

- the extent of efficiencies that may be realisable by applying levels of valuations across similar property types
- the cost of data cleansing and programme planning that will be once-off outlays.

In addition, valuation agencies in the UK now have systems that are well bedded in, in that reviews of existing revaluations have facilitated more improved and cost-effective methods for delivery of future revaluations.

3.43 The Department of Environment, Heritage and Local Government considers that the substantially higher costs projected for the revaluation programme here warrant examination and analysis with a view to reducing the units costs to nearer UK levels.

Quality

3.44 The Office has put in place measures designed to ensure the quality of work produced in the course of revaluation. It is underpinned by a number of key documents and procedures —

- A Code of Measuring Practice sets out the main elements and measurements considered necessary for the valuation of different types of property.
- Practice Notes provide guidance to the valuer on the valuation of certain property types.

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42 Total costs of the revaluation up to 30 September 2003 as reported in an internal review of the revaluation (the fifth general revaluation undertaken in Northern Ireland).

43 This is based on the exchange rate at the end of December 2006 of 0.6715. The calculation assumes an increase in the rate of inflation of almost 5.8% since 2003 based on statistics produced by the Office for National Statistics.

44 Total projects costs as reported in a project evaluation report of the 2005 non domestic rating revaluation.

45 This is based on the exchange rate at the end of December 2006 of 0.6715. The calculation assumes a an increase in the rate of inflation of 2.3% since 2005 based on statistics produced by the Office for National Statistics.

46 This expenditure consists primarily of manpower costs, travel and subsistence, publicity, training and information technology expenditure.

- All revaluations are subject to review by team leaders/managing valuers and regular team meetings are held (usually weekly).

3.45 To develop valuation skills and ensure that valuers keep up to date with developments in valuation techniques, they are encouraged to attend continuing professional development events. Mentoring arrangements are also in place. The performance management and development system is used to address quality output from valuers. Formal assessments are carried out on a six-monthly basis. Notwithstanding this, it is too early to determine the quality of work to date. The level of appeals will be a key indicator after the publication of the revised valuation list for SDCC at the end of 2007.

Next Steps

3.46 The revaluation plan for 2007 includes the rollout of the revaluation programme to Fingal County Council and to advance arrangements for making a valuation order for another rating authority. No decision has been taken on the national roll out of revaluation. The lack of a decision on the national roll out of revaluation prohibits the Office from identifying how long a national revaluation will take given the SDCC experience to date. The Office should be developing a strategy now for the roll out of the process nationally given that the initial ministerial expectation was that the full revaluation of the country would be completed within five years of commencement — in effect by the end of 2010. On the basis of experience to date, that target does not appear to be attainable and the Office needs to devise a revised plan now with realistic completion targets.

3.47 The Office has informed me that the revaluation of SDCC was ultimately undertaken on the basis that it was to be an initial project to be reviewed in mid 2009 on completion of the full revaluation cycle. Data from this exercise including outputs, level of representations and appeals will provide a realistic basis for a national revaluation programme. The initial ministerial expectation that the full revaluation of the country would be completed within five years of commencement was based on assumptions in the consultants' report which have proved to be unrealistic. Prior to signing the valuation order for SDCC the Departments of Finance and Environment, Heritage and Local Government were made aware of the difficulties being experienced by the Office in recruiting and retaining contract valuers.

Conclusions

3.48 The last complete valuation of property took place in the 1850s. Currently valuation in each rating authority is based on a comparison with similar properties in the area. Over time, the direct connection with the rental value of property has been eroded. The 2001 Act was a response to the demand that the link with rental evidence be restored. The programme involves revaluing over 180,000 properties.

3.49 The examination found that the original ministerial expectation that the programme would be completed in five years will not be realised. Output per valuer is around 25% of the levels envisaged by consultants who assisted the Office in framing the programme. In addition, staff retention has proved difficult.

The Office in conjunction with its main stakeholders needs to determine, in the light of its experience to date a realistic completion target for the programme and frame an associated resourcing approach.

3.50 Because of the extended timeframe now envisaged and based on current productivity levels the budget for the project will be up to five times that projected by the consultants, before taking account of inflation.

The Office should review the costing of the programme taking account of the mix of resources necessary to deliver it in the light of its experience to date.

3.51 The initial revaluation of rateable property in Ireland will be more resource intensive than that which will pertain when the primary data has been recorded. The average cost of revaluation of individual properties is currently running at a level in excess of €600. The cost in the UK is considerably lower.

While recognising revaluation programmes in the UK are now largely desk-based there would be merit in reviewing the approach to revaluation used there with a view to identifying any instances of transferable good practice. Such a comparison might also assist the Office to identify

- the extent of efficiencies that may be realisable by applying levels of valuations across similar property types

- the cost of data cleansing and programme planning that will be once-off outlays.

3.52 As soon as the full cycle of revaluation is completed in SDCC there is an urgent need for a revised strategy for the roll out of the programme which addresses its resourcing, timeframe and budget in the light of the Office’s experience to date.

4 Performance Management

4.1 This chapter examines the arrangements for the management of performance in the Valuation Office. It reviews the strategic and business planning of the Office and associated governance arrangements.

Strategic Management

4.2 Strategic planning in the Office takes the form of the production of a triennial strategy statement, prepared by the Management Committee in consultation with the Partnership Committee. The current statement of strategy for the Office covers the period 2005 – 2007 and sets the mission of the organisation as — the provision of high quality sustainable valuations for customers on time and within budget. Chapters 2 and 3 examined the extent to which this objective is being achieved.

4.3 There is a reasonable degree of alignment between this mission and the strategic objectives which are structured on the basis of a balanced scorecard designed to allow the Office to supplement traditional output and financial measures with performance information from the perspective of the customer, internal business processes and innovation and learning.

4.4 Based on this scorecard model, the strategic objectives for 2005 – 2007 are depicted in Figure 4.1.

Figure 4.1 Strategic objectives of the Office for 2005 – 2007

Perspective	Objective
Financial	▪ Pursue organisational efficiencies so as to minimise reliance on Exchequer funding
Customer	▪ Establish and meet customer needs
Internal	▪ High output of high quality valuations, on time, within budget ▪ Revaluation programme commenced and well advanced ▪ Maintain the level of valuation service required by customers while implementing the Government decision on decentralisation
Innovation and Learning	▪ Continue the development of the Office into a progressive, responsive, learning organisation

Source: Valuation Office Strategy Statement 2005 – 2007

4.5 While the current strategy statement follows the model of previous statements there continues to be a relatively weak relationship between initiatives identified in strategy statements and key strategic objectives. Consultants who reviewed the Office in 2004 recommended that the multi-annual strategy statement should contain a series of specific initiatives that are sufficient to achieve the key strategic objectives of the Office. The Office needs to address this apparent lack of alignment in forthcoming strategy rounds. The consultants also found that the Office had been ineffective and inefficient in the achievement of its key objectives in the period 2001 – 2003 and they attributed this to the industrial unrest in 2002.

4.6 The lack of specific actions at the level of strategic plans militates against public reporting of performance. Overall, there continues to be a need for greater linkage between strategic objectives and the initiatives designed to facilitate achievement of those objectives.

Business Management

4.7 Annual business plans, team plans and individual role profiles are also organised on the basis of the balanced scorecard and take account of the initiatives set out in the scorecard. In the case of these plans specific actions with defined targets are included and they are linked to the initiatives outlined in the strategy statement.

4.8 A 2004 expenditure review report recommended that the format of annual plans be overhauled to incorporate a series of output and quality of service targets. Targets and timeframes have since been incorporated into the plans. Team plans now set out the milestones and deadlines specific to particular actions, activities and initiatives.

Performance Standards

4.9 Valuation work is underpinned by 19 Standard Operating Procedures. These procedures set out the steps to be taken in valuing different types of property and the revision procedures to be followed with regard to inspection, survey and the reporting format. All survey work is informed by a Code of Measuring Practice. Any deviation from the code must be noted in the valuation report and the reason for the deviation given.

4.10 Under the 2001 Act, a revision officer is statutorily responsible for undertaking the valuation and is not obliged to change or amend a valuation. However, team leaders must approve valuations before a draft certificate can be issued. Reviews by team leaders are based on the Standard Operating Procedures and the Code of Measuring Practice.

4.11 Case conferencing between team leaders and valuers, and team leaders and their revision manager also builds in an element of guidance and advice. In 2007, the Office plans to introduce a system of ‘peer review’ for major cases and a sample based quality control review.

Risk Management

4.12 The Office has a risk management process under which each member of the Management Committee is responsible for preparing his own assessment of risks. Assessments are reported to the Commissioner. In general, such assessments are reviewed on an annual basis in order to ensure that corporate level exposures are fully identified and addressed. It is desirable that the Office compiles a composite Risk Register based on contributions from each member of the Committee.

4.13 As part of the day-to-day management of the Office, a ‘Significant Live Issues Report’ is completed on a fortnightly basis by Management Committee members where such issues come to light.

Knowledge Management

4.14 All valuers at a minimum must have a property diploma or degree or another third level degree with economics as a core subject in the final year. Valuers hold a variety of degrees ranging through agricultural science, environmental economics, arts, engineering, surveying and business studies.

4.15 Valuers are normally expected to keep up to date with changes and developments in the market place as part of their professional development. A number of measures are in place to support this

- the performance management and development system Role Profile has provision for training needs to be agreed between the team leader and the valuer
- arising from Valuation Tribunal judgments or the Consultants' Forum[47], Standard Operating Procedures are prepared on valuation or procedural issues
- there is a formal agreement under which a continuing professional development calendar of events is examined and appropriate courses are identified for valuers to attend.

Corporate Governance

4.16 Although an internal audit function was first introduced to the Office in 1993, an internal audit unit was not formally set up until 2000, when two members of staff were appointed as internal auditors on a part-time basis. The first Audit Committee was also set up at that time. This Committee was re-constituted in 2004 when an external chairman was appointed. Both the internal audit and the Audit Committee operate under formal charters.

4.17 The audit unit has undertaken seven audits since its establishment in 2000. The last audit undertaken was reported on in February 2006. Prior to 2005, there was no formal audit plan — audits were conducted at the specific direction of the Accounting Officer. An internal audit plan covering the period 2005 – 2007 (revised in February 2006) sets out seven proposed audits to be undertaken in order of priority. One of the proposed audits has been finalised to date[48]. The Office is moving to outsource aspects of its internal audit function in Autumn 2007.

Monitoring and Evaluation

4.18 Overall monitoring and evaluation of performance takes place on a number of levels throughout the year as depicted in Figure 4.2.

Figure 4.2 Monitoring and evaluation of performance

Group	Regularity of meetings	Purpose
Management Committee – Chaired by Commissioner. Attended by all Managing Valuers and Principal Officers.	Weekly	Review of performance and development in all operational areas. Review of business plan on an ongoing basis.
Project Group – Chaired by Revision Manager. Attended by Managing Valuers and all team leaders and Assistant Principals.	Monthly	Review of implementation of business plan and performance. Agenda set by Chair.
Revaluation Group – Chaired by Commissioner. Attended by revaluation Managing Valuers.	Weekly	Review progress of revaluation project.

Source: Valuation Office

4.19 Other groups have also been set up to review and/or report on specific areas of activity. A Business Process Re-engineering group which looks at ways of identifying and removing obstacles

47 This forum comprises rating consultants who meet with the Office on a regular basis to discuss issues of interest or concern in the valuation of properties. It is chaired on a rotating basis.

48 This audit was carried out in two stages and resulted in the production of two audit reports.

that prevent individuals from working in an efficient and rewarding manner has recently reported on the revision process. Ten main issues were identified and a number of actions have been taken to address these issues. Some of the issues identified and the associated actions include

- Insufficient information and inaccurate listings — key requirements to be included in service level agreements for all authorities.
- Appointment letters taking up a considerable amount of valuers time — valuers can now print appointment letters from the computer aided valuation.
- Representations and appeal reports completed outside of computer aided valuation giving rise to the creation of paper files — this issue is included on the IT work plan for 2007.
- Difficulties in identifying the location of new properties listed by rating authorities — a pilot process has been discussed with SDCC and the Unions with regard to the supply of coordinates with listings.

The group is due to review the implementation of the actions shortly.

4.20 A performance measurement group is also in place. This group has developed a methodology for the measurement of performance of valuer grades which has been agreed by Management and is subject to final agreement with Unions. It is proposed that the revised methodology will apply in 2007. It is being brought in under the Office's "Towards 2016 Action Plan"[49]. Key performance indicators will include

- quantity – the number of requests dealt with and the number of cases issued
- quality of work – the incidence of reduction on appeal and the percentage reduction on appeal, the frequency of appearance at the Valuation Tribunal and the quality of valuation reports.

It is expected that this group will ultimately establish performance measurement policies across all grades.

Internal Reporting

4.21 The current performance indicators used by the Office for internal reporting of performance have been in place since 1994. The indicators used are shown in Figure 4.3.

Figure 4.3 Performance indicators used by the Office

Perspective	Performance Indicator
Financial	▪ Ratio between income and expenditure
Customer	▪ Customer satisfaction level as measured by annual customer survey
Internal	▪ Team/individual productivity ▪ Rate of appeal ▪ Number of properties revised or revalued
Innovation and Learning	▪ Level of response to climate and staff surveys

Source: Valuation Office

[49] Under national wage agreements – the latest being 'Towards 2016' – Action Plans are agreed within government offices which set out commitments principally in the areas of modernisation, flexibility and change.

4.22 While these indicators were independently validated as relevant by consultants who undertook the 2004 expenditure review they also recommended that the system for monitoring, measuring and reporting performance in the attainment of key strategic objectives needed to change considerably. They recommended that greater use be made of existing information sources and that monthly progress reports should be provided to the Management Committee. They also recommended that similar procedures be adopted at team level. The Office has actioned these recommendations.

4.23 The Office also has procedures in place to deal with instances of underperformance. The performance management and development system provides management with a tool which assists it in this area.

Management Information

4.24 The primary information system used to record the delivery of the rating valuation service is known as the Worklist system. This computerised system holds details of all valuations of rateable properties. The system is used to

- record the receipt of revision requests and the allocation of work to valuation teams
- allocate and monitor the progression of work allocated to individual valuers
- generate valuation reports for customers and rating authorities.

4.25 Statistical reports produced by the Worklist system show the status of ongoing work and the rate of achievement of the Office's targets in terms of revision, appeal and Valuation Tribunal output. Currently, while the Worklist system does not record the reason for any change resulting from the appeal processes, appeal reports are completed by the appeal team in paper format. It is planned to address this in 2007.

4.26 Similarly the system being developed for the revaluation programme facilitates the allocation and monitoring of work and the reporting of statistics on the number of properties assigned, completed and valued. Development work on this system is ongoing.

4.27 The management information system for market value cases is not user-friendly and does not form the basis for comprehensive and meaningful analyses of the data that it stores. While information on cases can be viewed and extracted on a case-by-case basis, the system does not lend itself to the production of reports on the overall programme of work. In particular, the system cannot routinely produce reports that provide analysis of the time span from receipt of market value cases to actual completion. In addition, the system does not provide information on the time spent on objections and appeals. The system is due to be replaced in 2007.

4.28 In the event that the Office continues to deliver market value cases, clear, defined and relevant performance measures should be identified.

4.29 As part of the examination an exercise was undertaken with a view to identifying the costs of the Office's two main programmes for 2006. The bulk of expenditure was allocated on the basis of the number of wholetime equivalent valuers assigned to revision and revaluation work at the end of 2006[50]. About 70% of costs in 2006 related to the Office's existing valuation work, while 30% related to the new revaluation programme as depicted in Figure 4.4.

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50 This is based on valuer wholetime equivalents at 31 December 2006 as provided by the Office.

Figure 4.4 Cost of valuation work 2006

	Existing valuation work[a]	Revaluation	Total
Apportioned expenditure using Management Information Framework (€000s)	€7,392	€3,112	€10,504
As percentage of total expenditure	70%	30%	100%

Source: Analysis by Comptroller and Auditor General

Note:

a Includes costs associated with appeal activity, global valuations and market value cases.

4.30 The accounts module of the Office's Management Information Framework, introduced in 2003 went live in January 2004. Various enhancements to the system have since been made. However, a review of cost centres for 2006 revealed that only a small proportion of overall expenditure is specifically allocated to designated cost centres and most costing information is based on the apportionment of costs rather than direct capture. Around 85% of 2006 expenditure was coded to the Office's general cost centre. Without accurate identification of costs associated with the Office's main activities, the value of investments in these systems is unlikely to be realised.

Cost Recovery

4.31 Rating authorities are invoiced for valuation fees at the rate of €250 for each separate rateable outcome. Every appeal is also subject to a fee. Overall receipts in 2006 were €2.8m.

4.32 In its Statement of Strategy for the period 2003 – 2005, the Office established a cost recovery target of 35% by the end of 2005. However, it did not succeed in achieving this level of income during that strategy period. Costs covered in 2005 were in the region of 14%. Because of a switch to invoicing on the basis of completed valuations (which are running at 163% of requests) the level of costs recovered in 2006 increased to 27% of expenditure.

Customer Satisfaction

4.33 The Office sets annual targets in the area of customer satisfaction. In its 2006 business plan, satisfaction targets which would be measured by customer surveys were specified

- to improve ratepayer satisfaction to a level of at least 70%
- to maintain rating authority satisfaction at a level of at least 85%.

Ratepayers' Satisfaction Surveys

4.34 The Office has a Ratepayers' Charter since 2004. In addition to setting out standards of service and response times that Charter also made a commitment to inspection by appointment, the provision of information booklets at inspection and the provision of valuation reports on request. A survey was conducted among a cross-section of ratepayers who had done business directly with the Office in the period January 2003 to May 2004. This was a benchmark survey against which to track performance in the implementation of the Charter. The latest available survey was carried out in 2006 and showed a high level of satisfaction with the service provided. The results are set out in Appendix F.

Rating Authorities' Satisfaction Surveys

4.35 The Office conducts annual customer satisfaction surveys to ascertain rating authorities satisfaction with the rating service over a range of service criteria. The 2006 annual survey found the average satisfaction level over a range of service criteria was 83%. Figure 4.5 sets out the detail of survey results in the period 2001 – 2006.

Figure 4.5 Customer survey results 2001 – 2006[a]

Service Criteria	2001	2003	2004	2005	2006
			Percentage		
Revision Timeliness	90	79	74	82	76
Revision Quality	87	79	77	82	81
Appeal Timeliness	88	73	76	79	79
Appeal Quality	84	66	77	78	81
Office VFM	89	76	86	89	86
Office Customer Focus	90	75	87	93	92
Average	**88**	**75**	**80**	**84**	**83**

Source: The Valuation Office

Note:

a A customer survey was not undertaken in 2002.

4.36 As part of this examination, four rating authorities were interviewed to establish their views of the service provided by the Office. In general, all rating authorities were satisfied with the service and found that the quality and timeliness of valuations had improved over the last few years. In particular, they commented that

- Communications with the Office or its valuers had improved since the introduction of the 2001 Act.
- Service level agreements worked well and did not restrict them from submitting additional listings if new properties came on stream.
- The representations phase has reduced the level of appeals.
- The fee of €250 per valuation represented value for money for complex valuations but it was considered too high for straightforward valuations – e.g. bus stops. However, overall they felt they were getting good value for money.
- Properties tend nowadays to have multiple uses which means rating authorities now must devote more time to refining information for submission to the Office.

4.37 All four rating authorities commented upon

- the inadequacy of the information provided in 'no material change of circumstances' notices issued by the Office
- related valuations, not being associated with each other and coming back at different times during the year.

Working Environment

4.38 An annual climate survey of staff is undertaken by the Office to ascertain the views of the staff with regard to the running of the Office under specific key headings. The results of the 2006 survey outlined in Figure 4.6 show a decrease in satisfaction with regard to communication and consultation and the motivation and development of staff when compared with 2005 results. However, an increase in satisfaction is evident regarding the management of performance, the management style adopted and the clarity and direction offered to staff.

Figure 4.6 Office climate survey of staff

Service Criteria	Percentage Positive		Percentage Negative	
	2006	2005	2006	2005
Organisational Climate	60	60	40	40
Communication/Consultation	59	61	41	39
Motivating and Developing People	63	66	37	34
Management Style	71	65	29	35
Clarity and Direction	75	73	25	27
Managing Performance	59	43	41	57
Average	**65**	**61**	**35**	**39**

Source: Valuation Office

4.39 A mid-year climate survey of all revaluation staff was undertaken in 2006. The results of the mid-year survey show that on average only around 50% of the staff in the Unit were satisfied with its management and operations, over a quarter were neutral in their views, while the balance expressed a negative response as outlined in Figure 4.7. Overall, there has been a reduction in staff satisfaction levels since 2005.

Figure 4.7 Revaluation Unit climate survey results

Survey Criteria	Percentage Positive		Percentage Neutral		Percentage Negative	
	2006[a]	2005	2006	2005	2006	2005
Organisational Climate	58	57	24	32	18	11
Communication/Consultation	44	56	28	32	27	12
Motivating and Developing People	46	60	26	33	28	7
Management Style	48	72	30	24	22	4
Clarity and Direction	61	72	23	22	16	6
Managing Performance	46	47	27	49	26	4
Average	**51**	**61**	**26**	**32**	**23**	**7**

Source: Revaluation Unit

Note:

a The results for 2006 are based on a survey carried out in mid 2006.

4.40 Climate survey results are compared over time. The Unit uses the results to improve and/or put systems, processes and initiatives in place to address staff concerns with particular emphasis on eliminating or improving the negative results.

4.41 Particular responses by the Office included a pilot Life Coaching Initiative in 2006. This was part of a well-being programme within the Office. It was designed to give staff an opportunity to enhance their understanding of work/life balance and to effect changes in their lives, which would in turn increase their effectiveness and performance in the workplace.

Information Exchange with Rating Authorities

4.42 Currently, only two rating authorities are engaged in the electronic exchange of information with the Office. The Office continues to promote the adoption of electronic exchange of information and the use of web-based search facilities. Discussions are ongoing with three further rating authorities who are in the process of developing their systems to facilitate electronic transfers.

4.43 The Office forwards a compact disc of the valuation list to each authority at the end of each year. In the case of the four rating authorities visited, it was found that the regularity and type of reconciliation between a rating authority's rate book and the Office's valuation list differed from one authority to another.

- One of the four authorities carries out an annual reconciliation with its rate book.
- Another was in the process of matching the rate book with the list. The last reconciliation it carried out was in 1999.
- A further rating authority carried out a reconciliation for the first time ever in 2005.
- The fourth authority has fully reconciled its records with those of the Office.

4.44 Overall, it would facilitate valuation and rating processes if there was greater uniformity of systems used by rating authorities. The standards for electronic exchange of data have been agreed with the Local Government Computer Services Board, Dublin City Council, Wexford County Council and Cork City and County Councils, however the Office has informed me that rating authorities have been slow to complete the preparatory work necessary to facilitate exchange.

Public Information

4.45 The Office website contains comprehensive information on the services that it provides and the associated fees payable. The website provides a facility to search for valuation details of any rateable property in the Republic of Ireland. Recent Office publications can also be downloaded from the website.

4.46 The Office has recently developed a case tracking facility on its website to allow customers to track the progress of their case through the valuation process and has now expanded this system to allow rating authorities view the progression of all their cases in the Office from arrival to final completion.

Quality of Service

4.47 Quality of service initiatives are agreed with team leaders with the aim of ensuring the incidence of appeals is reduced in line with Office targets. The Office has reported that a more focussed approach to appeals has led to an improvement in product quality, and contributed to an increase of 4.5% points in the customer satisfaction ratings in surveys of rating authorities up to 2005. Regular feedback is provided to the revision officers from processing of first appeals and appeals to the Valuation Tribunal.

4.48 The new appeals system has impacted favourably on the valuation process. A review of the system and the degree to which it is servicing the needs of the organisation has recently been undertaken. The Office has provided a summary of the benefits of the new appeal system which are outlined in Figure 4.8. A review of the appeal procedures has also been undertaken and some amendments are being put in place to increase transparency, reflect comments from the Valuation

Tribunal and feedback from practitioners. However, the volume and nature of the appeals which will be generated by the revaluation programme will only become apparent with time.

Figure 4.8 Summary of benefits of the new appeal system

Resources

- The time spent by valuers on appeals has more than halved since 2004.
- Rating team leaders are no longer involved in the management of appeals and can now focus exclusively on revision.
- Updating of appeals, previously carried out by revision team administrators, is now done by the appeal officers.
- Cases at appeal are no longer re-inspected with a resultant saving in travel and subsistence.

Quality

- The incidence of reduction on appeal has fallen from 56% in 2004 to 44% in 2006.
- The average reduction in the value assigned to properties has fallen on appeal from 8% in 2004 to 4% in 2006.
- Appeal officers have developed considerable expertise on legal and valuation matters, and their appeal decisions are a source of guidance and precedent for revision officers.
- The development of databases, and the greater consistency in appeal decisions are important elements in quality development.

Customer Service

- The establishment of the appeal team has provided a dedicated point of contact on matters relating to appeals, and the service is acknowledged as being vastly more responsive and efficient by customers.

Reviews of Market Value Service

4.49 Two internal reviews of the market value service have been undertaken in recent years — in 2000 and 2006. Both reviews examined the service with the aim of identifying options for future operation.

4.50 The 2000 report concluded that the Office had a very dissatisfied customer base. However, it recommended that the function be retained and that the Office should commit to providing a more customer focussed service. It concluded that the service should be provided either through a fully resourced dedicated team, or through the existing rating teams. The report recommended that all customers should be charged for the full cost of providing the service and that the Office should seek the removal of the obligation on government Departments to obtain a valuation exclusively from the Office under Public Procurement Guidelines.

4.51 In 2004, the obligation of State agencies to obtain advice on property transactions from the Office was removed. The provision of these services is now voluntary. It is carried out by the same teams as those that value property for rating purposes. Despite its voluntary nature, some Departments are highly dependent on this service and have expressed criticism at the delay in obtaining advice from the Office.

4.52 The second review conducted in 2006 concluded that the Office should maintain a property valuation function providing a quality service to Government Departments and the arbitration requirements of the Tenant Purchase Scheme. This report favoured the resourcing of the function by at least three experienced valuers with some assistance from the rating teams or, alternatively, the dedication of one market valuer per team to the function.

4.53 In regard to the non-sensitive cases, the Commissioner has pointed out that there is doubt as to the extent of effort made by some of the Office's clients in order to secure private sector valuation services, notwithstanding that they are at liberty to so do, and that certain Departments and agencies persist in referring cases to the Office in the full knowledge that there are not the resources to deal with them. In discussions with the Department of Finance, it was agreed that the Office would consider going to tender for market value services for Government Departments and agencies.

General Views of the Commissioner

4.54 In regard to the overall management of the valuation activity the Commissioner informed me that the outcome required from the valuation process is a fair equitable and sustainable valuation. The Office's overall objective is to get the maximum output of these valuations with the minimum input activity. The strategy pursued was to reduce appeal levels because appeals simply add to the activity, absorb limited resources without adding to output. The output from a valuation that has initial acceptance at revision is the same as the output from a valuation that goes through the full appeal process – in both cases a single valuation on which the rating authority can levy a rate. Specific initiatives in this area were designed to move to a streamlined appeal system, which focused on the quality of the initial revision and transferred responsibility to the revision officer for defending the quality of this valuation. Not only has the target in this area been exceeded but also the change in activity mix has led to an increase in the total number of revision cases issued.

4.55 The evidence so far shows that by focusing on generating quality valuations at revision, providing more information to the ratepayer, and encouraging the use of the representation phase the Office achieved a very high level of acceptance of its valuations. The Commissioner noted that in 2006 over 4% of revision cases were formally appealed compared to 11% in 2001.

General Views of the Department of Environment, Heritage and Local Government

4.56 The Department emphasised the importance of the work of the Office in terms of rating authority revenue income. It stated that for 2007, it is estimated that rates income will amount to some €1.2 billion and that rates income has been increasing by about 10% annually over the past number of years. This increase is due, in large part, to buoyancy as a result of new and revised property valuations coming on stream. It also stressed that the performance of the Office in processing revision requests from rating authorities is critical to the achievement of continued buoyancy going forward and that the achievement of the maximum efficiency and consequently turnaround time is all the more important following the enactment of the 2006 Local Government (Business Improvement Districts) Act. It is estimated that income from this new property levy could generate an additional €15 million in a full year.

4.57 The Department also noted that the projected average cost of revaluing a property (over €600 in 2006 prices) compared unfavourably with costs in the UK. While the report acknowledges that systems in the UK have facilitated cost efficiencies, the figures would suggest that projected costs for the revaluation programme here warrant serious examination and analysis with a view to reducing the unit costs to nearer UK levels. The Department fully supports the conclusions advocating a revised plan from the Office for completion of the revaluation programme for the country. The plan should be drawn up in consultation with stakeholders and should set out the resource implications of completing the programme within an ambitious but realistic timescale, without impacting adversely on the achievement of high levels of efficiency in the processing of revision requests from rating authorities.

Views of the County and City Managers' Association

4.58 The Association pointed out that the main concern of most rating authorities is to ensure that they get a high quality, timely service from the Office on the day to day matters. Rating authorities have expressed concerns at the decrease in staff, decrease in targets, level of and effectiveness of communication, and changed procedures of the Office which require more information and input by rating authorities. There is a need for clear and consistent instructions and guidelines from the Office in relation to issues raised by rating authorities including a working understanding of when a project is considered "capable of beneficial occupation". It noted that different valuers can have different views of this key status, and that this can have a significant impact on the income of authorities in that there is a legitimate wish on the part of rating authorities to ensure that new and redeveloped properties are valued at year end. It suggested, in this regard, that some leeway be allowed for listing substantial revisions after June. It acknowledges that the Local Government (Business Improvement Districts) legislation has the potential to impact positively on this situation, as long as valuation requests are processed promptly. The organisation of workshops by the Office to improve communications and discuss common problems might be considered.

4.59 The Association contrasts the requirement on the Office to assign cases in accordance with good management with that where the rating authority must

- anticipate the expected completion date of each development based on an external view of the project
- list the revision/valuation application in a manner and at a time that will ensure that the applicant can prove a material change of circumstances or development that is capable of beneficial occupation if the Office decides to immediately assign the case and follow through with an early inspection process
- ensure that the application is made to the Office by the June service level agreement deadline
- negotiate with the Office to assign the application if it is submitted after the June deadline but before the September cut-off
- maximise potential rates/entry year property levy income for the following year (the timing of final certificate valuations can significantly affect the levy).

4.60 The Association noted the view of the rating authorities that the strict time deadline imposed by the Office for the submission of listings does not take into account the extent and ongoing nature of development and construction which means that, inevitably, some properties are completed after the June/September deadlines and also the obligation on rating authorities to treat all rateable properties equally and fairly and to maximise potential for rates income (i.e. list properties for revision valuation as they come on stream).

4.61 The Association noted the critical importance of the work of the Office to rating authorities and the importance of that work and performance of the Office reflecting the needs of both large and smaller authorities. It pointed out that for a small rating authority, numerous small revisions are important. It noted that in practice, there has been engagement with the Office through the

Association's Finance Committee on an ongoing basis so that the concerns of rating authorities are fully understood by the Office.

4.62 The Association emphasised the importance of the appeals process being seen as independent and transparent. It also suggests that a low tribunal appeals rate is not necessarily an indication of quality control. The key issue of recruitment and retention of staff is recognised by rating authorities as a key weakness that adversely affects the performance of the Office in dealing with the ongoing workload.

4.63 The Association notes a number of critical issues and serious concerns arising from the experience to date of the revaluation process in SDCC. These include

- The delays being encountered relative to the five year target and their implications for SDCC and the country as a whole.
- The view that the cost per unit valued is greatly in excess of the UK standard.
- SDCC did not regard itself as a "testing ground" for the process – there has been an expectation at all stages that there would be a continuous and immediate rollout of the national project. In particular, SDCC highlighted the risk to the rating process if two valuation platforms had to co-exist for an extended period – that the dependency of SDCC on commercial rates (40% of income) was such that satisfactory completion of the project and delivery of the national project are essential.
- SDCC was not aware of the extent to which staffing was a concern for the project.

Conclusions

4.64 Overall the Office has set out its strategy and has business management, corporate governance and risk management systems.

> The Office needs to focus its efforts better by identifying and aligning specific initiatives with its strategic objectives.

4.65 The Office has set up business process re-engineering and performance measurement groups. These are involved in identifying obstacles that prevent individuals from working in an efficient and rewarding manner and agreeing methodologies for the measurement of performance in valuer grades.

> It is important that this work is brought to a conclusion and performance measurement policies agreed across all grades.

4.66 The accounts module of the Office's Management Information Framework, introduced in 2003 went live in January 2004. Various enhancements to the system have since been made. However, a review of cost centres for 2006 revealed that only a small proportion of overall expenditure is specifically allocated to designated cost centres and most costing information is based on the apportionment of costs rather than direct capture. Around 85% of 2006 expenditure was coded to the Office's general cost centre. Without accurate identification of costs associated with the Office's main activities, the value of investments in these systems is unlikely to be realised.

> The Office will only derive full value from its investment in management information systems if it establishes data capture and analysis procedures for its expenditure in order to position it to cost its activities and calculate unit costs.

4.67 The Office conducts surveys of the satisfaction of its customers. While there was an increase in satisfaction up to 2005 ratings in 2006 dropped across a range of criteria.

> The Office should continue to monitor customer satisfaction with a view to providing excellent services.

4.68 Currently, only two rating authorities are engaged in the electronic exchange of information with the Office. Discussions are ongoing with three further rating authorities who are in the process of developing their systems to facilitate electronic transfers. The standards for electronic exchange of data have been agreed with the Local Government Computer Services Board, Dublin City Council, Wexford County Council and Cork City and County Councils, however the Office has informed me that rating authorities have been slow to complete the preparatory work necessary to facilitate exchange.

> Overall, it would facilitate valuation and rating processes if there were interoperability and greater uniformity of systems used by rating authorities and the Office.

Appendices

Appendix A Rateability of Property

A.1 Rateable Property

Under Schedule 3 of the 2001 Act property (of whatever estate or tenure), which falls within any of the following categories is rateable where it

(i) is occupied and the nature of that occupation is such as to constitute rateable occupation of the property, that is to say, occupation of the nature which, under the enactments in force immediately before the commencement of this Act (whether repealed enactments or not), was a prerequisite for the making of a rate in respect of occupied property, or

(ii) is unoccupied but capable of being the subject of rateable occupation by the owner of the property.

- buildings
- lands used or developed for any purpose (irrespective of whether such lands are surfaced) and any constructions affixed thereto which pertain to that use or development
- railways and tramways, including running line property and non-running line property
- harbours, piers, docks and fixed moorings
- mines, quarries, pits and wells
- rights of fishery
- profits *a´ prendre*, other than rights of fishery
- tolls
- easements and other rights over land
- rights to drill for and take away petroleum
- canals, navigations and rights of navigation
- advertising stations and land and any buildings used as advertising stations
- electricity generating stations, including where appropriate —
    - all buildings and structures
    - all tanks, including fuel oil tanks, water tanks and chemical tanks
    - boilers, furnaces and ancillary fuel handling equipment
    - cooling water inlet and outlet facilities, including pump-houses, culverts, pipe-works weirs and outfall works
    - natural gas installations
    - effluent disposal works, including chimneys and treatment plant
    - wind generators, turbines and generators, together with ancillary plant and electrical equipment, including transformers
    - docks, cooling towers, embankments, canals (head race, tail race), locks, penstock and surge tanks
    - dams, weirs, bridges, jetties, railways, roads and reservoirs
    - all ancillary on site developments

  - all electric lines
- the entire networks subsumed in an undertaking including, as the case may be —
  - signal transmission and reception equipment, all associated masts, lines, cables, posts, pylons, supports, brackets, ducting, tubing and all equipment necessary for normal effective functioning of the networks up to the supply point for each individual consumer
  - all pipeline networks and systems, including pressurizing and pressure reducing equipment, together with associated site developments
  - storage and containment facilities, including tanks, silos or other plant or developments used for the storage and for containment of any substance whether solid or fluid (liquid or gaseous)
  - gas works, gas pipelines and natural gas terminals
  - telecommunications, radio and television relay and rediffusion networks, including lines, cables and ancillary appendages necessary for the working of such networks
  - electricity transformer stations, including —
    - all buildings and structures
    - all site developments
    - transformers
    - electrical equipment, including switchgear, circuit breakers and associated developments
    - all electric lines
    - electric lines (within the meaning of the Electricity (Supply) Act, 1927, as amended by section 46 of the Electricity (Supply) (Amendment) Act, 1945), including transmission and distribution networks and consumer service mains and networks on, over, or under ground, together with lines and cables with their respective supports (including poles, pylons and brackets), culverts, cuttings, ductings and pole transformers, used in association with those electricity conductors
- any building or part of a building or lands or waterways or harbours directly occupied by the State, including lands or buildings occupied by any Department or Office of State, the Defence Forces or the Garda Síochána or used as a prison or place of detention.

A.2 Non-Rateable Property

Under Schedule 4 of the 2001 Act the following property is not rateable.

- Agricultural land
- Land developed for horticulture
- Land developed for forestry
- Land developed for sport
- Farm buildings
- Any domestic premises (but subject to *section 59(4)* (which provides that apartments are rateable in certain limited circumstances))
- Any land, building or part of a building used exclusively for the purposes of public religious worship
- Any land, building or part of a building used by a body for the purposes of caring for sick persons, for the treatment of illnesses or as a maternity hospital, being either —
  - a body which is not established and the affairs of which are not conducted for the purpose of making a private profit from an activity as aforesaid, or
  - a body the expenses incurred by which in carrying on an activity as aforesaid are defrayed wholly or mainly out of moneys provided by the Exchequer and the care or treatment provided by which is made available to the general public (whether with or without a charge being made therefore)
- Any burial ground or crematorium which is not established or operated for the purposes of making a private profit and the income derived from the operation of which is used wholly to defray the expenses (including expenses of a capital nature) incurred in its operation.
- Any land, building or part of a building occupied by a school, college, university, institute of technology or any other educational institution and used exclusively by it for the provision of the educational services referred to subsequently in this paragraph and otherwise than for private profit, being a school, college, university, institute of technology or other educational institution as respects which the following conditions are complied with —
  - (i) it is not established and the affairs of it are not conducted for the purposes of making a private profit, or
  - (ii) the expenses incurred by it in providing the educational services concerned are defrayed wholly or mainly out of moneys provided by the Exchequer, and
  - in either case it makes the educational services concerned available to the general public (whether with or without a charge being made therefore)
- Any art gallery, museum, library, park or national monument which is normally open to the general public and which is not established or maintained for the purpose of making a private profit
- Property (whether falling within *paragraph 11* or not) occupied by —
  - the National Museum of Ireland
  - the National Library of Ireland
  - the National Gallery of Ireland

  - the Irish Museum of Modern Art Company
  - the Arts Council
  - the Heritage Council
  - the National Concert Hall Company
  - the Chester Beatty Library, or
  - the National Theatre Society Limited
- Any buoy, beacon or lighthouse
- Any land, building or part of a building occupied for the purpose of caring for elderly, handicapped or disabled persons by a body, being either —
  - a body which is not established and the affairs of which are not conducted for the purpose of making a private profit from an activity as aforesaid, or
  - a body the expenses incurred by which in carrying on an activity as aforesaid are defrayed wholly or mainly out of moneys provided by the Exchequer
- Any building or part of a building used exclusively as a community hall
- Any land, building or part of a building which is occupied by a body, being either —
  - a charitable organisation that uses the land, building or part exclusively for charitable purposes and otherwise than for private profit, or
  - a body which is not established and the affairs of which are not conducted for the purpose of making a private profit and —
    - the principal activity of which is the conservation of the natural and built endowments in the State, and
    - the land, building or part is used exclusively by it for the purpose of that activity and otherwise than for private profit
- Any land, building or part of a building occupied by a society established for the advancement of science, literature or the fine arts and which is used exclusively for that purpose and otherwise than for private profit
- Any turf bog or turf bank used exclusively for the purpose of cutting turf or for making turf mould therefrom for fuel or manure
- (1) Any building or part of a building occupied by a member of either House of the Oireachtas or a representative in the European Parliament which is used exclusively for the purposes of accommodating his or her constituency office and the whole or part of the expenses incurred in maintaining that accommodation are defrayed by that member or representative
- (2) In this paragraph ‘‘constituency office’’ means an office which is used solely for the provision of representative services by the member of the House of the Oireachtas or representative in the European Parliament concerned in his or her capacity as such a member or representative but does not include the head office of a political party or any other office occupied by a political party.

Appendix B List of Rating Authorities

There are 88 rating authorities in Ireland. These include 29 county councils, five city councils, five borough councils and 49 town councils. All the authorities are listed in the following table.

Town councils and smaller rating authorities are grouped with the relevant county or city authority. In the foregoing report information has been reported based on the 34 areas in the first column of the table below using this categorisation scheme.

County and City Councils	Other Rating Authorities
Carlow	Carlow
Cavan	Cavan
Clare	Ennis
	Kilrush
Cork	Clonakility
	Cobh
	Fermoy
	Kinsale
	Macroom
	Mallow
	Midleton
	Skibbereen
	Youghal
Cork City	
Donegal	Buncrana
	Bundoran
	Letterkenny
Dublin City	
Dun Laoghaire/Rathdown	
Fingal	
Galway	Ballinasloe
Galway City	
Kerry	Killarney
	Listowel
	Tralee
Kildare	Athy
	Naas
Kilkenny	Kilkenny Borough
Laois	
Leitrim	
Limerick	
Limerick City	
Longford	Longford
Louth	Drogheda Borough
	Dundalk

County and City Councils	Other Rating Authorities
Mayo	Ballina
	Castlebar
	Westport
Meath	Kells
	Navan
	Trim
Monaghan	Carrickmacross
	Castleblaney
	Clones
	Monaghan
North Tipperary	Nenagh
	Templemore
	Thurles
Offaly	Birr
	Tullamore
Roscommon	
Sligo	Sligo Borough
South Dublin	
South Tipperary	Carrick on Suir
	Cashel
	Clonmel Borough
	Tipperary
Waterford	Dungarvan
Waterford City	
Westmeath	Athlone
Wexford	Enniscorthy
	New Ross
	Wexford Borough
Wicklow	Arklow
	Bray
	Wicklow

Appendix C Distribution of Valuation Requests 2001 – 2006

Rating Authority	2006	2005	2004	2003	2002	2001	Percentage change 2001 - 2006
Kilkenny	315	109	64	98	56	87	262%
Waterford	230	125	82	36	16	69	233%
Wicklow	249	205	93	87	23	92	171%
Offaly	212	192	67	137	63	89	138%
Carlow	232	176	126	94	37	98	137%
Westmeath	123	123	84	119	79	52	137%
Roscommon	189	266	127	115	94	96	97%
Clare	261	189	277	107	117	134	95%
Kerry	434	304	234	159	389	224	94%
Cavan	182	87	27	120	175	96	90%
Longford	94	66	55	71	56	52	81%
Limerick	407	283	280	88	156	228	79%
Waterford City	190	76	100	123	94	108	76%
Galway	307	337	322	207	94	177	73%
Kildare	284	236	240	217	132	191	49%
Meath	215	196	211	91	144	148	45%
Galway City	201	102	148	172	53	156	29%
Leitrim	61	47	49	26	33	48	27%
South Tipperary	105	150	124	152	104	89	18%
Cork City	396	443	356	317	203	341	16%
Sligo	74	115	41	47	66	66	12%
Cork	1,020	786	761	801	560	927	10%
Mayo	209	374	198	359	175	193	8%
Louth	332	254	149	81	166	340	-2%
SDCC	351	406	234	333	445	377	-7%
Wexford	355	300	219	159	164	384	-8%
Dublin City Council	953	839	597	552	884	1,047	-9%
Dun Laoghaire/Rathdown	172	331	238	322	158	205	-16%
North Tipperary	99	110	116	182	80	130	-24%
Limerick City	111	123	141	92	38	151	-26%
Fingal	318	342	200	241	275	465	-32%
Laois	77	71	131	19	1	114	-32%
Monaghan	111	133	207	101	78	259	-57%
Donegal	111	292	146	222	184	278	-60%
Total Valuation Requests	**8,980**	**8,188**	**6,444**	**6,047**	**5,392**	**7,511**	**20%**
Percentage Change since 2001	**20%**	**9%**	**-14%**	**-19%**	**-28%**		

Appendix D Standard Service Level Agreement 2006

The Office will: (for each rating authority)

1. Issue X revisions in 2006 by agreement with rating authority. (X listings per team).

2. Issue X appeals in 2006 by agreement with rating authority.

3. Meet rating authority on a quarterly basis to review progress on service agreement.

4. Publish report on performance against agreed standard at end of year review.

5. Ensure that valuers meet with rating personnel at start and finish of each district and advise rating authority of cases in progress.

6. Issue all final certificates and notices to occupiers and schedules to rating authority from July 2006 as agreed with rating authority.

7. Issue proposed certificates or notices on the first Wednesday of each month or as agreed.

8. Provide information leaflets, valuer identification, and address to each ratepayer at inspection.

9. Forward appeal lists to rating authority quarterly pending web-based self-service access.

10. Forward lists of third party requests to rating authority quarterly pending web-based self-service access.

11. Provide the rating authority with contact details for each team member.

12. Rating authority to be apprised of relevant Tribunal judgments immediately.

The Rating Authority will:

1. Submit revision requests by X (usually by June).

2. Ensure revision listings are specific as to purpose and include Property Number.

3. Provide back up information including maps and planning references where available and facilitate local access to planning information.

4. Provide contact details for occupiers, and rate collectors (names, addresses and telephone numbers)

5. Issue pre-revision notices to occupiers.

6. Provide end of year review

Signed :	---------------------	---------------------
	Valuation Office	**Rating Authori**ty

Date

Appendix E Geographical spread of properties valued and cases subsequently appealed for 2001 – 2006

	Rating Authority	2006			2005			2004			2003			2002			2001		
		Valuations	Appeals	Appeals as % of Valuations	Valuations	Appeals	Appeals as % of Valuations	Valuations	Appeals	Appeals as % of Valuations	Valuations	Appeals	Appeals as % of Valuations	Valuations	Appeals	Appeals as % of Valuations	Valuations	Appeals	Appeals as % of Valuations
Team 1	Carlow	249	12	4.82%	312	13	4.17%	207	3	1.45%	131	2	1.53%	14	1	7.14%	163	12	7.36%
	Dublin City Council	1,196	35	2.93%	1,210	64	5.29%	907	59	6.5%	1,249	99	7.93%	900	75	8.33%	1,647	177	10.75%
	Kilkenny	427	9	2.11%	260	7	2.69%	87	5	5.75%	187	18	9.63%	40	5	12.5%	183	21	11.48%
	Waterford City	245	4	1.63%	120	5	4.17%	156	0	0%	213	6	2.82%	314	21	6.69%	192	24	12.5%
	Waterford	370	7	1.89%	173	5	2.89%	112	1	0.89%	56	3	5.36%	46	5	10.87%	234	8	3.42%
	Wexford	466	9	1.93%	399	15	3.76%	391	20	5.12%	333	14	4.2%	328	34	10.37%	309	43	13.92%
	Wicklow	555	10	1.80%	456	14	3.07%	175	15	8.57%	150	57	38%	182	30	16.48%	88	22	25%
	Total Team 1	**3,508**	**86**	**2.45%**	**2,930**	**123**	**4.2%**	**2,035**	**103**	**5.06%**	**2,319**	**199**	**8.58%**	**1,824**	**171**	**9.38%**	**2,816**	**307**	**10.9%**
Team 2	Clare	390	56	14.36%	377	20	5.31%	322	24	7.45%	353	19	5.38%	121	13	10.74%	180	23	12.78%
	Dun Laoghaire/Rathdown	421	56	13.30%	579	92	15.89%	472	48	10.17%	492	66	13.41%	153	28	18.3%	410	82	20%
	Kerry	569	17	2.99%	535	24	4.49%	359	20	5.57%	775	38	4.9%	44	11	25%	341	40	11.73%
	Limerick City	160	5	3.13%	189	5	2.65%	181	9	4.97%	186	12	6.45%	136	7	5.15%	329	22	6.69%
	Limerick	604	13	2.15%	445	11	2.47%	227	6	2.64%	406	16	3.94%	80	3	3.75%	353	33	9.35%
	Longford	173	3	1.73%	140	4	2.86%	47	1	2.13%	107	2	1.87%	86	2	2.33%	92	6	6.52%
	Meath	387	11	2.84%	316	13	4.11%	493	21	4.26%	185	3	1.62%	281	22	7.83%	274	24	8.76%
	North Tipperary	208	10	4.81%	273	15	5.49%	89	8	8.99%	390	12	3.08%	27	3	11.11%	230	36	15.65%
	Offaly	381	6	1.57%	164	4	2.44%	106	7	6.6%	259	15	5.79	42	3	7.14%	196	10	5.1%
	South Tipperary	138	14	10.14%	260	13	5%	147	6	4.08%	267	5	1.87%	122	17	13.93%	228	18	7.89%
	Westmeath	119	6	5.04%	182	5	2.75%	263	17	6.46%	258	7	2.71%	39	5	12.82%	65	11	16.92%
	Total Team 2	**3,550**	**197**	**5.55%**	**3,460**	**206**	**5.95%**	**2,706**	**167**	**6.17%**	**3,678**	**195**	**5.3%**	**1,131**	**114**	**10.08%**	**2,698**	**305**	**11.3%**

	Rating Authority	2006			2005			2004			2003			2002			2001		
		Valuations	Appeals	Appeals as % of Valuations	Valuations	Appeals	Appeals as % of Valuations	Valuations	Appeals	Appeals as % of Valuations	Valuations	Appeals	Appeals as % of Valuations	Valuations	Appeals	Appeals as % of Valuations	Valuations	Appeals	Appeals as % of Valuations
Team 3	Cavan	32	5	15.63%	127	6	4.72%	149	6	4.03%	184	7	3.8%	157	10	6.37%	242	22	9.09%
	Donegal	361	20	5.54%	367	12	3.27%	531	44	8.29%	359	28	7.8%	234	29	12.39%	516	50	9.69%
	Fingal	671	33	4.92%	570	43	7.54%	561	38	6.77%	412	40	9.71%	462	51	11.04%	841	100	11.89%
	Galway City	247	17	6.88%	219	8	3.65%	240	42	17.5%	396	45	11.36%	67	10	14.93%	257	49	19.07%
	Galway	390	23	5.90%	536	11	2.05%	394	11	2.79%	334	16	4.79%	105	14	13.33%	348	40	11.49%
	Leitrim	62	7	11.29%	81	3	3.7%	92	8	8.7%	96	9	9.38%	28	6	21.43%	75	18	24%
	Louth	466	13	2.79%	328	26	7.93%	197	10	5.08%	314	13	4.14%	233	15	6.44%	387	25	6.46%
	Mayo	536	11	2.05%	417	21	5.04%	381	25	6.56%	502	29	5.78%	186	22	11.83%	451	43	9.53%
	Monaghan	122	4	3.28%	243	9	3.7%	283	5	1.77%	213	13	6.1%	164	12	7.32%	247	34	13.77%
	Roscommon	295	12	4.07%	366	11	3.01%	108	6	5.56%	179	11	6.15%	94	8	8.51%	107	9	8.41%
	Sligo	160	7	4.38%	102	4	3.92%	146	4	2.74%	102	5	4.9%	76	2	2.63%	136	11	8.09%
	Total Team 3	**3,342**	**152**	**4.55%**	**3,356**	**154**	**4.59%**	**3,082**	**199**	**6.46%**	**3,091**	**216**	**6.99%**	**1,806**	**179**	**9.91%**	**3,607**	**401**	**11.12%**
Team 4	Cork City	686	26	3.79%	714	30	4.2%	396	21	5.3	420	15	3.57%	316	41	12.97%	437	39	8.92%
	Cork	1,797	73	4.06%	1,273	51	4.01%	1,070	42	3.93	1,624	65	4%	650	60	9.23%	1,428	144	10.08%
	SDCC	664	19	2.86%	699	34	4.86%	419	33	7.88	898	100	11.14%	425	68	16%	862	174	20.19%
	Kildare	523	40	7.65%	569	27	4.75%	495	28	5.66	383	28	7.31%	92	18	19.57%	390	35	8.97%
	Laois	127	9	7.09%	151	7	4.64%	203	12	5.91	51	4	7.84%	47	7	14.89%	133	6	4.51%
	Total Team 4	**3,797**	**167**	**4.40%**	**3,406**	**149**	**4.37%**	**2,583**	**136**	**5.27**	**3,376**	**212**	**6.28%**	**1,530**	**194**	**12.68%**	**3,250**	**398**	**12.25%**
	Totals Teams 1 – 4	**14,197**	**602**	**4.24%**	**13,152**	**632**	**4.81%**	**10,406**	**605**	**5.81%**	**12,464**	**822**	**6.59%**	**6,291**	**658**	**10.46%**	**12,371**	**1,411**	**11.41%**

Appendix F Results of Ratepayers Charter Survey 2006

Ratepayers Charter Survey 2006

		Percentage Yes
1.	Were you contacted prior to inspection by the Valuation Office?	95%
2.	Was the valuation process explained to you by the Valuer?	90%
3.	Did the Valuer supply you with written information on your rights?	89%
4.	Did you receive proof of identity and contact details from the Valuer?	95%
5.	Did you contact the Valuation Office with a query?	26%
6.	If you had a query, were you satisfied with the treatment of your query?	95%
7.	Were you aware that you could receive a copy of your valuation report on request?	90%
8.	If so, did you receive a copy?	8%
9.	Were you made aware of your right to make a submission or an appeal?	91%
10.	If you made a submission or if you appealed were you treated fairly?	96%
11.	Were you aware of your right to complain to a Complaints Officer?	95%
12.	Did you make a complaint?	Nil