

**Confidential**

**Comprehensive Expenditure Review of the Valuation Office 2011**

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## **Part 1 Evaluation of Programmes**

### **Section 1 – Valuation Office: Programme A**

#### **1.1 Rationale, Objectives and Continuing Relevance: What are the objectives for the programme and are they still valid?**

The core rationale for the Valuation Office is the provision of accurate, up-to-date valuations of commercial and industrial properties to ratepayers and rating authorities. Its role in this regard is set down by statute, viz. the Valuation Act 2001.

These valuations are necessary to allow the local authorities to calculate commercial rates for their areas. They apply the locally- determined Annual Rate on Valuation (ARV) to the valuations produced by the Valuation Office in respect of individual properties to determine the amount of rates due. The total amount of rates collected by local authorities in 2010 was €1.30 billion in relation to 170,000 properties, representing some 25% of the income base of the local authorities. The work of the Valuation Office underpins this income.

The valuation objectives set in the law are twofold: (1) to meet requests for ongoing Revision of properties on the valuation lists in response to new buildings constructed and alterations to existing properties, and (2) to undertake periodic overall Revaluations of all properties throughout the State. It is also an objective of the Office, not set by statute, to provide a Market Valuation consultancy service to other Government Departments and Offices, including the Revenue Commissioners, local authorities and health boards as resources permit.

Unless there were significant changes in the financing of local authorities, the statutory objective of underpinning the calculation and collection of commercial rates for the local authorities remains valid. The Programme for Government does not contain any commitments in regard to the rates system. It does provide for consideration, arising from the deal with the IMF, of various options for a site value tax. The Valuation Office has not received any information to date on proposals for introduction of such a tax or on its possible impact if any on the system of commercial rates. (The National Recovery plan 2011-2014 introduced by the previous Government had stated that, with full implementation of a site value tax after an interim such tax, commercial rates would be moved to a site value basis.)

The Commission on Taxation, in its consideration of property tax options, stated that it believed that the current system of raising local authority finance from commercial rates works reasonably well, despite an outdated basis for valuing commercial properties, raising considerable amounts of revenue for local authorities and representing an additional taxation contribution from the business sector. The Commission considered that the system should remain in place but that the initiative that was underway to revalue all local authority areas needed to be expedited.

A decision to discontinue the valuation programme or to set a sunset clause for it could only arise in the context of wider decisions on taxation or local financing. Without prejudice to any decisions that may be taken by the Government in relation to the general questions of property tax and financing of local government, this review of expenditure has proceeded on the basis that the current system for raising commercial rates would continue over the period of the review.

## **1.2 Programme Effectiveness: Is the programme achieving its objectives?**

The programme is only partly meeting its objectives. In general, the Office has been meeting the objective in regard to the Revision of existing valuations part of the programme. The objective for achieving a national Revaluation of properties is seriously behind schedule. The Office has also, due to resource constraints, had to curtail its provision of advice to other Departments and Offices some of whom have had to enter into contracts to get advice from the private sector.

The Office has, in general, been meeting annual requests from the local authorities for revision of valuations. Our annual customer survey shows a reasonably high level of customer satisfaction for timeliness (65%) and quality (69%) by local authorities in regard to revision work. The level of appeals to the Commissioner against revisions has been significantly reduced over a period of years and currently stands at 5%, while approximately 1% of all revisions are appealed to the Valuation Tribunal. In the current year we have had to limit work on revision because of the heavy work involved in revaluing in the region of 25,000 properties in Dublin. The position is being kept under review.

The 2001 Valuation Act seemed to envisage that the entire country would be revalued over a 10-year period with each area being revalued again on an ongoing basis between 5 and 10 years from the initial revaluation. Due to industrial relations and staffing issues following the enactment of the legislation the revaluation programme did not get under way until 2005 with the commencement of the project to revalue the South Dublin County Council area. This was completed in December 2007 and was followed by the completion of Fingal County Council in 2009 and Dun Laoghaire- Rathdown in December 2010. The major revaluation of the Dublin City Council area, originally expected to begin in early 2010, was postponed for nearly a year and a half because of the unsettled conditions in the property market. Following a review early in 2011 the Dublin City project was commenced at the start of May 2011. The new valuation list for Dublin City will be published in December 2013.

Specific changes have been made to achieve greater effectiveness:

- initially, the removal of the distinction between revision and revaluation work and the amalgamation of the relevant teams, as well as the adoption of the new operating procedures as recommended by the Rainey Review (see Section 1.4)
- more recently, the reorganisation of teams all of which are now involved in the major Dublin City project together with the setting up of a new Central Market Analysis Unit
- more extensive development of our computer systems to provide more assistance to valuers with market analysis and benchmarking of property values.

Following the completion of the Dublin City revaluation, approaching 50% of the national valuation base, in monetary terms, will have been completed. This represents some 26% of the national total in terms of the number of properties to be valued.

It is planned to roll out the revaluation programme to other areas in 2011 and the necessary process of consultation is underway with the local authorities of Waterford, i.e. Waterford City and County Councils and Dungarvan County Council. Preliminary work is also underway in preparation for the revaluation of Limerick City and County.

Senior management in the Office have reached the conclusion that completion of the national programme within the last publicly- announced timeframe of 10 years from 2008 is still achievable but that this will require significant improvements in productivity. It is possible that the national programme might not be completed until 2020 under existing arrangements.

In the circumstances, alternative ways of proceeding are now under active consideration. These are outlined in the next section.

### **1.3 Efficiency: How can greater efficiency be achieved in the context of a lower level of expenditure?**

Some improvements in the measurement of performance have occurred. Following the reports by the C & AG (see **Section 1.4**) items counted as outputs for both the Office and the individual valuers are now aligned more clearly with items that require considerable work by the valuers and which are subject to charge. We are proposing to introduce an electronic work return in the current year to further improve work measurement and unit costing. The Office participated in the Performance Budgeting initiative in 2011 with material presented on a programme basis and outputs specified in terms of revision cases, revaluation cases and appeals processed.

Efforts to increase output per Valuer are ongoing. Increases in productivity are proving difficult to achieve. Senior management have therefore been examining a number of more radical options to speed up the national programme with a view to it being completed by 2016, if possible. The options we are considering are:

- introduction of a system of Self Assessment for valuation of commercial properties,
- a system for indexation of existing rateable values by deriving a relationship between the Rateable Valuations (RV's) on the published lists and current up-to-date rental values, and
- outsourcing a sizeable part of the remaining revaluation programme which, in conjunction with our own efforts, would allow the country to be completed by 2016.

Our emerging findings are that a Self Assessment system would be very attractive from the point of view of transferring the work to the commercial ratepayer which should result in savings on staff resources over a period.

However, it would require a major revamping of the legislation, would be difficult for property occupiers to implement without large scale assistance from us or reliance on paid advice from consultants and, in any event, would need a heavy ongoing audit capacity on the part of the Office to underpin its credibility, which would reduce somewhat the administrative savings from the change.

While work is continuing and legal advice will be required, it seems to us that a system of indexation of existing Rateable Valuation (RV's) to bring them into line with current rental values based on market analysis – with disaggregation of the index by property category, sub-category and location so as to capture a reasonable degree of relative shifts in property values – may also present a viable option for a radical change in approach. We will be using this option in Dublin City in conjunction with existing methodologies. Subject to the detailed examination of this proposal proving satisfactory, we could in principle gear up to apply indexation in turn to the remaining parts of the country over the period up to 2016. Adoption of the indexation approach on a permanent basis would be likely to result in considerable staff savings over time but not during the period to 2015. Such an indexation approach is not in use in Northern Ireland or in Britain but is used in Hong Kong. We are seeking to obtain further information on its use there.

An outsourcing of a significant part of the work would be costly, adding to the need to increase our Estimates and may also be difficult for the Office to manage so as to run it efficiently and guard against conflicts of interest. Some outsourcing in conjunction with other options is not ruled out.

We intend to make a decision shortly on whether the Indexation option or Self Assessment would be our preferred option for a radical change.

#### **1.4. Previous Evaluation Work**

- Value for Money Review by C&AG 2008
- Rainey Report 2008
- Annual Report of the C&AG 2008, Chapter 14

#### **Value for Money Review of the Valuation Office by the C&AG 2008**

The Value for Money review of the Valuation Office which was published in February 2008 concentrated on three areas: Revision, Revaluation and Performance Management.

##### **- Revision**

The report made several recommendations in relation to the Office programme of Revision of properties. Among them were that the Office should explore with the Local Authorities any scope for reducing listings which involve work for valuers but do not yield an income for the Valuation Office and the prioritisation of BIDS listings (new properties which would yield additional income for Local Authorities). The Team Leaders in each area now liaise more closely with the Local Authorities in an effort to reduce premature listings. It should be pointed out, however, that the decisions with regard to properties listed rests with the Local Authorities.

It is not the function of the Valuation Office to prioritise one listing over another but the Local Authorities should concentrate their efforts on listing properties for revision which will yield the greatest income for them.

The report also made a recommendation that delivery of our non-statutory Market Valuation service should be improved. Since publication of report the Office has taken a decision, based on the necessity to deploy all available resources on Revaluation and Revision work, to greatly reduce the number and type of Market Value cases which we will accept. The Office would like to resume a full service as soon as possible.

### **- Revaluation**

The report recommended the urgent need for a revised roll-out strategy of the Revaluation programme addressing resourcing, timeframe and budget. The Commissioner commissioned a review of the programme, headed up by the former Commissioner of Valuation in Northern Ireland, the outcome of which was production of the Rainey Report in June 2008. The recommendations of that report will be dealt with below.

### **- Performance Management**

The report recommended that the Office should improve its Management Information systems to allow it to accurately cost its activities and calculate unit costs and that the work of the Office's Performance Measurement group should come to a conclusion and agree performance measurement policies for the Office. The Management Information system now allocates costs to specific cost centres which makes calculation of activities possible. In conjunction with this, the Office will roll out an electronic work return form to valuer staff over the next few months which will facilitate the calculation of unit costs.

A group was set up in 2009, following the C & AG report, to examine the effectiveness of the Office's Performance Measurement system at organisational and individual levels and to make recommendations for any necessary changes. The group's work resulted in the issue of a new Standard Operating Procedure on the measurement of work outputs from revision and revaluation work. The work of the group is ongoing.

### **Rainey Report 2008**

All of the main recommendations in the Rainey Report which was produced in 2008 have been implemented. A Revaluation Board has been set up to oversee, monitor and co-ordinate the national Revaluation programme. The traditional 100% inspection rate for properties has been considerably reduced (25.5% in the latest revaluation of Dun Laoghaire-Rathdown).

A Central Market Analysis Unit has been set up with responsibility for market analysis on a macro scale, monitoring and conducting research into the performance of the commercial property market and providing assistance to the Revaluation Board in relation to quality assurance and consistency in valuations as well as setting standards for market analysis and benchmarking by valuers. Development of an IT system integrating Revision and Revaluation data is due for completion in July this year.

The Office is currently seeking changes to Legislation to facilitate access to Revenue Commissioners data on property transactions and to change provisions in the Valuation Act to facilitate efficiencies and assist with speeding up the Revaluation.

All obstacles to the free deployment of staff between operational areas of the Office have been formally removed under agreements with the trade unions which also provide for changes and flexibilities in regard to work practices and procedures. Currently, all Valuation Services valuer staff are working on the Revaluation programme for Dublin City Council. The complete delivery of the required flexibilities and changes in work practices, with positive effects on productivity, is critical to the success of the revaluation programme. Particular work practices can still be a source of contention for staff but Management continues to consult with the trade unions under the provisions of the relevant agreements.

### **Annual Report of the C&AG 2008 – Chapter 14 (Valuation Output and Performance)**

Chapter 14 identified two issues for follow-up and review: the timeliness of the Revaluation programme and the methods used to measure the output of ongoing Revision work by the Office. As stated previously, the aim of the Office under existing arrangements is the completion of the National Revaluation programme in 10 years from 2008. As well as making progress under existing arrangements, the Office is actively examining other possible options for speeding up the national programme as already outlined. Progress on measurement of performance has been outlined above.

#### **1.5. Conclusion of Evaluation**

The objective of the valuation programme remains valid but would have to be kept under review in the light of overall Government decisions on property taxation. The programme is not delivering effectively on its objectives in regard to revaluation of property values throughout the country or in the provision of valuation advice to other Government Departments and Offices. There are ongoing efforts to raise the level of performance under existing arrangements but more radical options are also being considered.

Adoption of one of the likely options has, subject to the outcome of the detailed examination, the potential to achieve a speeding up of the revaluation programme and significant resource savings but not over the period of this review. Options for more limited savings are considered in Part 2.

## **Part 1 Evaluation of Programmes**

### **Section 2 – Valuation Tribunal: Programme B**

#### **1.6. Rationale, Objectives and Continuing Relevance**

##### **Rationale**

The Valuation tribunal has also undertaken an assessment of its programme. The Tribunal exists to meet a statutory requirement for such a body. The Tribunal was established in 1989 under Section 2 of the Valuation Act, 1988 and it is continued in being in current legislation, vis. Section 12 of the Valuation Act, 2001.

##### **Objectives**

1. As provided for in Sections 34 to 37 the Valuation Act, 2001 the Tribunal must accept, hear and determine appeals against decisions made by the Commissioner of Valuation in respect of appeals brought under Section 30 of the Act.
2. As provided for in Section 54 of the Valuation Act, 2001, the Tribunal must accept, hear and determine appeals against Global Valuations of property of public utility undertakings made by the Commissioner of Valuation under Section 53 of the Act.
3. As provided for in Sections 22(4) and 22(5) of the Derelict Sites Act, 1990, the Tribunal must accept, hear and determine appeals against determinations made by Local Authorities under Section 22(1) of the Derelict Sites Act, 1991 on the value of urban land which has been entered on a Derelict Site Register.
4. As provided for in Section 39(2) of the Valuation Act, 2001 the Tribunal must state and sign cases for the opinion of the High Court when required to do so by parties who have declared dissatisfaction with determinations of the Tribunal.

##### **Continuing Relevance**

The Tribunal is fulfilling a current statutory requirement. As long as the Valuation Act, 2001 remains in force, the work of the Valuation Tribunal will continue to be relevant to the overall objective of the programme of providing a State Valuation Service.

## 1.7 Programme Effectiveness

The programme is effective. In relation to Objectives 1 and 2 above, all appeals lodged with the Tribunal are determined, excepting only those appeals withdrawn by appellants. In relation to Objective 3 above, the Tribunal makes decisions on any draft Cases Stated submitted to it and signs them or not, as the case may be.

## 1.8 Programme Efficiency

The programme is fundamentally efficient:

1. The vast majority of valuation appeals are determined within the 6-month statutory deadline.

<i>Year</i>	<i>% of appeals determined within statutory deadline</i>
2010 (Jan-Dec)	100
2011 (Jan-June)	92.5

2. While there is no statutory deadline for the determination of derelict site appeals, the Tribunal endeavours to hear and determine these appeals without undue delay.
3. The Tribunal endeavours to sign Cases Stated within the 3-month deadline provided for in Section 39(2) of the Valuation Act, 2001. However, the Tribunal's ability to meet this deadline is dependent on the actions of the parties to the appeal.

<i>Year</i>	<i>No. of Draft Cases Stated submitted to Tribunal</i>	<i>% of Cases Stated signed within 3-month deadline</i>
2009	2	50%
2010	0	
2011	1	100%

## 1.9 Previous Evaluation Work

The 2008 Report by the C&AG in respect of the Valuation Office discussed the number of appeals lodged with the Valuation Tribunal. However, this was considered only as a measurement of the quality of work being carried out at the Valuation Office. The report gave no consideration to the level of expenditure in respect of the Tribunal's operations and no recommendations were made concerning Tribunal expenditure.

## **1.10 Conclusion of Evaluation**

- a)** There are no outstanding recommendations to be acted on in relation to the implementation of cost cutting measures or increases in efficiency at the Valuation Tribunal.
- b)** Since 2009, the Tribunal itself has undertaken measures to reduce expenditure. Savings achieved by elimination of the need for a sitting of the Tribunal to issue case determinations have been significant in the context of Programme B expenditure. However, in the context of the overall vote, these savings are small.
- c)** Programme B succeeds in operating effectively and with almost 100% efficiency within its current resources. Part 2 of this report demonstrates that there is no scope for further savings of any significant magnitude.
- d)** Therefore, the Tribunal is of the view that a 20% reduction in resources for Programme B would result in failure by the Tribunal to fulfil its statutory obligations.

## Part 2 Expenditure Assessment

### Valuation Office: Programme A

#### 2.1 Pay and Numbers

##### Employment Control Framework

The following staffing ceilings apply to the Office for each of the years 2011 to 2014 through the implementation of Employment Control Frameworks (ECFs) as part of the Four Year National Recovery Plan.

	2011	2012	2013	2014
<b>Ceiling</b>	146	146	145	144

The staffing level in the Valuation Office is currently at 141.46 (June 2011)

##### Retirements – Actual and Estimated

	2011	2012	2013	2014	2015	Totals to 2015
<b>Compulsory</b>	0	1	1	3	4	9
<b>Estimated*</b>		2	2			4
<b>Totals</b>	0	3	3	3	4	<b>13</b>

(\* Estimate of staff members who are approaching statutory retirement age and who may wish to retire up to two years earlier when they have attained full service.) The bulk of these retirements will be of Valuer staff. Non-replacement of these staff will result in significant savings (€879,000 over the period).

##### Staff Savings as a result of options for change identified elsewhere in this Review Document

Savings	Staff Numbers	Associated Staff Costs €
<b>Public Office</b>	<b>5</b>	<b>195,000</b>
<b>Revaluation</b>		
<b>Revision</b>		
<b>Mapping</b>	<b>4</b>	<b>200,000</b>
<b>Possible participation in Financial Shared Services</b>	<b>2</b>	<b>Savings Offset against outsourcing costs, but there would be saving of €46,000 on IT costs.</b>
<b>eGovernment</b>	<b>2</b>	<b>85,000</b>
<b>Appeals</b>	<b>2</b>	<b>150,000</b>

## A.1 Administration - Pay

2011 €	2012 €	2013 €	2014 €	2015 €	% Saving	Savings amount
7,625,000	7,205,000	6,837,000	6,539,000	6,216,000	18%	1,409,000

The above table takes account of retirements and other options for staff savings identified in this document.

## 2.2 A.2. Administration - Non Pay

### 1. Travel and Subsistence

2011 €	2012 €	2013 €	2014 €	2015 €	% Saving	Savings amount
425,000	382,000	340,000	340,000	340,000	20%	85,000

Because of the concentration on the Dublin City revaluation programme in the period up to 2013, we think it possible to achieve a 20% saving up to that point. Thereafter, because of the speeding up of the revaluation programme together with resumed higher levels of revision work, it will be difficult to achieve further savings.

### 2. Training and Development and Incidental Expenses

2011 €	2012 €	2013 €	2014 €	2015 €	% Saving	Savings amount
356,000	338,000	320,000	303,000	285,000	20%	71,000

While training will continue to be a priority item, there is scope for achieving further reductions in incidental expenses in the period of the review.

### 3. Postal and Telecommunications Services

2011 €	2012 €	2013 €	2014 €	2015 €	% Saving	Savings amount
155,000	155,000	155,000	155,000	155,000	0%	0

With an expected increase in valuation activities, it is difficult to achieve savings under this heading.

#### 4. IT and Office Equipment

<b>2011 €</b>	<b>2012 €</b>	<b>2013 €</b>	<b>2014 €</b>	<b>2015 €</b>	<b>% Saving</b>	<b>Savings amount</b>
942,000	561,000	561,000	561,000	561,000	40%	381,000

See text at 2.5 in relation to savings.

#### 5. Office Premises Expenses

<b>2011 €</b>	<b>2012 €</b>	<b>2013 €</b>	<b>2014 €</b>	<b>2015 €</b>	<b>% Saving</b>	<b>Savings amount</b>
186,000	186,000	186,000	186,000	186,000	0%	0

Significant savings under this heading are not possible. In addition to ongoing expenditure, the Office of Public Works has indicated to the Valuation Office that it may not be in a position to renew the lease on the Office's current premises, which is due to expire at the end of September 2012. Should OPW compel the Valuation Office to move to new premises at that time, it is probable that fitting out costs will arise as a result.

#### 6. Consultancy and VFM and Policy Reviews

<b>2011 €</b>	<b>2012 €</b>	<b>2013 €</b>	<b>2014 €</b>	<b>2015 €</b>	<b>% Saving</b>	<b>Savings amount</b>
70,000	70,000	70,000	70,000	70,000	0%	0

This provision has been significantly reduced in recent years (provision under this heading was €300,000 in 2008). No further savings are envisaged under this heading.

#### A.3. Fees to Counsel and Other Legal Expenses

<b>2011 €</b>	<b>2012 €</b>	<b>2013 €</b>	<b>2014 €</b>	<b>2015 €</b>	<b>% Saving</b>	<b>Savings amount</b>
73,000	73,000	73,000	73,000	73,000	0%	0

In general, the amount expended on fees to counsel and other legal expenses exceeds the current allocation. Consequently, no savings are envisaged under this heading.

### **2.3 Public Office Services**

The Valuation Office at present provides a Public Office service for people, including tourists, who have an interest in researching property ownership dating back to 1857. This service is well-known to the public and the demand increases during the summer months.

While this service has become closely associated with the Office and staff members, as well as customers, have an attachment to it, there would be an option to discontinue this service with a saving of 5 heads of staff.

An alternative would be to transfer this essentially genealogical service and the archive books and maps to the National Archives which, together with the National Manuscript Commission, is being merged into the National Library.

### **2.4 Financial Shared Services**

It is understood that the Department of Justice, Equality and Law Reform is providing shared financial services for a number of Government Departments and Agencies from Killarney. This involves payment of salaries and pensions as well as general payments and accountancy services. This Office has been enquiring about the possibility of availing of that service but we understand that the Department of Finance has placed restrictions at present on further sign-up for the service. Subject to the service becoming available again from Justice or another Department we will explore further.

We anticipate that participation would result in saving two heads of staff, the saving on salaries being offset by the cost of the service.

Costs for maintenance and upgrade of the payroll systems in 2010 were €45,000. Added to this is the cost of replacing servers to host the payroll database every five years or so at an estimated cost of €5,000. Savings of €46,000 per year would be envisaged.

### **2.5 Office Equipment & External IT Services**

#### **- OSI Maps**

The contract with Ordnance Survey Ireland for the provision of mapping products expires in 2011. Since commencement of the current contract, alternative mapping sources such as Google maps and Bing maps have now emerged in the market place which in most instances can meet our future mapping requirements. It is proposed therefore, to make a significant saving of €235,000 through negotiation of a new contract with the OSI and/or reliance on the new mapping providers.

## **- eGovernment**

We are pursuing a significant programme for the provision of on-line services to the public and to the Local Authorities. We are providing for a resultant saving of two persons in administration resources.

## **- IT Expenditure**

### Integrated Database/ Website Development and Maintenance

As a result of the completion of the Integrated Database project and the completion of essential development work on the website, a saving of €100,000 is envisaged in 2012.

### Corepay System

See 2.4 above

## **2.6 Fees for Revision and Revaluation**

Given current economic and financial pressures, especially on SMEs, no scope is seen for increasing revision fees at present. A commitment was given that the cost of the first revaluation would not be charged to the local authorities. This was viewed by the Department of Finance as an investment in the infrastructure of the system to ensure its ongoing viability.

## **2.7 Fees for Appeals**

### **Increasing Efficiency**

Rather than consider an increase in fees, a more realistic approach would be a streamlining of the appeal system to make it more efficient and cost effective. In this regard, the Valuation Office made submissions in March 2011 to the Department of Finance for changes in the Valuation Act, 2001. As part of our submission we recommended a removal of the right of appeal to the Commissioner of Valuation.

The occupier of rateable property is entitled to make representations on a proposed valuation following the issue of a Draft Certificate by the Revision Officer and Valuation Manager. There is a right of appeal to the Commissioner against the decision of the Revision Officer and a further right of appeal to the Valuation Tribunal. The right to make representations at revision stage is a new feature of the revision process and was introduced under the 2001 Act. It is in effect a first instance appeal for which no fee is payable. This together with the right of appeal to the Commissioner and again to the Valuation Tribunal provides a ratepayer with three opportunities to contest a valuation assessment. There is also a right of appeal to the Higher Courts on a point of law.

There are no similar provisions in other jurisdictions and in our view the appeal to the Commissioner is now unnecessary given the comprehensive treatment of submissions made at the representation phase and the right to raise issues of rateability or quantum at Tribunal stage.

## **2.8 Mapping/Technical Staffing**

With advances in technology and the availability of on-line services, we do not have the same need for mapping staff services. We have agreed a phasing out of the services over a period of 15 years from now. However, it may be possible to release four members of staff through possible redeployment to other Departments/Offices where their mapping expertise and services could be utilised. Alternatively, they can be transferred to other work in the Office.

## **2.9 Rationalisation of Agencies**

The report of the Special Group on Public Service Numbers and Expenditure (The McCarthy Report) recommended the merging of the Ordnance Survey of Ireland and the Valuation Office with the Property Registration Authority (PRA). There was later talk of modifying the proposal to apply to merger of the Valuation Office and PRA only. Initially this Office indicated that there were no obvious benefits to such a merger and recommended that it be dropped. More recently, following further consideration of the possible merits of rationalising the State's involvement in property transactions and the possible role of such a merger in promoting new approaches and initiatives while providing a better career structure for staff, we indicated that we would take a constructive approach in any merger discussions. No discussions have yet taken place.

While the Office continues to be open to discussion of the possibilities it would be premature at this stage to specify the amount of savings that might accrue from a merger. In the event of such discussions, consultation with staff would be necessary. Provided there is clear communication and consultation with staff and co-operation under the Croke Park Agreement, Management do not consider that amalgamation discussions should have any significant impact on the current revaluation programme. In any event ongoing discussions are needed with staff, on the measures and options necessary to accelerate that programme.

## **Valuation Tribunal: Programme B**

### **2.10 Pay and Numbers**

The Tribunal do not see scope for the reduction in staff in support of the Valuation Tribunal. Following the reduction that has already taken place, no scope is seen to reduce members' fees which are understood to be competitive by comparison to fees paid to members of other similar or analogous dispute resolution boards (CPO Compensation and Rent Review Arbitration).

### **2.11 Non-Pay Administration**

The Tribunal see no scope for a reduction in non-pay administration costs. The Valuation Tribunal will continue monitoring costs in order to achieve further reductions/containments and will eliminate administrative cost elements where possible.

The Office of Public Works has indicated to the Tribunal that it will not renew the lease on the Tribunal's current premises, which is due to expire at the end of March, 2012. Consequently, it is the intention of OPW to compel the Tribunal to move to new premises in early 2012. It is possible that additional costs to the Valuation Tribunal will arise because of this relocation.

### **2.12 Tribunal Members' Travel and Subsistence**

No saving proposed at this stage. It is possible that some savings could be achieved if members of the Valuation Tribunal were to make greater use of public transport.

### **2.13 Vote Arrangements**

It is recommended that consideration be given to instituting a separate Vote and separate Accounting Officer arrangements for the Valuation Tribunal. It is not desirable that an independent body should be dealt with as part of the Valuation Office Vote as at present. A similar separation was undertaken some years ago in respect of the Appeals Commissioner for General Taxation.

## Part 3 Appropriations in Aid

### 3.1 Valuation Tribunal – Appeal Fees

Fees are charged by the Tribunal in respect of most appeals that are lodged. The current fee structure is as follows:

<i>Class of Valuation</i>	<i>Revision Appeal</i>	<i>Revaluation Appeal</i>	<i>Derelict Site Appeal</i>	<i>Global Valuation Appeal</i>
≤ €20,000	€5	€5	€60	Nil
> €20,000 and ≤ €50,000	€125	€125	€60	Nil
> €50,000, but ≤ €250,000	€300	€300	€60 (< €65,000 ) €125 (>€65,000, but <€130,000) €190 (> €65,000)	Nil
> €250,000	€500	€500	€190	Nil

While there will be some opposition, there is an option to increase fees for Tribunal appeals. Heretofore, there has not been a fee in respect of global valuation appeals and a fee of €3,000 is now recommended. There would also be an option to change the appeal fees structure by having a fee of €300 in respect of valuations greater than €50,000 but less than or equal to €100,000 and €500 in respect of appeals relating to properties with a valuation greater than €100,000.

While these changes would not result in a significant revenue receipts increase, they might help to reduce the number of appeals.

## Part 4 Overall Conclusions

Table 1 Summary of Review Results : Valuation Office

Office Overview				
	2012	2013	2014	2015
Total Surplus staff identified across Office (subject to the adoption of options identified in this review)	4	7	3	1
Associated Payroll Savings	167,000	181,000	132,000	50,000
Other Programme Savings	396,000	60,000	17,000	18,000
Overall Savings	563,000	241,000	149,000	68,000
Programme Savings Overview				
Programme "A"	563,000	241,000	149,000	68,000
Programme "B"	-	-	-	-

NOTE: Savings realised as a result of retirements (€879,000) as identified in the text of this document are excluded from the figures given above.

### Revised Programme-level Information

For each programme, identify the level of outputs achievable within the reduced level of resources:

#### Programme A: Provision of a State Valuation Service – Output Information

High Level Goal: To provide high-quality and sustainable valuations for our customers on time and within available resources

Scheme/ Subhead/NCSA	2010 Outputs	2011 Output Targets	2012 Output Targets	2013 Output Targets	2014 Output Targets	2015 Output Targets
Revision applications completed	7526	4500	Major progress with revaluation with a reasonable quantity of annual revision.			
Revaluations Draft Certificates	5138	Significant advance of Reval project				
Revaluation Final Certificates	5165	Significant advance of Reval project				
Revision Appeals	532	600				
Revaluation Appeals	819	Completion of 1200 appeals in relation to DunLaoghaire Rathdown				
Global Valuations	8 GVs and 5 toll roads	2 GVs				

**Programme B: Administration services for the Valuation Tribunal – Output Information**  
**High Level Goal: To provide administration services to facilitate the effective operation of the Valuation Tribunal within its statutory remit**

<b>Scheme/ Subhead/NCSA</b>	<b>2010 Outputs</b>	<b>2011 Output Targets</b>	<b>2012 Output Targets</b>	<b>2013 Output Targets</b>	<b>2014 Output Targets</b>	<b>2015 Output Targets</b>
Appeal Determinations for						
1. Revision	102	All received				
2. Revaluation	26	All received				
3. Derelict sites	3	All received				

**Programme A: Provision of a State Valuation Service**

<b>Nature of Savings</b>	2012	2013	2014	2015
Surplus staff identified	4	7	3	1
Associated Payroll Savings	167,000	181,000	132,000	50,000
Other Programme Savings				
Administrative Savings	396,000	60,000	17,000	18,000
Associated costs (if any)				
<b>Total Programme “A” Savings</b>	<b>563,000</b>	<b>241,000</b>	<b>149,000</b>	<b>68,000</b>
<b><i>Nature / source of saving:</i></b>				

**Programme B: Administration of the Valuation Tribunal**

No savings identified.