

Modernising the Delivery of Statutory Valuation Services

An Irish perspective

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Valuation Office Ireland

The Valuation Office (VO) is the state property valuation organisation in Ireland. The core function of the VO is the establishment and maintenance of a uniform and equitable valuation base on which rates on non-domestic properties are levied by the 31 local authorities across Ireland. These independent valuations form the basis for approximately €1.4 billion of Local Government funding each year.

Rating valuation system

Rates are an annual charge on commercial and industrial properties and are an important element in funding the general provision of services of local authorities. The local authorities charge commercial rates on the basis of the valuations provided to them by the Valuation Office. Commercial rates valuations are statutory valuations as defined under the Valuation Acts 2001-2015. Each statutory valuation is multiplied by the Annual Rate on Valuation (ARV) or local multiplier, which is set by the local authority each year, to calculate the amount of commercial rates payable per annum by a commercial entity. Each local authority can set its own local multiplier.

Example

Valuation (VO)	Local multiplier (ARV)	Tax due
€10,000	.25	€2,500

Context

Operating Environment

The current rating system is based on an outdated valuation base with 1988 relativities. Over time the relativity between properties and sectors has changed and without regular revaluations the growth or decline in each sector is not mirrored in the valuation base. The aim of the revaluation is to restore equity and uniformity and place modern market based valuation levels on the properties. The Valuation Office's target, in the medium term, is to conduct a revaluation every 3 years. This would avoid the negative impact experienced when revaluations are carried out too far apart.

Due to a moratorium on recruitment during the economic downturn, the Valuation Office experienced a loss of experienced staff through retirements. This situation created a very difficult environment at a time when demand from government and other stakeholders to conduct and accelerate the national revaluation programme was growing. An innovative approach was, therefore, essential.

Requirement

The acceleration of the National Revaluation Programme on a value for money basis was a priority. The application of modern valuation levels brings greater transparency, uniformity and fairness to the rating system in Ireland. In order to achieve this objective and meet the needs of its stakeholders, the Valuation Office introduced a significant programme of change. This required the Valuation Office to enter into a transitional phase, moving from using traditional labour intensive practices to a modern office that uses technology to its optimum effect in order to drive efficiency and reflect international best practice.

The purpose of this paper is to outline a number of key developments currently underway in this regard.

The Approach: The Change Programme

New Legislation

The Valuation Office has operated under legislation dating from 2001 in recent years and a number of shortcomings had been identified in its operation in the interim. These were addressed in June 2015 when a new Valuation (Amendment) Act was passed into law. The primary purpose of the new legislation is to accelerate the National Revaluation Programme, the first of its kind in over 160 years and the main policy priority of the Valuation Office.

The new Act includes a range of new provisions designed to advance the revaluation programme:

“Occupier Assisted Valuation (OAV)”

The new OAV provisions, for the first time, provide a statutory basis for elements of self-assessment by the rateable occupiers of property with an overriding responsibility on the Commissioner of Valuation to determine the correct valuation. This is a significant departure from the previous approach to revaluation (direct assessment) and which also requires new statutory regulations setting out the detail as to how the process will work. It also requires a very detailed outreach programme and an extensive level of online and back-office support around the various technical aspects of valuation which the occupier will now be expected to carry out. OAV will be piloted in one county during 2017 and, if successful, it is envisaged that it will be rolled out across other rating authorities shortly thereafter.

Outsourcing of Revaluation work

The new Act contains provisions which enable the Commissioner of Valuation to enter into arrangements with external parties to carry out the functions of the Valuation Office. The effect of this provision is to enable the Valuation Office to contract out some of the revaluation work, in order to augment the in-house capacity of the organisation. This is one of the provisions expressly intended to assist the acceleration of the national revaluation programme. Arising from this, the Valuation Office has recently concluded an international competition conducted under EU procurement rules and has appointed CBRE to carry out a revaluation of all rateable properties in counties Carlow and Kilkenny on a pilot basis. This project is now well underway and the new valuations will become effective on 31st October 2017.

Changes to the Appeals Process

An important feature of the Valuation (Amendment) Act is its removal of one tier of appeals. Under the previous legislation, a dissatisfied party had three opportunities to challenge a valuation. An initial challenge could be made before the valuation was finalised, followed by a formal appeal to the Commissioner when the new valuation list was published, followed by a further appeal to the independent Valuation Tribunal. There is also an appeal to the High Court on a point of law.

The new legislation has streamlined the appeal process by specifically removing the appeal to the Commissioner, with consequent impact on the overall timelines of the **valuation lifecycle**, while retaining and enhancing the other tiers. The first cases under the new appeal regime are now coming through the system and the Office is very keen to analyse the impact of the changes on overall levels of challenge.

The Act has also made a number of potentially important changes to the operation of the Valuation Tribunal, including provision for cases to be determined by written submission alone, without an oral hearing, as is currently the case. The legislation also makes provision for a division of the Tribunal to be constituted of one member or three members.

Improved Data Sharing

In Ireland, improving the sharing of data across public sector organisations is a priority and the Valuation Office is no exception. The recent legislation has provided a specific statutory basis for the Valuation Office receiving data from and contributing data to other specified public bodies and detailed protocols are now in place to facilitate this.

Examples include the Revenue Commissioners and the Property Services Regulatory Authority (PSRA). Occupiers of commercial properties are required to submit their leases for stamping and registration with the Revenue Commissioners. They must also submit the details of their lease to the PSRA. Details of these leases are supplied to the Valuation Office on a quarterly basis.

Wider use of Statistical Data

During the current National Revaluation Programme, the Valuation Office has been moving increasingly towards a multiple property valuation approach, using elements of what is sometimes termed “mass appraisal” in other jurisdictions. The new Act acknowledges the developments in this regard which have been taking place across the international property valuation domain by specifically providing for the use of general market data or aggregated data (including *statistical and computer-aided techniques*) in determining valuations, where it is considered appropriate to do so.

Process Reviews (IRRV and IPTI)

In order to complement the changes recently brought about by the new legislation and to take full advantage of international best practice, the Office commissioned two leading international organisations, the Institute of Revenues Rating and Valuation (IRRV) and the International Property Tax Institute (IPTI), to conduct a detailed review of the processes it uses when conducting revaluations and also revisions to valuation lists between revaluations. This important work was concluded in October 2016 and the review provides a blueprint for ongoing investment in the development and delivery of statutory valuation services over the coming years.

Examples of recommendations include:

- Create a Communication lead role to manage a communication strategy with internal and external stakeholders
- Create a Data manager role to create and enforce policies for data management and to monitor data quality.
- Create a Valuation Technician role to fill the expertise gap between administrative and valuer staff
- Conduct a training needs analysis to complement the emerging new roles and processes
- Enhance existing online services by targeting greater citizen participation

In addition, a new ICT strategy is currently being developed and will be completed by December 2017. This will outline and specify the areas requiring investment and the funding requirements over the lifetime of the Valuation Office Strategic Plan for 2017-19. The ICT strategy will also reflect the advice given by IRRV and IPTI.

Priority Initiatives include:

- Computer Assisted Mass Appraisal (CAMA) system and sub-systems. The objective is to link all the resources of the organisation into a single network which will result in a faster, more efficient and low cost appraisal. The relationship between CAMA sub-systems should include linking Data management, Valuation, Performance analysis, administration and appeals all together.
- Improved electronic data collection process to support the valuation process
- Enhanced field based data collection and valuation technology
- Introduce a comprehensive electronic workflow management tool and caseload management system.

Strategic Plan 2017 – 2019 “Valuing our Potential”

The strategic plan of the Valuation Office was created after the process review was published and the new legislation had been enacted. Its outlines clearly the required developments and necessary investment in people, process and technology.

The Valuation Office’s three strategic priorities are;

- Meet the needs of our stakeholders
- Strengthen our organisation

- Prepare for the establishment a **new single organisation** involving the merger of the Ordnance Survey Ireland, the Property Registration Authority and the Valuation Office Ireland.

Change Programme



Delivering Success through Change

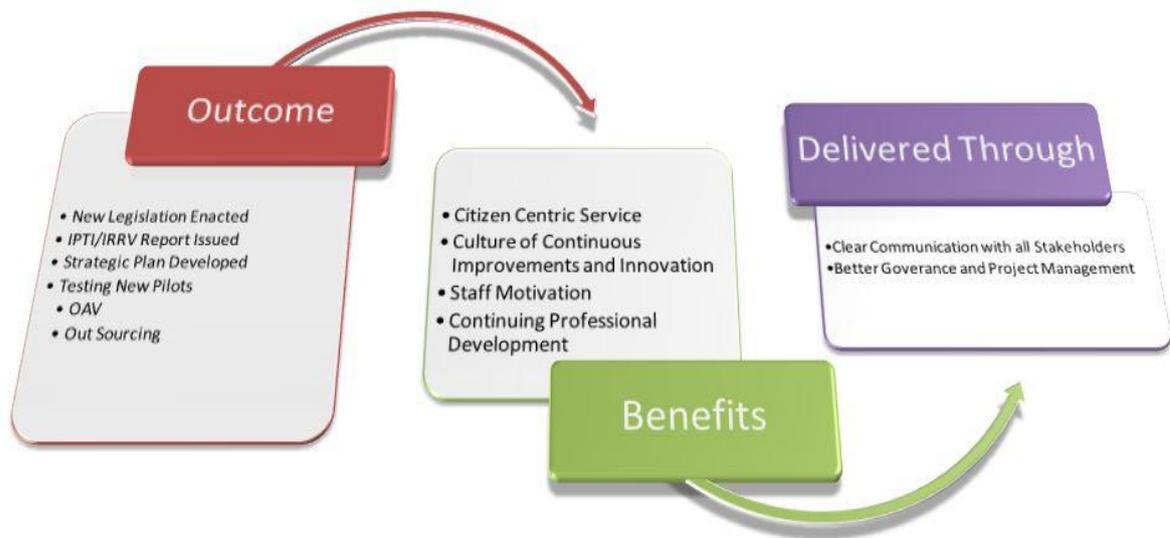
The Valuation Office recognised that it could not deliver the National Revaluation Programme given the resources at their disposal, within a reasonable timeframe and using the existing work practices. Therefore in order to build capacity within existing resources, the Valuation Office needed to develop the organisation to work differently. The Valuation Office recognised that there can be uneasiness about changes in how work is carried out and in order to offer a new vision they worked with IRRV/IPTI to develop an achievable roadmap for the future. This involved a reconsideration of organisational culture, values and behaviours and the outcome of this work is now set out in the strategic plan. A Leadership

Group was established to deal with various areas of change in conjunction with staff. Areas of change have not been confined to processes. The Valuation Office also sought to improve career opportunities and provide better developmental opportunities for staff.

Governance

The Valuation Office has also introduced a new governance framework for its work programmes. By changing its management approach from project-centric to programme-centric, there is now better control of the wide ranging change activities and the ongoing management of projects. This involved developing a master plan with new governance procedures and establishing a Revaluation Programme Board and Review Group. Additionally, new project management processes were adopted including developing a new revaluation work breakdown structure allowing more effective time management and identification of critical paths.

Achievements



These were achieved through consultation with all stakeholders.



Merger

In addition to the initiatives which have been underway within the Valuation Office, wider policy developments across Government are also having an important impact on the organisation. As part of its programme of rationalisation of State bodies, the Government is currently proceeding with a merger of the Valuation Office, the Property Registration Authority and Ordnance Survey Ireland. The new organisation arising from the merger, known as **Tailte Éireann**, will have responsibility for several important functions, including:

- The State property registration system
- The State mapping and surveying infrastructure
- The State property valuation service
- The development and maintenance of State geospatial information

This merger is a very significant development and opportunity for all three organisations. It requires primary legislation to establish the new entity and publication of the Tailte Éireann Bill, which is currently being drafted, will represent the next major milestone on the road to completing the merger.

Lessons Learned

The starting point for the Valuation Office programme of change was to ensure that the vision was achievable. This was created by consulting with various Valuation Office stakeholders, including important contributions from the staff.

A key enabler to achieving that vision has been the enactment of several new legislative provisions which improve the operational effectiveness of the major work programmes of the organisation. It has allowed the Valuation Office to strengthen and broaden its processes and to explore and test alternative means of delivering valuations. It has also encouraged staff to be innovative and creative in solving problems.

It is axiomatic that staff are key to delivering changes in any programme of change for an organisation in transition. Creating platforms for staff to channel their ideas has proved to be very beneficial and effective. More importantly, the broader engagement resulting from this has proved crucial in helping staff and management to work more effectively together.

The introduction of better processes such as improved programme and project management has resulted in more effective delivery of work programmes which has in turn impacted positively on the behaviours and values of staff.

An important factor in any change programme is to understand that change is a continuum and not a series of episodes. The Valuation Office is currently looking at changes across a broad range of areas within the organisation and will carry on doing so into the future. These include reviewing tasks in our work breakdown structure, refreshing the branding and rethinking how the Valuation Office communicates with staff and stakeholders.

In recent times the Valuation Office shared its experiences with peer organisations in other jurisdictions and will continue to do so. Exposure to unfamiliar processes and new ideas currently being tested internationally has encouraged the Valuation Office to borrow from the best and integrate new facets into its systems.

The programme of change underway in the Valuation Office is extensive and challenging and the organisation is well advanced in developing the capacity and the capability necessary to bring this transformation about. The vision of the Valuation Office is to be a world-class property valuation provider for the State and the people of Ireland and the programme now underway is a critical element in paving the way for the realisation of that vision.

Other countries attempting similar reforms will, therefore, benefit from strong leadership, well managed change processes, outside expertise (IRRV/IPTI), stakeholder consultations, and ensuring staff are fully involved and given the opportunity to bring their ideas to the table and grow professionally with the organisation.