



# Renfrewshire Valuation Joint Board

**Report to:** Renfrewshire Valuation Joint Board

**Meeting on:** 30<sup>th</sup> May 2019

**Subject:** Non-Domestic Appeals

**Author:** Assistant Assessor & Electoral Registration Officer

## Introduction

The purpose of this report is to brief members on the appeal process and report progress not only on disposal of Revaluation appeals, but the disposal of Running Roll Appeals received since the 2017 Revaluation.

### 1. Background

A 5-yearly Revaluation process was introduced by the Valuation and Rating (Scotland) Act 1956. The previous revaluation was carried out as at 1<sup>st</sup> April 2010, the Revaluation due at 2015 was postponed by two years, therefore it has been seven years since the last revaluation. The 2017 Revaluation required the Assessor to value or revalue all of the lands and heritages in his valuation area. These valuations are totally fresh and need bear no relation to the value applied in the preceding 7 years.

The process involves the collection and analysis of rental, building cost and turnover data to establish the new levels of value to be applied to the various types of subject. These valuations are then updated, the new valuation roll is published, and all interested parties notified. This process is founded on continuous processes but the bulk of the work in relation to the Revaluation is carried out in the 2 years preceding the date of the Revaluation.

### 2. Right of Appeal

The Revaluation brings with it a fresh right of appeal. This right of appeal has to be exercised within a six-month period starting on the 1<sup>st</sup> April in the year of the Revaluation or within six months of the date of issue of the Valuation Notice, whichever is later.

Any person to whom the Assessor has issued a Revaluation Notice is entitled to appeal. In practice this means the Proprietor, the Tenant or the Occupier of the property.

These appeals must be disposed of within time limits prescribed in a Timetable Order. This currently states by the end of the third year following the revaluation; in this case, 31<sup>st</sup> December 2020.

### 3. Negotiation of Appeals

Following citation of an appeal, it is normal practice for a member of the Assessor's staff to enter into negotiation with the appellant or the appellant's agent. In the majority of cases, these discussions will result in a settlement of the appeal without any need to present the appeal to the Valuation Appeal Committee; this settlement will be a withdrawal of the appeal by the appellant or an adjustment to the value by the Assessor.

If, however, the parties cannot reach agreement, the appeal will be presented to the Valuation Appeal Committee. In the normal course of events, a senior member of the Assessor's staff will lead the case, however depending on the complexity and legal arguments involved, it may require that Counsel is employed to lead the case for the Assessor. In all cases one or more members of the Assessor's staff will require to give evidence as an expert witness.

#### **4. Local Valuation Appeal Committee**

The Appeal Committee is drawn from the Renfrewshire Valuation Appeal Panel. The members of the Panel are appointed by the Sheriff Principal. They are all unpaid, are completely independent of the Assessor and the local councils and have no prior knowledge of any case listed for hearing.

In the case of highly complex appeals, either party has the right to request that the appeal is referred to the Lands Tribunal for Scotland. Referral is not undertaken lightly as it involves a considerable amount of preparatory work by several members of staff and may involve several days of examination, cross-examination and submissions in front of a High Court Judge and a Lay Expert.

In all appeals, either party may appeal the decision of the Appeal Panel or Lands Tribunal. This appeal will be heard by the Lands Valuation Appeal Court (The Court of Session).

#### **5. Revaluation Appeals**

As members will be aware, the Revaluation brings with it a fresh right of appeal and traditionally results in a large influx of appeals. This Revaluation is no different with an increase of 6% on the number of 2010 Revaluation appeals. The total number of Revaluation Appeals received for 2017 is 3,832, which relates to 3,542 subjects with a cumulative value of £324,294,785.

A number of statistical extracts have been compiled to show the Revaluation Appeals received in 2017 and the subsequent running roll appeals. These have been shown by category type and map the categories used by the Scottish Executive; see Appendix 1. The 20 categories divide subjects into easily understood groupings such as Retail, Offices, Industrials, Health, Education and Hotels.

Category 11, titled "Public Service" includes subjects such as the Airport, Bus Station, Court House, Fire Station, Military Establishment, Police Station and Waste Water Treatment Works.

Category 17, titled "Others" includes subjects such as Car Parks, Car Spaces, Ground, Kennels, Livestock Auction Marts, Premises Under Reconstruction, Stables, Water Rights and Weighbridges.

Following a Revaluation, new values will generally remain unchanged until the next Revaluation; unless the property is altered, or other changes take place. New properties will be added to the Roll as they become capable of occupation and entries for demolished buildings will be deleted.

However, a Running Roll appeal can be lodged by a ratepayer or their agent on the grounds that there has been a Material Change of Circumstances which has affected the value of the property or on the basis of an error in the valuation.

## **6. The disposal of 2017 Revaluation Appeals**

A number of statistical extracts have been compiled to show the 2017 Revaluation Appeals. These have been shown by the same category type as stated above, see Appendix 1.

As the Board is aware, the Assessor for Renfrewshire Valuation Joint Board is the “Designated Assessor” for fixed line Telecommunications subjects which are included at line 20 in the tables.

All the Revaluation appeals MUST be cited for a local Valuation Appeal Committee hearing by 31<sup>st</sup> December 2020.

The disposal of the Revaluation appeals began with the first local Valuation Appeal Committee hearing on 10th May 2018 followed by scheduled hearings from then to present date. Since last reporting there have been four non domestic hearings between February and April. The statistics provided within this report relate to all appeals processed, up to the 31<sup>st</sup> March 2019.

Six further hearings have been scheduled from May through to December. It is anticipated that the category of subjects likely to be cited will include retail warehouses, freestanding restaurants, cafes, car spaces, supermarkets, hotels, hospitals, ad stations, licensed premises, car showrooms and petrol filling stations and schools. In an attempt to try and fulfill possible savings, we will be inviting ratepayers and their agents to enter into negotiations with staff over the summer recess with respect to licensed premises and schools. It is hoped that agreement can be reached over this period thereby in the majority of cases negating the need for the Secretary to the Valuation Appeal Panel requiring to issue formal citations. This will of course be dependent on the willingness of the individual parties involved.

As at 31/03/2019 we have disposed of 65.61% of the number of subjects under appeal, which relates to the bulk of shop, office and industrial premises within each of the three Local Authority areas.

Appendix 1 shows the number of appeals disposed of and processed up to the 31st March 2019 and the numbers remaining to be dealt with. The information is provided for each of the three local authorities together with a total for the Joint Board area.

## **7. The disposal of Running Roll Appeals**

In addition to the Revaluation appeals, Running Roll appeals have also been programmed into hearings throughout this period. Unlike the revaluation appeals which is a known quantity, running roll appeals will be a moving target as ratepayers and their agents can lodge this type of appeal at least once in any one financial year. Therefore, whilst the revaluation appeals will progressively reduce over this period of time, the numbers of running roll appeals outstanding will fluctuate depending on numbers received throughout the quinquennium. The disposal date for this type of appeal will be determined by the date the appeal is lodged – generally by 31<sup>st</sup> December in the following year or 12 months after receipt, whichever is later.

Since the last report in January we have received an additional 111 running appeals which increases the total number received to 663. To date we have disposed of 235 appeals in addition to the Revaluation appeals outlined above.

## **8. Disposal of Other Outstanding Appeals**

As outlined previously, if a case is considered highly complex it may be necessary for it to be referred to the Lands Tribunal for Scotland. At present there are a number of subjects that have cases from both the 2005 and 2010 Revaluations that have been referred to the Lands Tribunal, the bulk of which relate to mobile or complex fixed line telecommunication subjects.

Negotiations are currently on-going with the relevant agents and it is hoped that agreement will be reached over the coming months without the need for any cases proceeding to formal hearings. The number of appeals referred to the Lands Tribunal currently outstanding are as follows:

6 appeals remain outstanding from 2005 Revaluation in relation to 5 subjects

34 appeals remain outstanding from 2010 Revaluation in relation to 19 subjects

### **Conclusion:**

The disposal of appeals is a major component of the work undertaken by the Assessor's valuation staff. It is work that can be stressful due to the strict legislative timetables and the adversarial nature of the negotiations. It is to the credit of the staff that they are able to deal with these matters with fairness, courtesy and professionalism. I hope this gives an insight into the background of the appeal process and progress of revaluation and running roll appeals disposal.

### **Recommendations**

- i. The Board notes the contents of this report.

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14<sup>th</sup> May 2019

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## APPENDIX 1

### RVJB Revaluation 2017 – Appeals (By number of subjects under appeal as at 31/03/2019 – **RENFREWSHIRE**)

Category	Number Received	RV under Appeal	Disposed	Original RV	Adj RV	Number O/S	Appeal RV O/S	% O/S
1 Retail	528	£ 63,147,350	413	£ 29,715,050	£ 28,980,950	115	£ 33,432,300	21.78%
2 Public House	67	£ 2,482,000	2	£ 30,000	£ 26,000	65	£ 2,452,000	97.01%
3 Office including Banks	526	£ 13,448,400	448	£ 10,597,050	£ 10,089,750	78	£ 2,851,350	14.83%
4 Hotel Etc	18	£ 6,229,500	1	£ 625,000	£ 390,000	17	£ 5,604,500	94.44%
5 Industrial	443	£ 30,604,205	409	£ 15,733,055	£ 14,845,005	34	£ 14,871,150	7.67%
6 Leisure	46	£ 5,977,950	8	£ 175,600	£ 180,600	38	£ 5,802,350	82.61%
7 Garages and Petrol Stations	19	£ 1,003,500	6	£ 106,500	£ 101,500	13	£ 897,000	68.42%
8 Cultural	37	£ 1,326,150	2	£ 56,400	£ 52,900	35	£ 1,269,750	94.59%
9 Sporting Subjects	3	£ 136,000	0	£ -	£ -	3	£ 136,000	100.00%
10 Education and Training	76	£ 13,701,350	2	£ 119,000	£ 105,000	74	£ 13,582,350	97.37%
11 Public Service Subjects	89	£ 5,590,000	11	£ 223,200	£ 221,200	78	£ 5,366,800	87.64%
12 Communications (Non Formula)	5	£ 9,200	0	£ -	£ -	5	£ 9,200	100.00%
13 Quarries Mines etc	1	£ 21,500	0	£ -	£ -	1	£ 21,500	100.00%
14 Petrochemical	2	£ 239,000	2	£ 239,000	£ 229,000	0	£ -	0.00%
15 Religious	11	£ 127,600	0	£ -	£ -	11	£ 127,600	100.00%
16 Health Medical	22	£ 4,890,200	9	£ 154,700	£ 136,600	13	£ 4,735,500	59.09%
17 Other	185	£ 3,020,970	80	£ 2,971,170	£ 1,502,130	105	£ 49,800	56.76%
18 Care Facilities	18	£ 1,308,850	1	£ 25,000	£ 25,000	17	£ 1,283,850	94.44%
19 Advertising	38	£ 121,140	0	£ -	£ -	38	£ 121,140	100.00%
20 Undertakings / Fixed Line	16	£ 100,261,800	3	£ 64,777,000	£ 47,582,300	13	£ 35,484,800	81.25%
	2,150	£ 253,646,665	1,397	£ 125,547,725	£ 104,467,935	753	£ 128,098,940	35.02%

RVJB Revaluation 2017 – Appeals (By number of subjects under appeal as at 31/03/2019 – **EAST RENFREWSHIRE**

Category	Number Received	RV under Appeal	Disposed	Original RV	Adj RV	Number O/S	Appeal RV O/S	% O/S
1 Retail	180	£ 11,304,000	147	£ 3,751,500	£ 3,584,550	33	£ 7,552,500	18.33%
2 Public House	12	£ 963,750	0	£ -	£ -	12	£ 963,750	100.00%
3 Office including Banks	118	£ 2,330,950	89	£ 1,514,900	£ 1,314,250	29	£ 816,050	24.58%
4 Hotel Etc	5	£ 635,000	0	£ -	£ -	5	£ 635,000	100.00%
5 Industrial	85	£ 1,175,105	84	£ 1,139,105	£ 1,118,855	1	£ 36,000	1.18%
6 Leisure	13	£ 2,248,000	1	£ 56,000	£ 56,000	12	£ 2,192,000	92.31%
7 Garages and Petrol Stations	8	£ 205,850	3	£ 44,350	£ 38,400	5	£ 161,500	62.50%
8 Cultural	14	£ 432,200	2	£ 121,750	£ 66,750	12	£ 310,450	85.71%
9 Sporting Subjects	0	£ -	0	£ -	£ -	0	£ -	0.00%
10 Education and Training	31	£ 6,885,000	0	£ -	£ -	31	£ 6,885,000	100.00%
11 Public Service Subjects	36	£ 1,319,940	4	£ 34,740	£ 34,740	32	£ 1,285,200	88.89%
12 Communications (Non Formula)	1	£ 100	0	£ -	£ -	1	£ 100	100.00%
13 Quarries Mines etc	1	£ 60,000	0	£ -	£ -	1	£ 60,000	100.00%
14 Petrochemical	0	£ -	0	£ -	£ -	0	£ -	0.00%
15 Religious	4	£ 11,700	0	£ -	£ -	4	£ 11,700	100.00%
16 Health Medical	7	£ 919,900	3	£ 50,900	£ 15,000	4	£ 869,000	57.14%
17 Other	22	£ 108,950	21	£ 106,550	£ 99,450	1	£ 2,400	4.55%
18 Care Facilities	5	£ 486,000	1	£ 15,000	£ 15,000	4	£ 471,000	80.00%
19 Advertising	13	£ 55,100	0	£ -	£ -	13	£ 55,100	100.00%
20 Undertakings / Fixed Line	8	£ 1,167,200	2	£ 300,000	£ 192,100	6	£ 867,200	75.00%
	563	£ 30,308,745	357	£ 7,134,795	£ 6,535,095	206	£ 23,173,950	36.59%

RVJB Revaluation 2017 – Appeals (By number of subjects under appeal as at 31/03/2019 – **INVERCLYDE**

Category	Number Received	RV under Appeal	Disposed	Original RV	Adj RV	Number O/S	Appeal RV O/S	% O/S
1 Retail	245	£ 12,093,100	202	£ 2,644,600	£ 2,583,600	43	£ 9,448,500	17.55%
2 Public House	28	£ 1,147,500	0	£ -	£ -	28	£ 1,147,500	100.00%
3 Office including Banks	171	£ 5,767,375	153	£ 5,076,850	£ 4,972,650	18	£ 690,525	10.53%
4 Hotel Etc	2	£ 171,500	0	£ -		2	£ 171,500	100.00%
5 Industrial	153	£ 3,917,550	146	£ 2,741,350	£ 2,649,950	7	£ 1,176,200	4.58%
6 Leisure	25	£ 1,812,500	1	£ 15,000	£ 15,000	24	£ 1,797,500	96.00%
7 Garages and Petrol Stations	15	£ 451,300	11	£ 156,800	£ 154,800	4	£ 294,500	26.67%
8 Cultural	16	£ 519,700	3	£ 48,800	£ 48,800	13	£ 470,900	81.25%
9 Sporting Subjects	0	£ -	0	£ -	£ -	0	£ -	0.00%
10 Education and Training	34	£ 7,564,550	0	£ -	£ -	34	£ 7,564,550	100.00%
11 Public Service Subjects	61	£ 2,763,800	7	£ 94,900	£ 94,300	54	£ 2,668,900	88.52%
12 Communications (Non Formula)	0	£ -	0	£ -	£ -	0	£ -	0.00%
13 Quarries Mines etc	0	£ -	0	£ -	£ -	0	£ -	0.00%
14 Petrochemical	0	£ -	0	£ -	£ -	0	£ -	0.00%
15 Religious	2	£ 57,400	0	£ -	£ -	2	£ 57,400	100.00%
16 Health Medical	11	£ 2,886,550	4	£ 50,050	£ 50,050	7	£ 2,836,500	63.64%
17 Other	41	£ 261,000	41	£ 261,000	£ 222,250	0	£ -	0.00%
18 Care Facilities	9	£ 264,600	0	£ -	£ -	9	£ 264,600	100.00%
19 Advertising	7	£ 23,750	0	£ -	£ -	7	£ 23,750	100.00%
20 Undertakings / Fixed Line	9	£ 637,200	2	£ 226,000	£ 166,100	7	£ 411,200	77.78%
	829	£ 40,339,375	570	£ 11,315,350	£ 10,957,500	259	£ 29,024,025	31.24%

RVJB Revaluation 2017 – Appeals (By number of subjects under appeal as at 31/03/2019 – **TOTALS IN JOINT BOARD AREA**

Category	Number Received	RV under Appeal	Disposed	Original RV	Adj RV	Number O/S	Appeal RV O/S	% O/S
1 Retail	953	£ 86,544,450	762	£ 36,111,150	£ 35,149,100	191	£ 50,433,300	20.04%
2 Public House	107	£ 4,593,250	2	£ 30,000	£ 26,000	105	£ 4,563,250	98.13%
3 Office including Banks	815	£ 21,546,725	690	£ 17,188,800	£ 16,376,650	125	£ 4,357,925	15.34%
4 Hotel Etc	25	£ 7,036,000	1	£ 625,000	£ 390,000	24	£ 6,411,000	96.00%
5 Industrial	681	£ 35,696,860	639	£ 19,613,510	£ 18,613,810	42	£ 16,083,350	6.17%
6 Leisure	84	£ 10,038,450	10	£ 246,600	£ 251,600	74	£ 9,791,850	88.10%
7 Garages and Petrol Stations	42	£ 1,660,650	20	£ 307,650	£ 294,700	22	£ 1,353,000	52.38%
8 Cultural	67	£ 2,278,050	7	£ 226,950	£ 168,450	60	£ 2,051,100	89.55%
9 Sporting Subjects	3	£ 136,000	0	£ -	£ -	3	£ 136,000	100.00%
10 Education and Training	141	£ 28,150,900	2	£ 119,000	£ 105,000	139	£ 28,031,900	98.58%
11 Public Service Subjects	186	£ 9,673,740	22	£ 352,840	£ 350,240	164	£ 9,320,900	88.17%
12 Communications (Non Formula)	6	£ 9,300	0	£ -	£ -	6	£ 9,300	100.00%
13 Quarries Mines etc	2	£ 81,500	0	£ -	£ -	2	£ 81,500	100.00%
14 Petrochemical	2	£ 239,000	2	£ 239,000	£ 229,000	0	£ -	0.00%
15 Religious	17	£ 196,700	0	£ -	£ -	17	£ 196,700	100.00%
16 Health Medical	40	£ 8,696,650	16	£ 255,650	£ 201,650	24	£ 8,441,000	60.00%
17 Other	248	£ 3,390,920	142	£ 338,720	£ 1,823,830	106	£ 52,200	42.74%
18 Care Facilities	32	£ 2,059,450	2	£ 40,000	£ 40,000	30	£ 2,019,450	93.75%
19 Advertising	58	£ 199,990	0	£ -	£ -	58	£ 199,990	100.00%
20 Undertakings / Fixed Line	33	£ 102,066,200	7	£ 5,303,000	£ 47,940,500	26	£ 36,763,200	78.79%
	3,542	£ 324,294,785	2,324	£ 43,997,870	£ 121,960,530	1,218	£ 180,296,915	34.39%