



**|Privacy Impact Assessment (PIA)|:**

**The VLA Publication of the Capital  
Value**

**Domestic Valuation List in Northern  
Ireland**

**September 2006**

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## **Background**

1. The Privacy Impact Assessment (PIA) process has become a method of good practice for a number of jurisdictions around the world in the handling of information by a public body, which could be deemed to impact on the privacy of individuals. The guidance that currently exists for privacy impact assessments is sourced internationally, mainly adopted in Canada and New Zealand in handling privacy issues<sup>1</sup>.
2. The PIA is not currently a statutory requirement in Northern Ireland, however it is increasingly being seen as a 'good practice' assessment, particularly as the level of electronic information held by public authorities increase. The PIA increases the Government's commitment to the statutory requirements described in the Data Protection Act (DPA) 1998.
3. The Information Commissioner's Office issued some preliminary advice on the use of PIAs stating, "*A PIA helps policy makers to evaluate if their proposals will comply with privacy legislation and identify what the wider implications are for individuals' privacy. The consideration of privacy at the development stage can help to save costs and reputation as potential mistakes involving the handling of personal information can be avoided early on internally and proactively.*"<sup>2</sup>
4. The Valuation and Lands Agency (VLA) is an agency of the Department of Finance and Personnel (DFP) in Northern Ireland. The VLA maintains the rating Valuation List that contains an individual assessment of the Net Annual Value (NAV) or rateable value for each property liable to rates. It is the NAV figure on which the amount of rates payable is calculated and then collected by the Rate Collection Agency (RCA). The VLA and RCA are the agencies implementing the changes decided on

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<sup>1</sup> See Weblinks: New Zealand [http://www.dca.gov.uk/foi/sharing/toolkit/pia\\_h-book.pdf](http://www.dca.gov.uk/foi/sharing/toolkit/pia_h-book.pdf) ; Canada [http://www.tbs-sct.gc.ca/pubs\\_pol/ciopubs/pia-pefr/paipg-pefrld\\_e.asp](http://www.tbs-sct.gc.ca/pubs_pol/ciopubs/pia-pefr/paipg-pefrld_e.asp)

<sup>2</sup> Information Commissioners Office (ICO), Wycliff House, Cheshire; LT 30/06/2005 v0.2

from the Review of Rating Policy carried out by Rating Policy Division<sup>3</sup>. The Minister responsible for Finance and Personnel decided upon the major change for the domestic sector in December 2002 to move the domestic rating system from a rental value to a capital value bases.

5. The policy moved on through consultation and a final policy paper produced in August 2004 announced a discrete capital value system of capital value assessments, with a new rating list published and notified to domestic dwellings over the summer of 2006. The new, capital value based, rate bills apply from April 2007 onwards.
6. The rating valuation for the domestic sector is currently based on Rental Values referred to as Net Annual Values (NAVs). These NAVs are based on rental values from 1976 using evidence of rents in the late 1960's. The lack of regular revaluations has resulted in anomalies and inequities in the way that the rates burden is distributed amongst ratepayers. The need for a revaluation to address this is clear and was accepted in a wide-ranging public consultation exercise carried out by the Department. Furthermore it was acknowledged that with circa 70% of houses now owner – occupied, sufficient rental evidence no longer exists to support a revaluation on that basis - hence the move to Capital Values.<sup>4</sup>

#### Personal Data – Legislative Guidance

7. There has been some debate over the exact meaning of 'personal information'. The advice on the Data Protection Act 1998, which defines personal data in section 1(1) is, among other things-  
*“data which relate to a living individual who can be identified from those data, or from those data and other information which is in the possession of, or is likely to come into the possession of, the data controller...”*

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<sup>3</sup> For more Information see Rating Policy Website: <http://www.ratingreviewni.gov.uk>

<sup>4</sup> See Weblink: <http://www.nics.gov.uk/ratingpolicy/pdfs/reform-of-the-domestic-rating-system-annex-1-university-of-ulster-report-abridged.pdf> Pg 15 Fig 1.1

8. The VLA have the powers to obtain and maintain the valuation list under the existing Rates Order (1977) and the proposed Rates (Capital Values etc) (NI) Order 2004<sup>5</sup>, and it should be noted that article 5(1) of this order will, on and after its commencement, provide the legal basis for the publication of the new Schedule of Capital Values. The advice on the legislative requirements on personal data is based on the compatibility with the DPA 1998 and Art. 8 of the Human Rights Convention (right to respect for private and family life).
9. This is interpreted, under the exercise of publication of the domestic capital values, as ensuring that steps have been taken to inform owners and occupiers of domestic properties that the capital values of those properties are to be made publicly available.
10. This PIA report and the steps taken by the VLA Public Interface Project described in this report, is seen as given due regard to the legislative requirements of the exercise in relation to an individual's privacy.
11. The VLA domestic property data only describes information on property assigned to the 'occupier', which would not qualify as personal information under the interpretation described. However the Government see the PIA process as a form of 'good practice' in the domestic rate reform programme to inform the domestic ratepayer in Northern Ireland of the changes occurring as a result of this new policy.

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<sup>5</sup> As of April 2006 the legislation is cited as: Rates (Capital Values, etc.) (2006 Order) (Commencement) Order (Northern Ireland) 2006

## Introduction

- 12 The PIA seeks to address the privacy issues concerning the publication of the domestic property valuation list on a capital value basis. The level of information that is published by the VLA on capital valuation has been decided upon by balancing the need to inform the public, as much as possible, on the method of capital valuation and the need to have due regard for an individual's privacy.
  
- 13 The PIA also deals with the statutory legislative powers that the VLA are using to conduct these reforms and ensures the VLA is acting within the confines of their statutory powers.
  
- 14 The VLA established a Public Interface Project (PIP) to handle the issues around the publication of the list of capital values for the domestic properties by the summer of 2006. The PIP planned and established focus groups conducted by invitation, across Northern Ireland. An independent consultancy firm was commissioned to facilitate the events and tasked with gaining advice from the public on the amount of information that the VLA should provide and develop and gauge the understanding among the general public of the domestic reforms and the VLA's role in the change. These steps were seen as improving the openness of government with the general public and provided an opportunity to assess the privacy concerns that may arise from the domestic rating reform.
  
- 15 The final part of the PIA addresses the channels that are available for individuals to appeal a valuation on the individual's property. The current appeal system is discussed and how this will be enhanced to ensure the accuracy of the information, under the reformed valuation system based on capital values.

16 The report will finish with information on the provision of copies of the report for special cases if needed and a contact address for readers should they wish to contact the VLA further on any issue discussed in this report.

### **The Statutory Authority to gather Property Information**

17 The VLA operated under the legislation contained in the Rates Order (NI) 1977<sup>6</sup>. These powers allow the VLA to gather information on property in the domestic and non-domestic sector in Northern Ireland for the purposes of assigning a valuation to the property from which a rate liability is established.

18 The information that the VLA hold on individuals is controlled by the Data Protection Act (DPA) 1998, which requires the agent holding any information on a person deemed to be private to take due regard in the accuracy, use, and storage of this data<sup>7</sup>.

19 The DPA defines 8 data protection principles, which affect the way an organisation maintains its records. The principles are a strict guide to the holding of personal data and are enshrined within the Act. The principles are:

1<sup>st</sup> Principle – Personal data shall be processed fairly and lawfully.

2<sup>nd</sup> Principle – Personal data shall be obtained only for one or more specified and lawful purposes and shall not be further processed in any manner incompatible with that purpose or purposes.

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<sup>6</sup> Rates Order (Northern Ireland) 1977 Parts III, IV (As Amended)

<sup>7</sup> For further information contact the Information Commissioner's Office website:  
<http://www.informationcommissioner.gov.uk/>

3<sup>rd</sup> Principle – Personal data shall be adequate, relevant, and not excessive in relation to the purpose or purposes for which they are processed.

4<sup>th</sup> Principle – Personal data shall be accurate, and where possible kept up to date.

5<sup>th</sup> Principle – Personal data processed for any purpose or purposes shall not be kept longer than necessary for that purpose or purposes.

6<sup>th</sup> Principle – Personal data shall be processed in accordance with the rights of data subjects under this Act.

7<sup>th</sup> Principle – Appropriate technical and organisational measures shall be taken against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data.

8<sup>th</sup> Principle – Personal data shall not be transferred to a country or territory outside the European Economic Area, unless that country or territory ensures an adequate level of protection for the rights and freedoms of data subjects in relation to the processing of personal data.

- 20 The reform of the domestic rating system has its legislative powers in the Rates (Capital Values, etc.) (2006 Order) (Commencement) Order (Northern Ireland Order) 2006. The Order gives extensive power to the Commissioner and provides for the publication of the capital values, together with any additional information to be determined by the Department (Article 5). The Order goes on in Article 8 to provide the power for the Department to determine the manner and form of publication, to include the publication on the website. The Order also

gives the Commissioner the power provide as much detail as deemed necessary in the issue of written notifications to every householder<sup>8</sup>.

### **Publication of Capital Value Information from the VLA's Valuation List**

- 21 The policy paper “Reform of the Domestic Rating System in Northern Ireland”, published in August 2004 suggested the need for more extensive information that the domestic ratepayer should be able to access from the VLA about their valuations. The sub-section 1.4 ‘*Access to the Valuation System and the Appeal Process*’ stated that the move to capital assessment will provide the VLA with an opportunity to enhance the information published about the ratepayers assessment.
- 22 The sub-section continues by describing the current access to the property assessments by a domestic ratepayer. The list is available on the website or can be viewed at any VLA office<sup>9</sup>. The current list is restricted to addresses, property descriptions and NAVs of each of the properties in the domestic sector. The policy paper states that “[In order]...to assist ratepayers in understanding their assessments, information about individual properties and even sales transactions maybe made available<sup>10</sup>.”
- 23 This PIA reports on the VLA's Public Interface Project (PIP) and their efforts to engage with focus groups to establish what level of published information would be satisfactory for the domestic ratepayer.
- 24 The VLA commissioned Deloitte consultancy firm to facilitate three focus groups to “...*establish views on the type of information necessary to*

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<sup>8</sup> The Public Consultation document on the Rates (Capital Values, etc.)(Northern Ireland) Order 2005 was published on 7<sup>th</sup> October 2005 and subject to a 12-week consultation concluding at the end of December 2005. See Weblink: <http://www.nics.gov.uk/ratingpolicy/pdfs/draftorderconsultation1.pdf>

<sup>9</sup> <http://vla.nics.gov.uk/index/valuation-lists.htm>

<sup>10</sup> For the Full Domestic Policy Paper report see; <http://www.nics.gov.uk/ratingpolicy/reformdomestic.htm>

*assist the public understanding of the new capital value rating system and how rates will be calculated under the new system.”*

- 25 The consultants produced a report into the three focus groups that were organised and reported the outcome of the two that went ahead in Belfast 7<sup>th</sup> November 2005 and in Eniskillen on 11<sup>th</sup> November 2005.
- 26 The participants were asked to complete two questionnaires to allow the consultants to capture some quantitative data. The first questionnaire was issued at the beginning of the session and asked questions on how much the participant knew about the VLA and the Domestic revaluation. The second questionnaire was issued at the end of the session and involved questions on the communication of the domestic revaluation exercise and the content of the notification letter to be sent out to domestic ratepayers by April 2006.
- 27 The consultants reported that understanding of the VLA and its role within the rating system was very low, the report also indicated that the participants knew very little about the current rates system and what NAV of the property currently means. On the issue of the domestic reform the consensus was that there was little public understanding of the reform, although the view was that would change, as the introduction date gets closer.
- 28 The groups discussed the best way to inform the public of the change and there was a lot of support for a TV campaign, which stressed the need for the change in rates. Some participants suggested a series of articles in the papers leading up to the notification letters:
- 29 *“There should be a series of articles running up to the notification letters.....all in user friendly language.” [Male, Belfast]*
- 30 The groups suggested that the notification letter should have a government stamp or address to catch people’s attention. The letter will

contain the capital value assessment but the likely liability under the new system was requested also to inform the ratepayer. The groups also requested information on appeals available and the timescales involved with the change.

- 31 Under the area of specific property information the groups suggested ratepayers would be satisfied with a minimum amount of information on individual properties to avoid confusion. They felt that individuals would query specific information if they disagreed with the capital value of the basic information provided.

*“You understand pounds if you’re buying or selling a house, put that figure down and then find out more if you disagree.”* [Male, Belfast]

- 32 There was a consensus that the VLA should provide the information on how the capital valuation was calculated, in order for people to judge whether or not this is accurate. This would decrease the likelihood of additional queries for more detailed information. The general agreement was for information on:

- Property type
- Location
- Property Size
- Central Heating
- Garages.

- 33 There were requests again for the neighbourhood areas classification used, due to the frequent use of townland addresses.

*“If you’re on the edge say, the value could plummet 200 yards down the road.”* [Female, Enniskillen]

- 34 The groups discussed the issuing of sales information and whether the notification letter should provide specific property information. The consultants reported that there was a firm view that they [the focus group

members] did not want specific sales data on individual properties to be included, identifying this as a privacy issue on their assets.

- 35 The discussions continued on the methods of contacting the VLA and the groups suggested that a tear-off slip on the notification letter would be useful to allow people to query the capital value. The contact centre established by VLA to deal with the queries would have to be well resourced, with adequately trained staff to deal effectively with the queries on the ratepayers. In order to reduce the levels of complaints to the contact centre it was suggested that a list of Frequently Asked Questions is attached to the letter to attempt to address the simpler concerns over the reformed valuations.
- 36 On the issue of the publication of the web there was some surprise that assessed capital values of each domestic property would be available. However, the use of the web to publish the valuation list was supported, with the caveat that the elderly and low-income groups may not have as much access to the format. The group also requested that additional information, not appearing in other formats, should not be included on the website.
- 37 There was concern with the timing of the notification of the letters and the publishing on the web with the groups calling for the two to co-incide. The group suggested that the valuation list would have a '*novelty value*' for people that would decrease over time, suggesting that the privacy concerns are limited.
- 38 The concluding issue of the groups was based on the informal review. The groups suggested that the review should be tiered to deal with the queries with the final step being to make an appointment with a surveyor.
- 39 Overall the PIPT were satisfied with the use of the groups and suggested that the attendees represented a satisfactory spectrum of views on the domestic reform issues. The exercise proved useful in providing the

PIPT with support for the level of information to include in the published valuation lists and the methods of communication of the reform process conducted by the VLA.

## **Accuracy of the Personal Information held by VLA: Challenging Assessments**

### **The Interim Informal Appeal Process**

40. The timescales involved in the publication of the capital values by summer of 2006 allow the domestic ratepayer to challenge the capital value assessment in an 'interim informal review'. This will be administered by the VLA and will exist throughout the 2006/07 financial year until the actual capital value rate bills are posted out in April 2007. Once the actual new capital value rate bills are established then the reformed appeal structure (discussed below) will be in place for the capital value system and provides the channels for the public to question/appeal the valuation.
41. The interim informal review process will allow the domestic ratepayer to query the valuation in a number of ways, which were discussed through the focus group process, mentioned above:
- Tear off portion on the notification letter
  - Telephone the VLA on the number quoted in the correspondence
  - Send an e-mail detailing the inaccuracy
  - Write to the VLA at the address quoted on the correspondence
  - Contact the VLA via the dedicated Contact Centre
42. These interim informal reviews could take place at an appointed VLA office near the locality of the ratepayer, at the home of the ratepayer, or over the telephone, depending on the specific nature of the request for a review.

## The Current Formal Appeal Process within the VLA

43. The current appeal process was explained in the Domestic Policy Paper, published in August 2004. The subsection 1.4 (pg 40) on the current appeals process and the reform of the system for the capital values information is reproduced in an abridged form below to explain the reforms to ensure accuracy of the information held<sup>11</sup>.
44. The VLA currently list the NAV information on the Domestic properties. Ratepayers can presently access the Valuation List at any Valuation and Lands Agency office or on its website at:
45. <http://vla.nics.gov.uk/index/valuation-lists.htm>.
46. The existing appeal system, elements of which date back to the 19<sup>th</sup> century, is contained within the Rates (Northern Ireland) Order 1977. It has worked well over the years but required review and revision to cope with the challenges that the overall reform of the rate system presents. The existing appeal system applies to both the domestic and non-domestic sectors and reform of the system needed to consider its application to both sectors.
47. There are three main decisions against which ratepayers, if dissatisfied, may appeal. These are the Valuation (NAV), the Regional and District Rate poundages and the determination of an effective date for billing purposes.
48. This first area is the most contentious and in terms of volume of cases heard per year is by far the most active. For these reasons reconsideration of the appeal system was confined to the valuation assessment process.

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<sup>11</sup> For the Full Domestic Policy Paper report see; <http://www.nics.gov.uk/ratingpolicy/reformdomestic.htm>

## The Valuation Assessment Process

48. The Valuation List must be kept updated to reflect changes to the built environment. Over time properties are built, altered and demolished and some properties, which are entitled to reliefs or exemptions because of their use, will change use. The VLA carries out this work and deals with around 50,000 alterations to the list each year, out of a total list of 770,000 properties.
49. Changes are made in the Valuation List either as a result of an application for revision by a ratepayer or at the volition of the Valuation and Lands Agency that is responsible for its maintenance.
50. Every alteration made in the Valuation List and every refusal to make an alteration is subject to appeal.
51. Anyone is entitled to challenge, at any time, not only their valuation assessment but also someone else's assessment.
52. If someone is dissatisfied with a valuation or a related issue the first step is to apply to the District Valuer to revise the entry in the Valuation list. In cases where the valuation is being challenged the grounds for seeking a reduction can be simply that the valuation is excessive. The District Valuer will examine the case and either alter the valuation accordingly or make no change.
53. Where the applicant is not satisfied with this outcome, or where a new assessment or reassessment has been made, the formal appeal process begins. The appeal must be lodged within 28 days of the District Valuer's decision and be made to the Commissioner of Valuation. The Commissioner is, under statute, an independent officer responsible for creating and maintaining valuations that are proportionate and uniform.

The appointment of an independent Commissioner is a notable feature in Northern Ireland and there is no corresponding office in Great Britain.

54. If the appellant is not satisfied with the Commissioner's decision, he may appeal to the Lands Tribunal for Northern Ireland within 21 days of the appeal decision. Under the current rental based system less than 0.5 per cent of all valuations are the subject of an appeal in any year. Approximately a third of these are in respect of domestic assessments, the other two thirds relating to non-domestic assessments. Over the last 3 years, only 3 domestic cases have culminated in a hearing at the Lands Tribunal.
55. This low appeal rate is due to a variety of factors, the most significant being ratepayer understanding of the assessment itself. Few domestic ratepayers appreciate fully what the assessment represents and how to judge whether or not it is fair and equitable. Another contributing factor to a low appeal rate may well be the lower level of bills relative to Great Britain.
56. The move to capital values will dramatically improve ratepayer's understanding of their assessment. With the publication of a new Valuation List containing approximately 700,000 houses and apartments each assessed on a capital value basis, it is likely that the number of cases queried and challenged will also dramatically increase, both in the short term when the new assessments take effect and potentially over the longer term. It is therefore important that the reform of the tax base is accompanied with an appropriate appeal system that is accessible and addresses ratepayers concerns.

#### Assessing the Proposed System

57. Reform in this area is aimed at establishing a system that builds on the strengths and efficiencies of the current process by increasing its transparency and accountability with ratepayers. In so

doing, a move away from the current adversarial approach to a more inclusive, open exchange is envisaged.

58. The main option is to introduce a three stage process as follows:

Stage 1: Informal Review by the District Valuer

59. This informal, initial stage provides an opportunity for the ratepayer and the District Valuer to:

- Identify and document errors and inaccuracies;
- Review the uniformity and relativity of assessments; and
- Determine to what extent the parties can agree factual items.

60. It would also be an opportunity for the ratepayer to provide property information relevant to their assessment, such as a recent mortgage valuation.

61. This stage would be designed to enable large numbers of ratepayers to obtain information; learn about the valuation assessment process; state their grievances; and lead to easier resolution of disputes.

62. This initial stage could be governed by a Code of Practice (approved by an independent Valuation Tribunal), which would outline the expected behaviour of both parties, including early exchange of information, to facilitate the settlement of disputes as soon as possible. Where this initial stage does not lead to a settlement, it should mean that the case is sufficiently well prepared to move quickly through the next stages. Parties would be expected to have complied with the Code of Practice before proceeding.

63. Such an informal review process would be consistent with established best practice for systems based on current capital values. It also

recognises that initial appeals are often in the nature of an enquiry and may be settled by the provision of additional information and explanation. If the ratepayer was not satisfied following the informal review the matter could be referred to the Commissioner of Valuation.

#### Stage 2: Review by the Commissioner of Valuation

64. The term appeal currently used for this stage could be replaced by Review. This would be more in keeping with what is an internal but independent and expert review to ensure that the prime objective of producing and maintaining proportionate and uniform valuations has been achieved.
65. It is envisaged that cases referred to the Commissioner would be in a prescribed format with sufficient documentation and evidence to support any stated observations. They would also have to comply with the agreed Code of Practice governing the initial review by the District Valuer.
66. Currently appeals are investigated by a Valuer not previously involved in the case, who interviews all relevant parties and prepares a report and recommendation to the Commissioner.
67. It would be beneficial to continue with this independent review aspect but to also include, where deemed appropriate by either party, an informal hearing involving both sides and the Commissioner or appointed Deputy. This would greatly increase the transparency and openness of the process.
68. This second stage of the appeal process would provide an opportunity to resolve disputes, filter out minor or inconsequential cases, and focus upon the core valuation issues prior to the independent valuation tribunal. The independent valuation tribunal would act as the final arbiter on valuation matters for domestic property.

### Stage 3: Appeal to an Independent Valuation Tribunal

69. As the Lands Tribunal would not be the appropriate venue for dealing with domestic rating appeals, the introduction of a lower tier independent valuation tribunal for Northern Ireland, similar to that operating in the rest of the United Kingdom, would be beneficial. Its membership would be made up of individuals with substantial property market expertise, but not exclusively so. Such a lower tier tribunal would ensure that the preparation and presentation of cases is simpler and more informal than under the courts.
70. The Independent Valuation Tribunal would act as the final arbiter on valuation matters for domestic properties. Were appeals to proceed beyond this stage, these would be primarily on matters of law only and would be directed to either the High Court or to the Lands Tribunal for Northern Ireland.
71. The Lands Tribunal could continue to deal with appeals on commercial properties, including properties, which have a combination of domestic and commercial use. However, the role of any Independent Valuation Tribunal would be kept under review. Consideration could be given at a later stage to extending its remit to include elements of the non-domestic sector, starting with perhaps lower value non-domestic properties.
72. The introduction of Alternative Dispute Resolution procedures could complement the proposed changes to the appeal process and may be worth further consideration. Reform in this area will also need to take account of other current reviews and reports on tribunal related issues and proposals will have to be assessed against equality, New TSN, human rights and rural proofing obligations.

## **Special Access to Personal Information**

73. The DFP Equality Unit has responsibility for ensuring that any public documents are made available in alternative formats. The public documents are available upon request. Any requests for alternative formats should be made to the contact address below.

## **Summary**

74. The PIA assessment has detailed the following from the implementing of the change in the valuation system to a capital value base for the domestic sector in Northern Ireland carried out by the VLA:

- The policy change;
- The legislative authority to handle the public information;
- The focus groups with the public to help improve understanding and acceptance of the reform;
- The appeals and management under the current system;
- The reformed appeal process;
- The special access available to the users in alternative formats upon request.

75. The PIA is a reassurance that the privacy of the public, with regard to the handling of personal information is considered. The discussion on the legislative powers and the appeals process in place by the VLA are described to gain the confidence of the public. This detail confirms that the information the VLA hold is accurately maintained and not subject to any use other than the purposes for which it was intended.

## **Contact Details**

76. If you have any query or concern about the privacy of the information held by the VLA on the domestic valuation list or require further details on the legislative authority for the information published please contact:

**Valuation and Lands Agency**  
**Queen's Court, 56-66 Upper Queen St.,**  
**Belfast.**  
**BT1 6FD**  
**Tel: 028 9054 3840**  
**Fax: 028 9054 3750**  
**Email: [email.vla@dfpni.gov.uk](mailto:email.vla@dfpni.gov.uk)**