



HM Treasury

Business rates technical consultation:

Summary of responses

March 2023

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Contents

Foreward	7
Chapter 1: Policy Decisions	9
Chapter 2: Summary of Responses	19

Foreword

The government launched a review of the business rates system in March 2020, with the objectives of reducing the burden on business, improving the current system, and considering longer-term reforms. The Final Report of the Business Rates Review, published in October 2021, announced changes to cut the burden of business rates worth over £6 billion from 2022-23 to 2026-27, and introduced a roadmap for delivering reforms. The government has since provided further support worth £13.6 billion at Autumn Statement 2022, building on the reforms announced at Budget 2021.

The government is grateful to the wide variety of organisations and individuals who have engaged with the government during the Business Rates Review. The latest technical consultation provided an opportunity for stakeholders to set out their views on our specific plans. This document provides a summary of these responses, along with an overview of how these have been used to improve and refine our proposals.

Responses to the technical consultation continued to demonstrate a strong desire for more frequent revaluations, so that business rates bills better reflect the property market and respond to economic changes more quickly. In response to these calls, the government remains committed to three-yearly revaluations. These will be delivered through changes to increase the timeliness and completeness of valuation information, whilst minimising the burden on business.

The government has listened to stakeholder views on helping businesses adapt to these changes by allowing ratepayers more time to meet their new obligations and to challenge their valuations.

Alongside these reforms, the government is also committing to increase the transparency of valuations, and introduce a new Improvement Relief. The government has already brought forward the introduction of the green plant and machinery exemption and heat networks relief to April 2022, in response to the energy crisis.

This is the final part of the Business Rates Review before the Non-Domestic Rating Bill is introduced into the Houses of Parliament. The Bill will continue to support businesses by delivering our manifesto commitment and reflecting stakeholder asks received during the review.



Victoria Atkins MP, Financial Secretary to HM Treasury



**Lee Rowley MP, Parliamentary Under Secretary of State at the
Department for Levelling Up, Housing and Communities**

Chapter 1

Policy Decisions

1.1 The government published the Final Report of the Business Rates Review on 27 October 2021, setting out the conclusions of the review, and announcing several important changes and improvements, which represent significant reform to the system in England, including:

- a range of measures to reduce the burden of business rates in England, amounting to support worth over £6 billion; and
- more frequent revaluations – a priority for stakeholders – and a clear plan to implement this.

1.2 A technical consultation was subsequently published on 30 November 2021 that set out the government’s proposals to give effect to several measures arising from the review, including measures to enable more frequent revaluations, Improvement Relief, support for investment in green plant and machinery and other administrative changes. The technical consultation included extensive stakeholder engagement: 13 roundtables with 70 businesses, and 114 written responses.

1.3 The government has carefully considered all responses to the technical consultation, including where stakeholders raised concerns, and is accordingly refining some of its proposals. The government believes that the final position set out in this document strikes the right balance between the need for the Valuation Office Agency (VOA) to have the necessary information to carry out more frequent revaluations effectively and efficiently, whilst ensuring ratepayers have adequate time and flexibility to meet their new obligations. Ultimately, these reforms are a crucial enabling element of further improvements to the business rates system for ratepayers.

1.4 As part of the technical consultation, the government also considered improvements to the business rates system through changes to Material Change of Circumstances legislation, local authorities’ ability to retrospectively award relief and multiplier administration.

Measures to enable more frequent revaluations

1.5 The government is committed to making the system fairer by moving to three-yearly revaluations from 2023. To do this on a sustainable basis requires changes to the business rates system to

increase the timeliness and completeness of the information provided to the VOA.

1.6 As part of the package to modernise the Business Rates system announced in The Business Rates Review: Final Report the government also published a separate consultation on options for delivering Digitalising Business Rates (DBR) in July 2022. Ratepayers will be able to comply with the duty to provide information to support more frequent revaluations and DBR through an integrated journey to provide the simplest journey for ratepayers based on stakeholder feedback. The interaction between the new duties is discussed in greater detail in the Digitalising Business Rates Technical Consultation Summary of Responses, which has been published by HMRC alongside this document.

Provision of information and supporting ratepayers to meet their obligations

1.7 The technical consultation outlined a new duty on ratepayers to enable more accurate and more frequent valuations. This included a proposed ratepayer obligation to notify the VOA within 30-calendar days of any changes to the occupier and property characteristics that affect the assessment of their hereditament for business rates (such as when their rent changes, they start or stop occupying a property, or they alter a property).

1.8 Responses to the consultation expressed concern that this 30-calendar day window would be too short for businesses. Specifically, that it did not recognise capacity constraints within businesses, or allow enough time for information about changes to properties occupied by the business to be relayed to central property teams.

1.9 The government recognises these concerns raised by businesses, and is therefore **extending the 30-calendar day reporting window to 60-calendar days.**

1.10 The extension doubles the amount of time that ratepayers will have to comply with the new duty before they receive a reminder, whilst ensuring that the information relating to the change remains close to the event and so is more likely to be readily available to the ratepayer.

1.11 This longer reporting window will apply where ratepayers have an obligation to provide trade and accounts or costs basis information and will be the same whether information for one or multiple properties is being provided.

1.12 The 60-calendar day window will also mirror the window for ratepayers to update their tax reference number following any change of circumstance to support Digitalising Business Rates (DBR).

1.13 The government recognises that bulk provision of information is vital for businesses with multiple properties, therefore **the government will seek to allow the bulk upload of information as the new duty is brought into effect**, enabling ratepayers with multiple properties to upload information on notifiable changes every 30 days. The government will work with businesses, agents, and software suppliers to deliver this functionality.

1.14 Some stakeholders asked what information they will need to provide where hereditaments are partially exempt or composite. Only information on changes that are relevant for a hereditament's rateable value will need to be provided. Hereditaments exempt from non-domestic rating will be excluded from the duty, save for where changes to the property bring it wholly or partially into scope. For partially exempt or composite hereditaments, information on changes that relate to domestic or exempt parts of a property do not need to be provided if they are not significant to the non-domestic rateable value.

1.15 The planned online service for ratepayers to meet their obligations will guide users through simple steps to understand what they need to do. Ratepayers are not expected to acquire the detailed knowledge to know what is relevant to the VOA's work. All ratepayers will need to do to satisfy the duty is use the online service and answer the questions.

1.16 The government aims to implement the duty during the 2023 lists. Prior to the new duty taking effect, the VOA will soft launch the online system. This will help the VOA take on stakeholder feedback on the system design and provide an opportunity for early users to familiarise themselves with the new system. As they do for their existing services, the VOA will continue to have an alternative route available for those who cannot engage digitally. The provision of bulk upload will also be part of the soft launch. Implementation of the duty is expected to be phased. In addition to the changes the government have made as a result of the responses to the technical consultation on the new duty, the estimated impacts of the duty on ratepayers has also been considered. This analysis is outlined in the Non-Domestic Rating Impact Note which has been published alongside this Summary of Responses.

Compliance and penalties

1.17 As outlined in the technical consultation, if ratepayers fail to provide their information to the VOA following reminders and warnings, they may be liable for a penalty. The issuance of penalties will be a last resort, with ratepayers supported to meet their obligations as follows.

- There will be a wide-ranging and ongoing communications campaign to ensure ratepayers are aware of the need to sign up to the online service and provide the right information.

- There will be clear, simple guidance on GOV.UK and guided steps to help ratepayers ensure they are complying.
- Ratepayers will have 60-days after a notifiable event to provide the information to meet their obligation, rather than the initially proposed 30-day period.
- If they do not meet their obligation within 60-days they will receive a first electronic reminder, warning that failing to provide the information required may result in a penalty.
- If they continue not to comply with their obligation they will receive a second electronic reminder, warning that failing to provide the information required may result in a penalty.
- If the obligation remains unmet, they will receive a digital and hard-copy warning, warning that failing to provide the information required may result in a penalty.
- Finally, a penalty notice will be issued, with the option for the ratepayer to request a review of the penalty decision and subsequently go to appeal.
- If the ratepayer complies with the duty within 14-calendar days of a penalty notice being issued, the penalty value will be halved.

The total timeframe from the obligation being triggered to a penalty being applied remains as proposed in the technical consultation.

1.18 The technical consultation also outlined two different penalties for a failure to provide information under the duty, one regarding failure to provide rental, receipts, and cost information and the other regarding failure to provide property and occupier information. As all information collected under the duty is equally relevant for valuation purposes, the same penalty will apply to a failure to provide all types of information that fall under the duty. The penalties that will apply are detailed below.

1.19 The technical consultation also stated that where the penalty notice relates to non-compliance for valuation information (for example, provision of updated rental information or submission of annual receipts information) and there is no compliance after 28-calendar days of the first penalty notice, a second penalty notice will be served.

1.20 As all information collected under the duty is equally relevant for valuation purposes, the second penalty notice will now apply to all information that should be provided under the duty, and the notice will be served after 30-calendar days, to align with the 30-calendar day penalty appeal window. This approach broadly aligns with penalty regimes across other taxes.

1.21 The government recognises that, because it intends to build an integrated service allowing ratepayers to fulfil their VOA and DBR obligations at the same time (where they arise at the same time), it will be important to ensure ratepayers are not disproportionately penalised by the two regimes. Therefore, the government proposes that in circumstances where the VOA and DBR duties arise at the same time, and are to be discharged by a ratepayer through the same online ‘journey’, a ratepayer will not be penalised twice even if they fail to comply with both duties. In such circumstances, the government will use discretionary powers to disapply a DBR penalty where a person is already subject to a VOA penalty.

1.22 The table below summarises the sanctions regime that will support the duty. The framework will give ample opportunity for ratepayers to meet the duty and will include leniency for genuine errors. The priority is to secure the relevant information, not to issue penalties.

1.23 Table 1: Failure to provide information

Rateable value	Up to £15k	£15,001- £51,000	Over £51k
First penalty	2% of the rateable value change (minimum £300)	2% of the rateable value change (minimum £600)	2% of the rateable value change (minimum £900)
Second penalty for continuing non-compliance	£60 per day until compliance	£60 per day until compliance	£60 per day until compliance

Table 2: Provision of false information

Rateable value	Up to £15k	£15,001- £51,000	Over £51k
Fixed penalty	£500	£500	£500
Variable	3% of the rateable value change	3% of the rateable value change	3% of the rateable value change

Annual confirmation

1.24 Annual confirmation is essential to ensuring that the VOA receives the timelier flows of information required to support more frequent revaluations and so benefit all ratepayers.

1.25 The annual confirmation process will not be introduced until the government has ensured it will be sufficiently straightforward for ratepayers to complete. Ratepayer responses to the consultation expressed concerns that the annual confirmation would increase

workloads for businesses and duplicate the obligation to provide information.

1.26 In recognition of the stakeholder feedback on the time required to complete annual confirmation, the government is **extending the 30-calendar day window for completion to within 60-calendar days after 30 April each year.**

1.27 The annual confirmation should be straightforward for the majority of ratepayers. They will need to confirm that they have provided the information which is required of them during the previous year which can be easily done by confirming that the details held by the VOA remain correct.

1.28 The annual confirmation is expected to only take a few minutes and will give ratepayers who have failed to notify the VOA of changes during the year an opportunity to correct their information.

Appeals reform

1.29 The Business Rates Review announced that government expected to introduce a three-month window for Challenges on the 2026 rating lists, to manage the flow of appeals, enabling the VOA to approach the clearance of Challenges in a more structured way and support the move to three-yearly revaluations.

1.30 Responses to the technical consultation expressed concern that the three-month window would be insufficient for the 2026 rating lists as stakeholders are used to submitting Challenges during the life of each list.

1.31 The government recognises that stakeholders need to adjust to shorter Challenge windows, therefore **the three-month window will be extended to a six-month window for the 2026 lists.** The length of the window will be kept under review, but the government intends to move to a three-month window from the 2029 lists and thereafter.

1.32 Some consultation responses asked that the VOA make a commitment to respond to Challenges within a certain timeframe, as ratepayers will have a six-month window to provide their information and expect a similar obligation to be placed on the VOA. **The VOA commits to continue publishing targets for their timeliness, including responding to relevant information provided through the new duty.**

1.33 The new targets will be informed by the development of the new system and will be based on expectations of what the VOA can deliver and the intention to act in a timely manner. For targets regarding Challenge, the expectation is that most Challenges will be cleared well in advance of the end of the lists, which will be the statutory deadline. This ambition will be supported by the government's investment in the VOA, with £0.5 billion provided as part of the Spending Review 2021,

including funding for important changes to upgrade VOA IT infrastructure and digital capabilities.

Transparency

1.34 Stakeholders have asked for more information to understand how their valuation has been calculated and to make more informed decisions about when to submit an appeal. This increased transparency is being delivered in two stages.

1.35 Transparency Phase 1 has now been delivered ahead of schedule, before 1 April 2023 when new rating lists will come into force. Ratepayers are now able to access improved guidance covering rating principles and class-specific valuation approaches for the most common property types. These changes were based on user research with ratepayers.

1.36 The consultation set out that Transparency Phase 2 will enable ratepayers to access an analysis of the evidence used to set the rateable value of a property and an explanation of how evidence has been used. From here Transparency Phase 2 will be referred to as greater transparency.

1.37 In response to the technical consultation, some stakeholders expressed concerns regarding the confidentiality of their data under greater transparency. The government recognises the need to protect sensitive information from disclosure and the VOA's legal obligation to do so. The government will need to balance the ask for greater transparency alongside these concerns by ensuring that appropriate treatment of sensitive information is a core principle of any system design.

1.38 The VOA has published the Business Rates: Transparency & Disclosure of information on business rates valuations consultation, to inform its approach to greater transparency. This addresses questions of data protection and sensitivity which were an important feature of early feedback on the proposals.

1.39 In response to the earlier technical consultation some stakeholders asked if greater transparency could be delivered for the 2023 lists. The systems necessary to facilitate greater transparency are reliant on the delivery of the VOA's Business Systems Transformation (BST) programme. The evidence provided through greater transparency will also be reliant on the duty, as information provided through the duty will be used to underpin valuations. The evidence provided through greater transparency is expected to develop as the duty is launched and then embedded. These dependencies limit when the government can introduce greater transparency. The government does, however, aspire to make greater transparency available at future draft lists stage and will explore the feasibility of doing so.

1.40 The government welcomes responses to the consultation on Business Rates: Transparency & Disclosure of information on business rates valuations.

Improvement Relief

1.41 The government acknowledges the strong stakeholder support for the introduction of a new 12 month Improvement Relief. As announced at Autumn Statement 2022, this relief will now be introduced from April 2024 instead of April 2023 as previously planned. The relief will initially be available until 2028, at which point the government will review the scheme. Some stakeholders called for the length of the relief to be extended beyond 12 months. The government remains of the view that 12 months is appropriate.

1.42 The government will evaluate the effectiveness of the relief in incentivising businesses to make improvements to their premises ahead of 2028, and use this evidence to decide policy for future years. The government will include in legislation **a power to amend the length of the Improvement Relief and to extend the relief beyond 2028, if desired at a future date**. These decisions have fiscal implications and so will be taken in line with the normal Budget process.

1.43 The government will ensure that receiving the Improvement Relief is straightforward for ratepayers by automatically applying the relief to business rates bills. Using information provided by ratepayers, the VOA will issue a certificate for the value of qualifying works and relief will then be applied by billing authorities, once they are satisfied the occupation condition has been met.

1.44 As with other business rates reliefs, the government will compensate local authorities in full to cover the costs of granting the Improvement Relief. New burdens funding will also be available to local authorities for administrative and IT costs incurred from implementing the relief.

Support for investment in green plant and machinery

1.45 The technical consultation included the details of the exemption for eligible plant and machinery used in onsite renewable energy generation and storage, such as rooftop solar panels and battery storage used with renewables and electric vehicle charging points, and the 100% relief for eligible low-carbon heat networks that have their own rates bill.

1.46 Respondents welcomed these measures although many felt a more wide-ranging and longer relief would have greater impact on green investment. At Spring Statement 2022, the Chancellor announced that **the plant and machinery changes and heat network**

relief were to be applied from the financial year commencing 1 April 2022. Bringing these measures forward by one year supports the decarbonisation of non-domestic buildings, providing welcome relief to businesses investing in a green future and hastening the transition to net-zero.

1.47 The exemption for eligible plant and machinery was implemented through regulations¹ in March 2022. A summary of the responses to the consultation that the government had regard to in making the regulations is included in section 10 of the [Explanatory Memorandum to the regulations](#).

1.48 The 100% relief for eligible low-carbon heat networks was delivered for 2022/23 using existing local government discretionary relief powers, funded by the government. This will continue for the 2023/24 financial year. Heat networks relief guidance for local government has been published by DLUHC and backdated to 1 April 2022. **Provisions will be taken in primary legislation for the heat network relief to apply from 1 April 2024 until 31 March 2035.** The government will also take a power to be able to extend the heat network relief beyond its current end date of 2035, if desired at a future date.

1.49 The government will meet any additional costs or loss of income for local government resulting from these exemptions and reliefs.

Other administrative changes

1.50 Following a positive response to the technical consultation, the government will proceed with administrative reforms to the central rating list. These involve introducing new powers of direction to allow the government to maintain the central ratings list, and extend charitable rate relief and unoccupied property relief to properties on the central rating list.

1.51 Some responses to the technical consultation highlighted potential anomalies which may arise from constraints in the current system for discretionary relief. The government will consequently **remove the constraint in section 47(7) of the Local Government Finance Act 1988 on retrospectively awarding relief and the associated regulations controlling variations in reliefs.** Local authorities will be able to apply reliefs retrospectively and set their own rules for notifications of reliefs in their area, from 1 April 2024. This will not affect decisions made prior to 1 April 2024.

1.52 The government will proceed with administrative improvements to the process for setting the multiplier, including formally linking both multipliers to CPI rather than RPI. Currently the small business

¹ The Valuation for Rating (Plant and Machinery) (England) (Amendment) Regulations 2022

multiplier is updated each year and adjusted at a revaluation, and the standard multiplier is set at a fixed supplement above this. The government will instead apply the calculation rules (annual CPI updating and a revaluation adjustment in a revaluation year) to each multiplier independently. This will ensure the multipliers are calculated on a consistent basis, and provide greater flexibility in setting the difference between the rates.

1.53 The government will change the statutory process for underindexing the multiplier below CPI from an affirmative to a negative statutory instrument, to make the process simpler.

1.54 The government will also take more flexible powers to ensure ratepayers eligible for the small business non-domestic rating multiplier can be identified. Having considered consultation responses, **the government will not legislate to require that the multipliers are confirmed by 1 March** but still intends to do so at or before that date.

1.55 As set out in the technical consultation, the government considers that changes in economic factors, market conditions or changes in the general level of rents should not result in a change of rateable value between revaluations. The government will legislate to give effect to this, such that **changes made to legislation, licensing regimes and guidance will not be considered legitimate grounds for a Material Change of Circumstances appeal.**

1.56 During the consultation, local government stakeholders asked that information relevant to billing functions received by the VOA is shared with billing authorities. This is to better enable billing authorities to produce correct and timely business rates bills and improve the administration of the tax. The online system will enable the VOA to share information with billing authorities. The VOA will test this functionality and share information with billing authorities as part of the soft launch of the new system.

1.57 Finally, to support more frequent revaluations the government will amend the deadline for passing regulations for transitional arrangements from 31 December to 1 February. This change will provide greater policy flexibility and opportunity for parliamentary scrutiny. The government will continue to announce future transitional arrangements in line with the normal Budget process, providing advance notice to ratepayers and billing authorities.

Chapter 2

Summary of Responses

Q1. Do you have any views on the proposed implementation of the information provision system? What issues should be considered in the design of the new system?

2.1 Businesses of all sizes felt that the information provision system created additional burdens on ratepayers and that the proposed 30 day window was not long enough, especially for those businesses with large property portfolios that have complex accounts, use third party contractors or have multiple rate changes per annum. Respondents suggested expanding the window to 56 days, 90 days and even 12 months.

2.2 The responses received from local authorities were supportive of the new duty, as they felt it would make the rating system more accurate and have the potential to reduce their financial burden. There was also support across a range of businesses and interested parties.

2.3 Both ratepayers and local authorities emphasised the need for a simple, agile IT service, accompanied by clear guidance, that would be assisted by a pre-populated form and joined up with other government services.

2.4 However, businesses, agents and local authorities were concerned about the VOA's ability to deal with the influx of information.

2.5 The government will ensure that the online service makes compliance as straightforward as possible for all ratepayers. It will be a recognisable gov.uk digital service akin to other tax services and the VOA will work closely with stakeholders of all types, sizes and sectors to ensure that design, build and delivery of the system reflects the many and varied needs of all stakeholders. Changes will be phased in and introduced only once the government are confident that the systems work successfully, including a soft launch.

Q2. Can you see any difficulties in collecting this information or providing it to the VOA? Is there any further information that should be provided?

2.6 Both large and small businesses viewed the new duty as a burden that would be challenging to meet. For large businesses, this is because they have large amounts of information to upload. For small businesses, it was due to capacity, knowledge, and for those who

receive Small Business Rates Relief, engaging with the system for the first time.

2.7 Businesses of all sizes were clear that information should be handled carefully, as it is sensitive and should remain confidential.

2.8 However, there was acknowledgement and support from some businesses for the new duty as a means to underpin the move to more frequent revaluations.

Q3. How can the VOA best help customers understand what is needed and how to provide it?

2.9 Almost all respondents asked for a clear process and simple form to allow them to provide information quickly and easily. Many stakeholders called for clear guidance, with help and support available to the ratepayers who need it.

2.10 An ongoing communication and marketing campaign was suggested to spread awareness of the duty, which would include reminders to submit information.

Q4. How do you want to be engaged with as this system is developed?

2.11 Nearly all respondents expressed willingness to engage with the new system as it is developed, including testing information input processes and receiving updates. It was highlighted that the system should be tested by a wide range of stakeholders, such as businesses of all sizes, professional bodies, representative groups, specialist industries and billing authorities.

Q5. Does the proposed framework strike the right balance between a system of proportionate and flexible sanctions, and one which helps ratepayers to meet their obligations?

2.12 Retailers, business representatives and agents did not support the proposed sanctions, whereas local government supported the scheme and felt it struck the right balance.

2.13 Most concerns were centred around penalties - whether they would complicate the business rates system instead of simplifying it, how the difference between non-compliance and genuine error would be identified and the lack of opportunity to challenge a penalty.

Q6. What would you wish to see in an online service to best help ratepayers meet their obligations?

2.14 Respondents from all sectors asked for a simple, flexible and easy to use service, with features that would assist ratepayers in using the service and complying with the duty.

Q7. Under what circumstances would 30 days not be enough time for ratepayers to meet their obligations?

2.15 The overwhelming feedback from the roundtables and technical consultation responses was that 30-calendar days is an insufficient period of time and ratepayers would not be able to fulfil their obligations. Large businesses were concerned about the amount of information that would need to be provided; smaller businesses were concerned about not having enough resources to complete the duty on time. Local authorities were the exception in supporting the 30-calendar day window.

2.16 The main reason given for 30-calendar days being insufficient is that it would not allow for all of the information needed to complete the duty to be gathered. Retailers and business groups were particularly concerned about the amount of work that the duty may create.

2.17 It was suggested by several respondents that information could be duplicated between notifying the VOA when changes occur and completing the annual confirmation.

Q8. What processes might ratepayers have to put in place to meet their obligations and what costs might this bring?

2.18 In both roundtables and written responses, it was highlighted that ratepayers would need to provide additional resources and would incur additional costs to meet the duty.

2.19 Ratepayers said that the management of notifications, provision of cost information and the duty would significantly add to operating costs for their businesses. Some local councils disagreed, arguing that most businesses have provisions in place to manage the new duty.

Q9. Do you have any suggestions for how this compliance framework could be improved? If so, please provide evidence or scenarios.

2.20 Suggestions to improve the compliance framework included:

- Extending the notification window beyond 30-calendar days, moving to 60-calendar days as a minimum
- Larger companies should be allowed to complete a quarterly or biannual return
- VOA response time should match the length of the ratepayer notification window
- The system should be developed with the 'digitally excluded' in mind, with the option to receive paper reminders and warning letters
- The penalty scheme should be in line with pre-existing compliance schemes, such as HMRC Self-Assessment

Q10. Do you consider that the proposed reform to the rules on Material Change of Circumstances will ensure that changes in economic factors, market conditions or changes in the general level of rents are reflected at revaluations? If not, why not?

2.21 Local authorities were universally supportive of the proposed reform.

2.22 A high proportion of ratepayers felt that the reform was unnecessary, and would lead to unfairness in the system, with the potential to wait three years for some of the changes to be reflected (at the following revaluation). Several ratepayers suggested that these changes should not be introduced until a system of annual revaluations has been established.

2.23 Some ratepayers queried why the rules for Material Changes of Circumstances had been changed after being in place for decades and representing a fair and workable system.

2.24 Agents pointed to examples of MCCs being used for what they considered to be good effect, such as gun club licensing, the smoking ban and foot and mouth disease.

Q11. What are your views on the proposed improvements to the Check, Challenge, Appeal (CCA system)? How else could we improve CCA in a system under which ratepayers are now providing information under the new duties?

2.25 The majority of businesses, agents and trade organisations felt that the three-month Challenge window is too short and would have a negative effect on both ratepayers and the VOA. Conversely, local authorities saw the changes as a positive step which would provide certainty over budgets and funding.

2.26 Alternative appeal windows suggested ranged between six-months, 12 months and the life of the lists.

2.27 A large number of ratepayers felt that the disparity between the shorter timeframe for ratepayers to lodge a Challenge, and the increased time for the VOA to respond to a Challenge was unfair. Several ratepayers suggested that the VOA should have to respond to a Challenge in the same amount of time that the ratepayer has to submit one.

2.28 The feedback on the removal of the Check stage was equally split between those seeing it as a positive change, as Check is made redundant by the introduction of the duty, and those who felt it will leave a gap in the process for responding to low level cases in a short time frame.

2.29 Agents suggested that the reduction in the Challenge window would lead to blanket appeals, which has the potential to overwhelm

the VOA and prevent them from responding to Challenges in an appropriate amount of time.

Q12. Are there particular considerations that the respondents consider the government should have particular regard to when moving forward with Phase 2 of Transparency?

2.30 Transparency Phase 2 was overwhelmingly supported by respondents, and was seen as an essential step and fundamental to the success of the Business Rates system.

2.31 Many respondents emphasised that engagement and consultation with ratepayers, agents and professional bodies is essential to inform the types and level of information accessible and to mitigate confidentiality concerns. They also called for Transparency information to be available at draft list stage.

2.32 Some respondents were concerned about confidential information, and whether information would be made available publicly or limited to relevant interested parties.

2.33 It was suggested that the proposed reforms to Check, Challenge, Appeal (with particular regard to the alteration to the Challenge window) would be unworkable if full Transparency is not available.

2.34 Agents, retailers and business groups all wanted Transparency Phase 2 brought forward to 2023.

Q13. Will the proposed rules for the Improvement Relief ensure the relief flows to occupiers who are investing in their business?

2.35 There was strong overall stakeholder support for the implementation of an Improvement Relief and most respondents agreed that the proposed rules would ensure that relief flows to occupiers investing in their businesses.

2.36 However, about a third of respondents, including rating agents, business representative organisations and large businesses, called for the relief to be extended beyond 12 months. Suggestions for an alternate relief length varied, but most agreed that a longer period of relief would enable businesses to recoup more of their investment and have positive impact on businesses' investment plans.

2.37 A few respondents, especially hospitality businesses and representative organisations, called for the Improvement Relief to be linked to the property rather than occupier to ensure that improvements made by landlords on behalf of tenants would be eligible for relief.

Q14. Do you consider that the two conditions will give effect to the stated policy intent? Do you have any concerns regarding the practical application of the conditions as set out?

2.38 Views on the proposed conditions of Improvement Relief varied widely, but in general most respondents agreed that they would give effect to the stated policy intent.

2.39 A few responses suggested that the eligibility conditions are too complex. Business representative organisations and rating agents asked for the qualifying works condition to be kept as wide as possible and for the eligibility criteria to be clearly communicated to ratepayers to support them in planning their investments.

2.40 There was specific concern surrounding the occupation condition, with many respondents suggesting that it could limit the scale of improvements that businesses would be able to make to their properties.

2.41 Some rating agents and local government respondents expressed concerns around the practical ability of local authorities to administer the relief together with the VOA.

Q15. Do you agree that the proposed method of reaching the chargeable amount will achieve the objective of preventing ratepayers who have undertaken qualifying works from seeing an increase in their bill for 12 months as a result of the qualifying works?

2.42 There was strong consensus that the proposed method of calculating the chargeable amount will successfully prevent ratepayers from facing increases in their bill for 12 months.

2.43 However, some stakeholders expressed concerns about the capacity of the VOA to handle the certification of qualifying works and the additional burden this would place on the VOA and billing authorities.

2.44 Local government responses frequently asked for clarification on how the government would compensate for the Improvement Relief and its associated administrative costs.

Q16. Do you agree that the proposed changes to the plant and machinery regulations would ensure that plant and machinery used in onsite renewable energy generation and storage used with electric vehicles charging points are exempt?

2.45 The majority of the respondents who answered this question were positive about the proposed changes.

2.46 Businesses and representative bodies expressed a desire for the green measures to go further still, highlighting the high costs associated with green and low carbon technology, and suggesting that Business Rates disincentivise these investments.

2.47 The exemption for eligible plant and machinery has now been implemented through regulations². A summary of the responses the government had regard to in making the regulations is included in section 10 of the [Explanatory Memorandum of the regulations](#).

Q17. Do you agree that the tests we are proposing in the heat networks relief scheme will ensure the relief is correctly targeted?

2.48 Respondents were positive about the scheme, but business groups called for more clarity on the scope and criteria of the relief as they felt the definitions were unclear.

2.49 Many respondents called for this relief, and other green measures in the consultation, to be more ambitious and wide-ranging.

2.50 The 100% relief for eligible low-carbon heat networks has been delivered for 2022/23 using existing local government discretionary relief powers, funded by the government, and will continue to be delivered this way for 2023/24. Guidance for local government on the heat networks relief has been published by DLUHC and is backdated to 1 April 2022. The government gave regard to the responses on this measure when preparing the guidance for local government.

Q18. What are your views on the proposed reform to the administration of the central list?

2.51 Respondents who answered this question were mostly positive about the reforms, in particular the proposal to apply Charitable Relief and Empty Property Relief to the central list, but some called for discretionary reliefs to be made available on the central list as well.

2.52 Some respondents asked for more information on the process for deciding which properties would be moved and how central list income will be distributed back to local government.

Q19. Do you agree that decisions on the operation of local discretionary relief schemes should be localised to billing authorities in the way proposed? Do you consider any rules should still be imposed from central government and if so, why?

2.53 Local authorities were almost all supportive, but some expressed concerns that only some billing authorities would be able to meaningfully make use of these measures.

2.54 Most businesses and representative organisations expressed support for greater local autonomy, but were fearful of a disconnected, burdensome and varied system.

² The Valuation for Rating (Plant and Machinery) (England) (Amendment) Regulations 2022

Q20. Are local authorities, ratepayers or other interested stakeholders aware of any other instances where existing constraints on section 47 relief are giving rise to administrative challenges or unintended practical outcomes?

2.55 A number of examples were offered by respondents to illustrate constraints of the current system, including:

- If the VOA has not yet assessed a property, despite it currently being in beneficial occupation, the rates due can be backdated to the start of that beneficial occupation. Any relief available when beneficial occupation started, however, cannot be applied for until after the property has been assessed. The cut off for backdating relief therefore prevents retrospective relief being applied, leading to increased costs for the business.
- If a ratepayer is not aware of their eligibility for relief, they may attempt to have the relief applied retrospectively but are prevented from doing so by the current system.

2.56 Those who responded supported removal of the limit to backdating relief.

Q21. Would the proposed reforms to the multiplier improve the administration of the system and if not, why not? Do you agree that the deadline for confirming the multiplier should no longer be tied to the approval of the local government finance report?

2.57 The respondents were generally positive about the proposed multiplier changes. Local authorities queried how they would be compensated for the loss of revenue as a result of the changes.

HM Treasury contacts

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If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

Correspondence Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Tel: 020 7270 5000

Email: public.enquiries@hmtreasury.gov.uk