

Non-domestic rating: challenges and changes, England and Wales, September 2016



Valuation Office
Agency

Key findings

As at 30 September 2016 the Valuation Office Agency (VOA) had **received 1.04 million challenges** against the **2010 local rating list**¹ and **937 thousand challenges** against the **2005 local rating list** (across England and Wales).

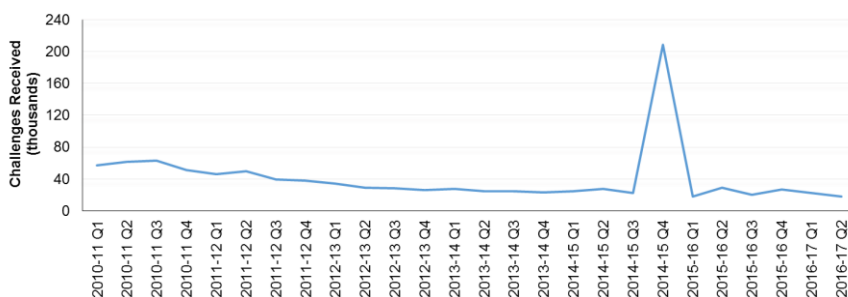
For the 2010 rating list:

- **four per cent** (41 thousand) of all challenges were **received in the first two quarters of 2016-17**
- **seventy three per cent** (over 760 thousand) of the challenges received in England and Wales were **resolved**; of these, **eight per cent** (64 thousand) were resolved in the first two quarters of 2016-17 (27 thousand more than the comparable period of 2015-16)
- **twenty nine per cent** (220 thousand) of those challenges resolved resulted in a **change** to the rating list whilst **71 per cent** (544 thousand) resulted in **no change** to the rating list

For the 2005 rating list:

- **almost all challenges received have now been resolved** (99.9 per cent); of these resolved challenges, 37 per cent resulted in a change to the rating list whilst 63 per cent resulted in no change to the rating list

Chart 1: Challenges received against the 2010 rating list (England and Wales)



Source: Table LRW1 (2010)

¹ See background notes for the definition of the rating list

About this release:

This release includes statistics on challenges made by taxpayers (or their representatives) against the 2005 and 2010 local rating lists up to 30 September 2016. It also includes statistics on reviews of rating assessments (known as "reports") that have either been initiated by the VOA or a billing authority, when new information becomes available.

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Challenges received and resolved

Challenges received in England and Wales

As at 30 September 2016, **1.04 million challenges** had been **received** since the start of the 2010 local rating list. Four per cent (41 thousand) of these were received in the first two quarters of 2016-17 (quarters 23 and 24 of the 2010 rating list).

The total number of challenges received against the 2010 local rating list is now 107 thousand higher than the 937 thousand challenges received against the 2005 list. As the 2010 local rating list is open for seven years rather than the usual five, challenges can still be made against the rating list, even though they may only be backdated to 1 April 2015.

Definitions

Challenge: challenges consist of both Interested Person Proposals (IPPs) and appeals.

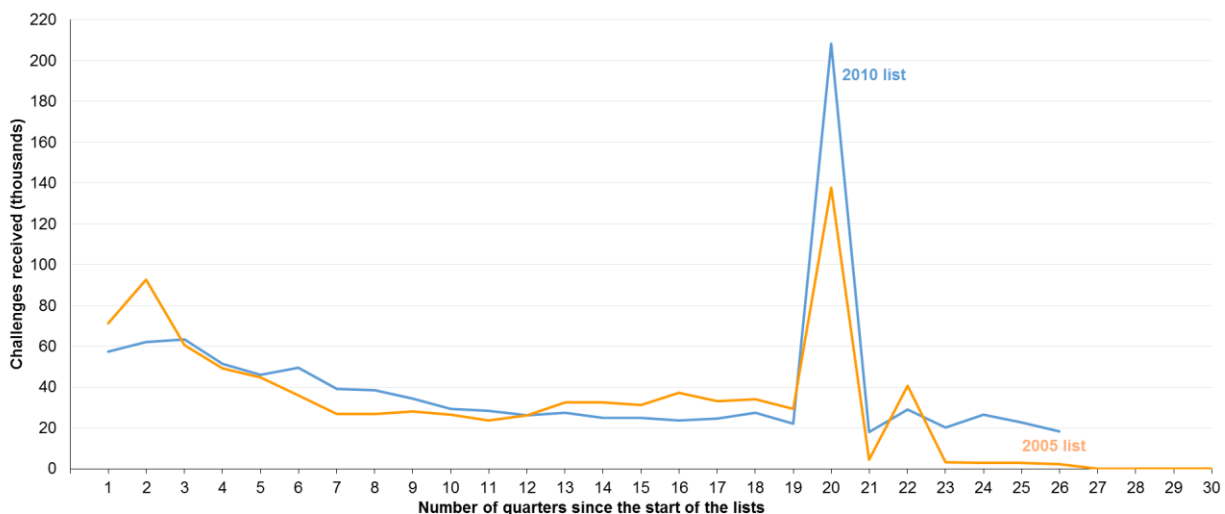
IPP: a proposal by the ratepayer or agent acting on their behalf to alter the local rating list entry.

Appeal: An appeal consists of both Valuation Tribunal cases and Upper/Lands Tribunal cases. A challenge only becomes an appeal when the proposal (IPP) is referred to the Valuation Tribunal Service.

Valuation Office notice (VON): the notice of alteration to the rating list that arises when the VOA amends a rating list following either a billing authority report (BAR), a Valuation Office report (VOR) or settlement of an IPP.

More detailed statistics.....on the challenges received against the 2005 and 2010 local rating lists can be found in [Table LRW1 \(2005\)](#) and [Table LRW1 \(2010\)](#) respectively.

Chart 2: Challenges received per quarter between 1 April 2005 and 30 September 2016 (England and Wales)

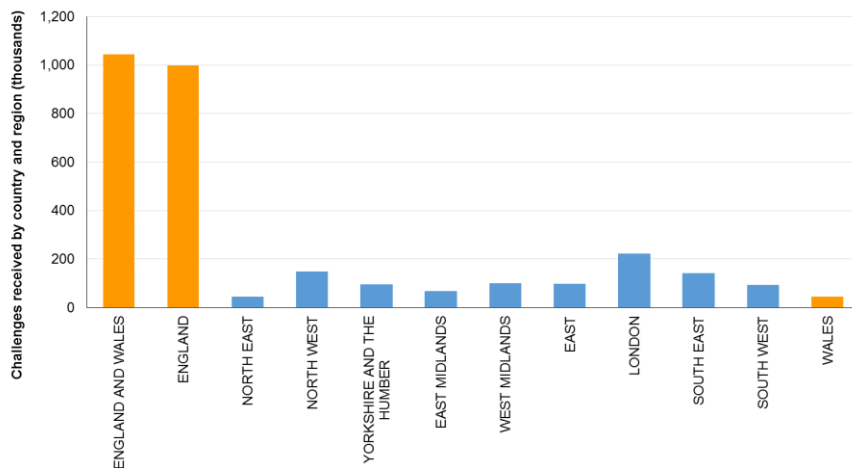


Source: Tables LRW1 (2005 and 2010)

Regional and country breakdown of challenges received

The highest number of challenges received have been recorded against properties in London (220 thousand, just over one fifth of all challenges) since the start of the 2010 local rating list. The North East and Wales account for the lowest number representing four per cent each.

Chart 3: Total number of challenges received between 1 April 2010 and 30 September 2016 by country and region (2010 list)

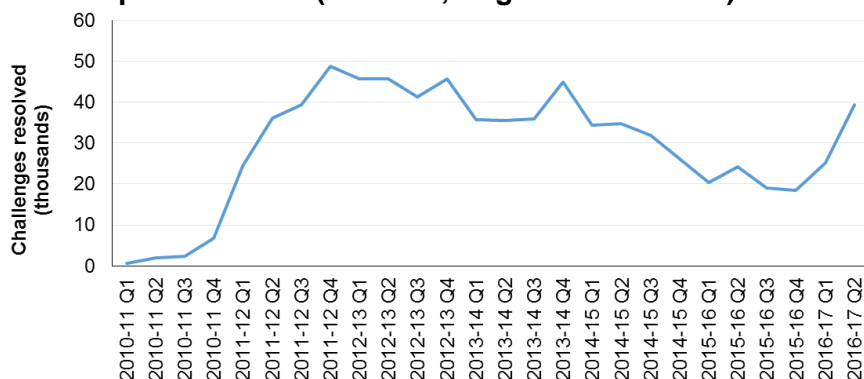


Source: Table LRW1 (2010)

Challenges resolved

Over 764 thousand challenges made against the 2010 rating list were **resolved by 30 September 2016**; 64 thousand were resolved in the first two quarters of 2016-17 which is a 72 per cent increase on the previous two quarters. **The 39 thousand challenges resolved in quarter 2 of 2016-17 is the largest number resolved since quarter 4 of 2013-14.**

Chart 4: Challenges resolved per quarter between 1 April 2010 and 30 September 2016 (2010 list, England and Wales)



Source: Table LRW2 (2010)

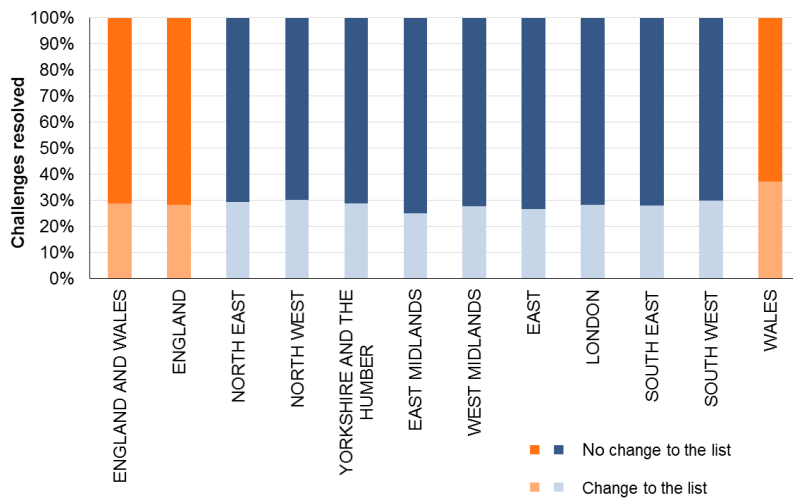
More detailed statistics... on the challenges received against the 2010 local rating list can be sourced from [Table LRW1 \(2010\)](#).

More detailed statistics... on the challenges resolved against the 2010 local rating list can be sourced from [Table LRW2 \(2010\)](#).

Twenty nine per cent of all challenges made against the 2010 list resolved by 30 September 2016 in England and Wales resulted in a **change to the list**. This is unchanged since the last quarter of 2015-16.

The percentage of challenges resulting in a change to the list does not vary much between the English regions; however, 37 per cent of challenges resolved in Wales resulted in a change compared with 28 per cent in England.

Chart 5: Challenges resolved between 1 April 2010 and 30 September 2016 by outcome, country and region (2010 list)



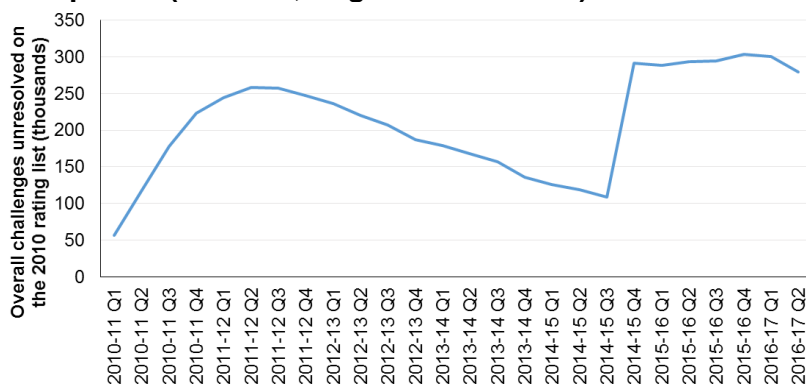
Source: Table LRS (2010)

Challenges unresolved

There are just over **280 thousand unresolved challenges** against the **2010 and 2005 rating lists combined**. Almost all of these (99.7 per cent) are against the 2010 rating list.

Despite resolving an increasing number of challenges (above) the number of unresolved has remained broadly the same since the spike for received in **quarter 4 2014-15**.

Chart 6: Total number of challenges unresolved by the end of each quarter (2010 list, England and Wales)



Source: Table LRW3 (2010)

More detailed statistics...

on the settlement of resolved challenges against the 2005 and 2010 local rating lists can be sourced from [Table LRS \(2005\)](#) and [Table LRS \(2010\)](#) respectively.

More detailed statistics...

on the unresolved challenges against the 2005 and 2010 local rating lists can be sourced from [Table LRW3 \(2005\)](#) and [Table LRW3 \(2010\)](#) respectively.

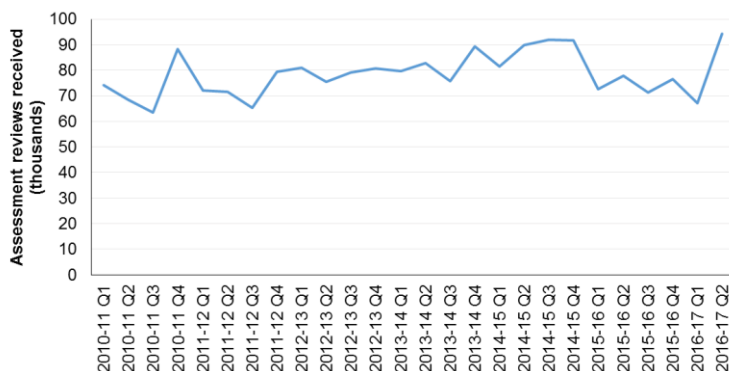
Assessment reviews (reports)

Number of assessment reviews (reports) initiated

As at 30 September 2016, the VOA had initiated a total of just over two **million reviews of rating assessments** against the 2010 local rating list. These are typically attributable to a demolition, new property build or other physical change to a property.

In the first two quarters of 2016-17 161 thousand assessment reviews were initiated, a nine per cent increase on the previous two quarters. This was a result of just over 94 thousand reviews in quarter 2 of 2016-17 (the largest single quarter total for the 2010 list), where over a third were attributable to work undertaken to reassess office properties as a result of the Mazars versus Woolway high court ruling. This ruling was on the treatment of hereditaments split across multiple floors in offices.

Chart 7: Assessment reviews (reports) initiated per quarter between 1 April 2010 and 30 September 2016 (2010 list, England and Wales)



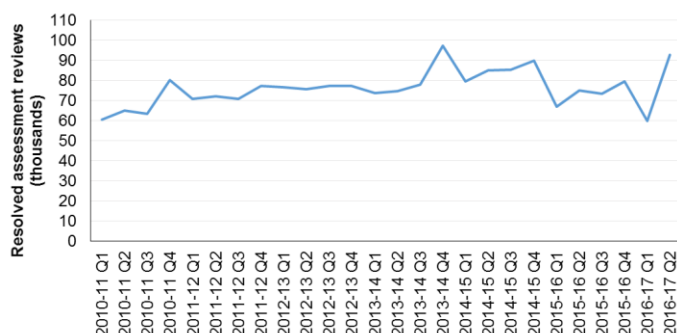
Source: Table LRW7 (2010)

Assessment reviews (reports) resolved

Of the two million assessment reviews initiated against the 2010 list, the VOA has **resolved 1.98 million (97 per cent)**.

The number of assessment reviews resolved in quarters 1 and 2 of 2016-17 follows a similar trend to reports initiated. This is shown in Chart 8. So far 153 thousand have been resolved in the current financial year, marginally less than the last two quarters of 2015-16.

Chart 8: Resolved assessment reviews (reports) per quarter between 1 April 2010 and 30 September 2016 (2010 list, England and Wales)



Source: Table LRW8 (2010)

Definitions

Assessment reviews: these are generally referred to as reports, and relate to instances where the VOA will review the entry in the rating list when new information becomes available (either from within the VOA, or from the relevant billing authority).

Billing authority report (BAR): a report initiated by the billing authority requesting an amendment to the local rating list.

Valuation Office report (VOR): a report (assessment review) initiated by the Valuation Office Agency to review an entry in a local rating list.

More detailed statistics... on the assessment reviews initiated against the 2010 local rating list can be sourced from [Table LRW7 \(2010\)](#).

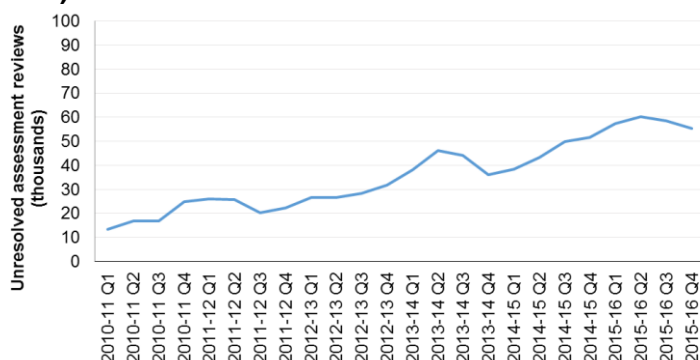
More detailed statistics... on the resolved assessment reviews against the 2010 local rating list can be sourced from [Table LRW8 \(2010\)](#).

Assessment reviews (reports) unresolved

There are currently **64 thousand** reviews **outstanding** against the 2010 local rating list.

The number of unresolved assessment reviews has started to increase and is currently at the largest number outstanding at any point for the 2010 list.

Chart 9: Total number of unresolved assessment reviews (reports) by the end of each quarter (2010 list, England and Wales)



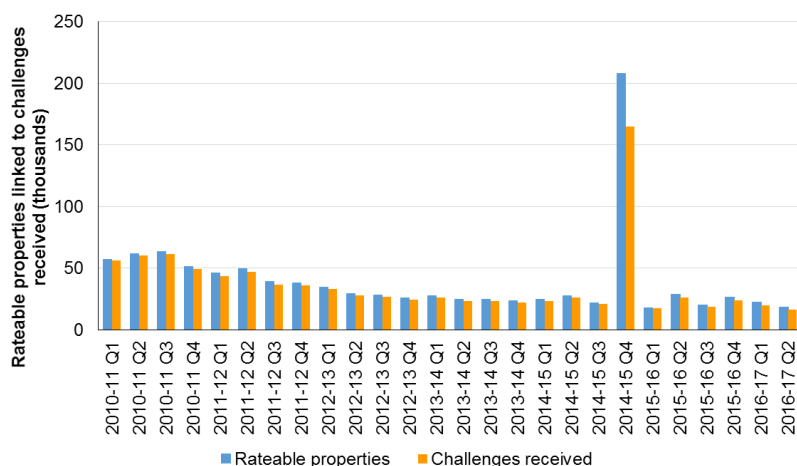
Source: Table LRW9 (2010)

Unique rateable properties linked to challenges

There were **956 thousand unique rateable** properties linked to challenges received against the 2010 local rating list for England and Wales.

The pattern for unique rateable properties is in line with that for total challenges received, though the number of unique rateable properties is generally less than the total challenges received because more than one challenge can be submitted against a given property.

Chart 10: Rateable properties and challenges received between 1 April 2010 and 30 September 2016 (2010 list, England and Wales)



Source: Tables LRW1 (2010) and LRW4 (2010)

More detailed statistics...

on the unresolved assessment reviews against the 2010 local rating list can be sourced from [Table LRW9 \(2010\)](#).

Definitions

Unique rateable properties (also known as hereditaments): a unit of non-domestic property that is, or may become, liable to non-domestic rating and thus appears in the local rating list.

More detailed statistics...

on the unique rateable properties linked to challenges received against the 2010 local rating list can be sourced from [Table LRW4](#).

More detailed statistics...

on the challenges received against the 2010 local rating list can be sourced from [Table LRW1](#).

Background notes

This release includes statistics on challenges made by taxpayers (or their representatives) against the 2005 and 2010 local rating lists up to 30 September 2016. It also includes statistics on reviews of rating assessments (known as reports) that have either been initiated by the VOA or a billing authority, when new information becomes available.

Previous quarters' figures include retrospective changes so will not necessarily be the same as those from previous publications.

Figures in the release note may be rounded to a different level of accuracy from the figures in the MS Excel tables and should therefore be considered more definitive.

The statistics are derived from VOA's administrative database and are published at national, regional and billing authority level.

The VOA is required, by the Local Government Finance Act 1988, to compile and maintain accurate rating lists specifying a rateable value for all non-domestic rateable properties in England and Wales. These rateable values provide the basis for national non-domestic rates bills, which are issued by billing authorities. There is a local rating list for each billing authority; there are 348 rating lists in England and Wales. However, for simplicity, we have referred to these throughout this publication as one combined 'rating list' for those local lists effective from 1 April 2005, and, likewise, one combined 'rating list' for those local rating lists effective from 1 April 2010.

The current rating list came into effect on 1 April 2010. New lists are usually compiled every five years containing updated rateable values. However, the next revaluation will be with effect from 1 April 2017.

Occupiers, owners, and in limited circumstances, relevant authorities and other persons (known formally as Interested Persons) can make a challenge to alter the local rating list if they think an entry in the local rating list is incorrect. Challenges can also be made on behalf of interested persons by their professional representatives. There are a number of specified grounds for challenges including physical changes such as demolition, reconstitution, refurbishment or new construction of premises, as well as proposals on the grounds that the rateable value is incorrect.

This challenge, known as a proposal at this stage, asks the valuation officer to change the entry in the list. If the valuation officer cannot reach agreement with the ratepayer as to any change that is needed, then the matter will be referred to the Valuation Tribunal Service, at which stage it becomes an appeal.

Upper Tribunal (previously Lands Tribunal) cases are appeals against the decision of the valuation tribunal, to the Upper Tribunal (Lands Chamber) or the Court of Appeal:

- An Upper Tribunal or Court of Appeal can be made by any of the parties to the case – so the VOA or the Interested Person, or both, may be the appellant.
- Where the Upper Tribunal appeal is dismissed the list will not be altered as a consequence.
- Where the Upper Tribunal appeal is not dismissed but overturns the previous decision appealed against and simply restores the original list entry this effectively means that taken together, those appeals have resulted in no net list alteration.

The functions of the Lands Tribunal were transferred to the Upper Tribunal (Lands Chamber) on 1 June 2009 so these cases were known as Lands Tribunal cases before that date. More details on this change can be found [here](#).

Further information about the data and methodology presented in this summary document can be found in the '[Data Information and Methodology](#)' document.

Further information

More detailed information on the 2010 local rating list is available on the Agency's website at the following location: <https://www.gov.uk/correct-your-business-rates>

Further information on the area codes used in this release please refer to the ONS's website at the following location: <http://www.ons.gov.uk/ons/guide-method/geography/geographic-policy/best-practice-guidance/presentation-order-guidance/administrative-areas/index.html>