

Summary of responses to the interim findings of the government's review of business rates administration

A.1 62 responses to the interim findings paper were received. 35 were from local authorities or their representative bodies, with some responses representing 10 or more authorities. Other responses were predominantly received from business representatives, with 13 from business or sector representative organisations and seven from rating specialists. Three responses were received by professional bodies representing the property sector.

Frequency of revaluations

A.2 Alongside the interim findings paper, the Valuation Office Agency (VOA) published analysis on the impact of more frequent revaluations on the stability of rates bills. Overall, this analysis suggested that more frequent revaluations could ensure that rates bills reflect relative changes in rental values. However, more frequent revaluations may increase the instability of bills. Most of the respondents accepted the conclusions of this analysis, whether they favoured more frequent revaluation or wanted to retain the current five-yearly cycles.

A.3 The majority of respondents favoured retaining 5-yearly revaluation cycles, in particular most local authorities and some business groups, particularly those representing the manufacturing industry, although a small number of local authorities did favour increased frequency. Respondents which favoured retaining five-yearly revaluations often said that the VOA analysis confirmed their view that increased frequency would undermine the stability of rates bills.

A.4 Those respondents who said they wanted more frequent revaluations placed more emphasis on valuations being linked to market values over stability of bills. Some of these respondents either viewed the VOA analysis as not conclusive on the impact on stability or accepted the analysis, but thought it was more important for the business rates system to accurately reflect changes in market values. A few business representative bodies referred to the need for bills to reflect a ratepayer's ability to pay as being more important than stability in bills, while others pointed out that there is already considerable instability in the current system, such as annual adjustments to the business rates multiplier. A few respondents suggested the multiplier should be fixed and business rates yield allowed to fluctuate with the economy.

Administrative costs of revaluations

A.5 Most respondents suggested greater digitisation of the data collected by the VOA would reduce the costs of conducting revaluations and allow the shortening of the antecedent valuation date (AVD) period from the current two-year period

A.6 The interim findings document stated that approximately one-third of useful rents would not have been available if the period between the AVD and the start of the 2010 rating list had been one year. Some respondents said that the accuracy of valuations is more important than reducing the AVD period. They considered that accuracy of valuations should not be compromised in order to conduct revaluations more quickly

A.7 There was a view held by a number of rating surveyors that the VOA would require greater resources to be able to undertake both more frequent revaluations and / or reduce the current two year period between the AVD and the start of the rating list

A.8 A number of business organisations supported removing smaller properties from the rating system altogether, which they believed would free up VOA resources to enable more frequent revaluations by reducing the number of assessments the VOA would have to produce. Some local authorities and business groups suggested valuations could be conducted more quickly by compelling land owners to register all leases with the Land Registry.

Appeals reform

A.9 The majority of respondents supported the proposed appeals system outlined in the interim findings paper.

A.10 Most respondents thought the opportunity to provide an update on factual issues at the 'check' stage would be helpful in reducing the number of challenges as it would allow facts to be resolved earlier in the process. However some respondents were concerned that the "check" is only one stage of a formal process, not a resolution mechanism in its own right, which would make it of little value.

A.11 Many local authority respondents and some business groups said that more detail and evidence to support a revised valuation should be provided by the ratepayer at the challenge stage. For example, they suggested that ratepayers should set out the grounds for appeal and any supporting evidence. Some rating surveyors said that proposals to require ratepayers to provide more information with a challenge should be reciprocated by the VOA responding with details of the evidence it holds.

A.12 However, a small number of respondents believed the proposed reforms could make the current system worse by adding too many stages and administrative layers. These respondents included a sector-specific business organisation, a rating specialist and a couple of local authorities. These local authorities suggested that challenges should be reported to local authorities so they are aware.

A.13 Some local authority respondents and a professional body wanted local authorities to regain a formal role in the appeals system for example, regaining the right to make appeals and to receive copies of all appeals made to amend the list and all decision notices relating to those proposals. These respondents pointed out that, at present, local authorities have a relatively passive role in the appeals process, with limited powers to make proposals to alter the rating list, which are generally restricted to alterations linked

to material changes of circumstances. That said, the resulting outcomes can have a potentially significant impact on local authority funding, after the introduction of rates retention.

Charging for appeals

A.14 There was some support for charging for appeals made to the Valuation Tribunal for England, providing the charge is refundable if the appeal is successful. It was generally thought that charging would reduce the number of speculative appeals. Fees charged for Employment Tribunals was given as an example of focussing cases and reducing applications.

A.15 Some respondents said that there should be more risk in the appeals system e.g. fees should be payable up-front, should not be "trivial" amounts and the fee could be lost if appeals are withdrawn.

A.16 However, many respondents thought there would be a risk that any charging regime could discourage small businesses from making appeals on the grounds of affordability; whereas larger businesses, who may be employing rating agents to challenge rateable values, will not be so affected.

A.17 Some respondents were against any charging for appeals, as a matter of principle of access to justice.

Information sharing

A.18 There was broad agreement that the government should legislate to make it easier for the VOA and local authorities to share property information. For example, some local authorities mentioned that they currently have to conduct joint inspections with the VOA to get property information, as the VOA would not be able to provide them with any of the information collected on a VOA-only inspection.

A.19 A duty on ratepayers to provide details about property alterations had support from a number of local authorities, as well as some business and property organisations. The latter insisted that providing this information "would have to be appropriately limited to remove burdensome information demands", but that such a duty could have potential savings for business. It was suggested by some that this information could be provided by a form of self-assessment. Over time the information provided by ratepayers would become more clear, accurate and timely and less of a burden.

A.20 Most business groups and rating agents pointed out that there are existing statutory powers and that these should be sufficient. Some non-local authority respondents thought greater information sharing between local authorities and the VOA would address the need to impose a statutory duty on ratepayers to provide information about changes to their properties.

A.21 The practical challenges associated with requiring ratepayers to provide information about their properties were acknowledged. The nature of property taxation, compared to other taxes, may make it unreasonable to require ratepayers to report every minor change made to a property. Some respondents suggested requiring ratepayers to report only major changes, for example those which would "obviously" have an impact on the

rateable value. This would need to be clearly defined, and some stated they would not support a system which criminalised ratepayers for making honest mistakes. In any case, some rating agents thought that it would be difficult to specify in law the types of physical changes ratepayers would need to report.

A.22 Some respondents suggested that the VOA should work more closely with Land Registry and other bodies to ensure they have the rental detail that they need. Some suggested a requirement to register all leases or introduce annual returns: this would “more efficiently and effectively provide the necessary rental data to the VOA”.

Billing and collection

A.23 Most respondents would welcome a standard digital solution for billing and collection, whether through common systems or portals. Many felt this would result in administrative savings for both ratepayers and local authorities. The IT costs and complexity of implementation were acknowledged in many responses and many local authorities suggested that central government would need to fund these costs.

A.24 The solution for some respondents is a portal, with online application and payment, rather than e-billing i.e. the emailing of bills in PDF. A billing system using email needs up-to-date email addresses, which is an existing issue for some local authorities which already operate e-billing.

A.25 Many respondents called for standardised bills across all local authorities, with no jargon and with clear explanations of reliefs. This would be of particular help for ratepayers with properties in different local authority areas.

A.26 A few respondents proposed centralised billing, while others suggested centralised billing for operators with properties that cross local authority boundaries. In this situation, there could be a “lead” local authority, which was responsible for billing for each company.

A.27 Most respondents think it is important to show how bills are calculated, whether on the bill itself or via an online calculator. One description was that bills should be “clear, in plain English, self-proving, concise and accurate”.

A.28 A number of local authorities were cautious about not adding extra costs – as e-billing systems are expensive – and ensuring that software companies are consulted. Some in the local authority sector thought that the initial costs of digital billing would outweigh the financial benefits and there would not be a return on investment within a suitable investment period. On e-billing, a few local authorities also pointed out that they would need legal powers to enforce this. Also, some local authorities suggested Government should require payment by direct debit.

List of respondents

Anglia Revenues (Representing 10 local authorities in East Anglia)	Association of Licensed Multiple Retailers
Association of Convenience Stores	Association of Town and City Management
Baker Davidson Thomas	Booksellers Association
Boston Borough Council	British Information Providers Association
British Property Federation	London Borough of Brent
Brighton & Hove City Council	British Beer and Pub Association
British Land	British Retail Consortium
Cherwell District Council	City of Lincoln Council
CVS	Cornwall Council
Dartford (representing 16 Kent local authorities)	East Hertfordshire District Council
East Lindsey District Council	East Riding of Yorkshire Council
Engineering Employers' Federation	Federation of Small Businesses
Gerald Eve	GL Hearn
Greater London Authority	Hampshire County Council
Hampshire Fire and Rescue Authority	Hertfordshire County Council
Institute of Directors	Institute of Revenues Rating and Valuation
Lancaster City Council	Liberata
Local Government Association	Milton Keynes Council
National Association of British Market Authorities	Newcastle City Council
Northampton Borough Council	Preston City Council
Rating Surveyors Association	Royal Institution of Chartered Surveyors
Rodney Atkinson	Solihull Metropolitan Borough Council
South Holland District Council	South Norfolk Council
South Northamptonshire	Stockton-on-Tees Council
Stoke-on-Trent Council	Tameside Metropolitan Borough Council
Telford & Wrekin Council	UK Mobile Operators Association
UK Petrol Industry Association	Vail Williams LLP
Welbeck Retail Management	Borough Council of Wellingborough
West Lindsey District Council	West Sussex County Council
White Horse Childcare	Worcestershire County Council
Wyre Forest Council	Yorkshire Water