

# Non-domestic rating: challenges and changes

## Data Information and Methodology



Valuation Office  
Agency

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### Scope of the data

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

These statistics are calculated using the ‘effective date’ and ‘processing date’. The effective date refers to the date from which a change applies to a rating list for rate charging purposes; this could be many months (or even years) before the challenge is received or processed. The processing date is the date at which a challenge was resolved.

Statistics provided in some earlier publications have been reported by the date the challenge was received and processed by the VOA; these are important from the perspective of the VOA’s inputs and outputs on rating list maintenance (relating to its productivity). Statistics on an effective date basis provide insight into the evolution of the list itself, in particular the profile of rateable value, alongside the attribution of the changes to the list.

Statistics on an effective date basis (rateable value of changes and challenges resolved) are always liable to revision for as long as maintenance work is being carried out on the rating list. Therefore all of these statistics should be considered as provisional.

## Methodology

**NOTE:** Tables LRW1 to LRW18 refer to tables in both the 2005 and 2010 local rating lists.

### **Methodology underlying the tables showing counts of challenges/assessment reviews/cases (Tables LRW1 to LRW3, LRW7 to LRW9 and LRW13 to LRW15).**

Counts consist of the number of challenges/assessment reviews/cases. If a single challenge/assessment review/report relates to more than one rateable property it will only count as one challenge/assessment review/report. If more than one challenge/assessment review/report is associated with an individual rateable property, however, each of the challenges/assessment reviews/cases will be included in the count.

### **Methodology underlying the tables showing counts of unique rateable properties linked to challenges/assessment reviews/cases (Tables LRW4 to LRW6, LRW10 to LRW12 and LRW16 to LRW18).**

To aid interpretation of the tables showing counts of unique rateable properties linked to challenges/assessment reviews, this section outlines the underlying methodology and, through examples, shows how individual properties contribute to the statistical tables.

One key thing to note is that counts of unique rateable properties linked to “received” challenges are based on the number of unique rateable properties linked to a case when it is first received, whereas counts linked to “resolved” challenges are based on the number of properties linked to a case when it is first received and those linked to the case on resolution. A consequence of this is that the total number of unique rateable properties linked to challenges “received” is not equal to the sum of the total number “resolved” and the total number “unresolved”. Further details are given in the examples below.

#### **1) Tables LRW4, LRW10 and LRW16 – Counts of unique rateable properties (hereditaments) linked to “received” challenges/assessment reviews/cases**

The counts shown in these tables are based on the unique rateable properties (hereditaments) linked to “received” challenges, assessment reviews and cases. We look at the unique rateable properties linked to a case when it is first received.

For challenges, the number of unique rateable properties is generally less than the number of challenges received because more than one challenge can be submitted against a given property. Similarly, the number of unique rateable properties is generally less than the number of cases received. Example 1 illustrates a situation where the number of challenges is greater than the number of linked unique rateable properties.

#### **Example 1**

This is an example of challenges that the VOA could have received for a particular BA:

<b>Case</b>	<b>Hereditaments linked at start of case</b>	<b>Count of unique hereditaments</b>
1	Hereditament A	1
2	Hereditament B	1
3	Hereditament B	Not included in calculation
4	Hereditament C	1

In this example, the figures shown in tables LRW1 and LRW4 would be as follows:

- LRW1: Number of challenges received = 4
- LRW4: Count of unique rateable properties linked to challenges received = 3.

Four challenges were received but they only relate to three unique hereditaments. Both case 2 and case 3 relate to the same hereditament so hereditament B is only counted once.

Due to the proportion of assessment reviews that relate to the merging of properties, the total number of unique rateable properties linked to assessment reviews will often exceed the total number of reports. Example 2 illustrates a situation where the number of linked rateable properties is greater than the number of assessment reviews.

### Example 2

This is an example of assessment reviews that the VOA could have received for a particular BA:

Case	Hereditaments linked at start of case	Count of unique hereditaments
1	Hereditament A	1
2	Hereditament B	1
3	Hereditament B	Not included in calculation
4	Hereditament C Hereditament D	2
5	Hereditament E Hereditament F	2

In this example, the figures shown in tables LRW7 and LRW10 would be as follows:

- LRW7: Number of assessment reviews received = 5
- LRW10: Count of unique rateable properties linked to assessment reviews received = 6.

Five assessment reviews were received but they were linked to a total of six unique hereditaments. Cases 1 and 2 both related to hereditament B so it was only counted once but cases 4 and 5 each related to two unique hereditaments.

## 2) Tables LRW5, LRW11 and LRW17– Counts of unique rateable properties (hereditaments) linked to “resolved” challenges/assessment reviews/cases

The counts shown in these tables are based on the unique rateable properties (hereditaments) linked to “resolved” challenges/assessment reviews/cases. We look at the unique rateable properties linked to a case when first received as well as the unique rateable properties linked to the case upon resolution. The reason for looking at properties linked to cases both upon receipt and upon resolution is to ensure that all properties that are created or deleted from the rating lists, as a result of splits and mergers, are picked up whilst ensuring that properties linked to many cases are not double counted.

### Example 3

This is an example of challenges for a particular BA that could have been resolved in the quarter:

Case	Settlement Code	Hereditaments linked at start of case	Hereditaments linked at end of case	Change	Count of unique hereditaments
1	Withdrawn	Hereditament A	-		1
2	Agreed	Hereditament B	Hereditament B	Amend	1
3	Agreed	Hereditament C	Hereditament C Hereditament D Hereditament E	Delete New – Add New – Add	3
4	Withdrawn	Hereditament F Hereditament G	- -		2
5	Withdrawn	Hereditament F	-		Not included in calculation
6	Agreed	Hereditament H Hereditament I	Hereditament H Hereditament I Hereditament J	Delete Delete New – Add	3

In this example, the figures shown in tables LRW2 and LRW5 would be as follows:

- LRW2: Number of challenges resolved = 6
- LRW5: Count of unique rateable properties linked to challenges resolved = 10.

Case 3 represents a split, where hereditament C is split into two hereditaments (D and E); all three hereditaments are included in the count of unique hereditaments linked to the resolved challenge. Case 6 represents a merger, where hereditaments H and I are merged to form hereditament J; all three hereditaments are included in the count of unique hereditaments linked to the resolved challenge. Cases 1, 4 and 5 were withdrawn (and are therefore considered to be resolved) but the hereditaments linked at the start of the case are included in the count of unique hereditaments linked to the resolved challenge.

## 3) Tables LRW6, LRW12 and LRW18 – Counts of unique rateable properties linked to “unresolved” challenges/assessment reviews/cases

The counts shown in these tables are based on the unique rateable properties linked to “unresolved” cases. The counts are formed based on the unique rateable properties linked to a case when it was first received. Examples 1 and 2 illustrate the method employed.

## Data quality

The information supplied in the tables is based upon administrative data held within the VOA's operational database. All administrative data are subject to processing and system errors and as such while the VOA has made every effort to ensure accuracy of the data underpinning this publication it is possible that some errors remain.

Some counts of cases received, resolved and unresolved (Tables LRW1 to LRW18) have been revised since earlier releases where the received dates for a small number of cases have been corrected. An example of this is where a challenge has an invalid received date which is subsequently corrected, changing the case from an invalid Interested Person Proposal (IPP) to a valid IPP. This results in a case moving from Table LRW13 (cases received) to Table LRW1 (challenges received).

## Use made of the data

This publication is being released as part of a drive towards making VOA's data more accessible as well as continuing to improve and make more consistent presentation of information to assist users to conduct their own analysis of VOA data. The data are used to inform government policy and conduct analyses to support the operations of the VOA.

In a wider context this publication supports BAs' requirements for information in respect of the Business Rates Retention Scheme contained within the Local Government Finance Act 2012. (The Local Government Finance Act 2012 can be found at: <http://www.legislation.gov.uk/ukpga/2012/17/contents>)

This summary document follows a new format designed to improve the presentation of our statistics and to provide more statistical descriptions, supported with charts and graphs, to help users understand our publication better. This format will be reviewed and we welcome feedback from users on the usefulness of the information provided in this summary.

## Glossary

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

**Area code** – a unique identifier for administrative geographies as specified by the Office for National Statistics (ONS).

**Assessment** – an entry in the rating list is often referred to as an assessment.

**Assessment review (report)** – assessment reviews (reports) relate to instances where the VOA will review the entry in the rating list. They can be either a report initiated by the BA, known as a Billing Authority Report, or the Valuation Office Report. These could typically be attributable to a demolition, new property build or other physical change to a property. An assessment review (report) is counted as received when it has been registered on the VOA's administrative system.

**Billing authority (BA)** – a local authority empowered to collect non-domestic rates on behalf of itself and other local authorities in its area. England, shires, metropolitan districts, the Council of the Isles of Scilly, unitary authorities, London boroughs and the City of London are BAs.

**Billing authority code** – a unique identifier for BAs.

**Billing authority report (BAR)** – a report (assessment review) initiated by the BA. These could typically be attributable to a demolition, new property build or other physical change to a property.

**Cancelled challenge or assessment review** – a challenge/assessment review raised against a property in error that is cancelled.

**Cases** – whilst the term ‘case’ is used generally to describe either a challenge or assessment review (report), for these statistics a case is more specifically defined as either an invalid proposal, a cancelled challenge or assessment review (report), or a minor rating list change.

**Central rating list** – the VOA’s list of rateable values for companies named in the Central Rating List Regulations 2005, primarily for the network property of major transport, utility, and telecommunications undertakings and cross country pipelines. There are separate lists for England and Wales.

**Challenge** – a proposal by the ratepayer to alter the rating list entry; typically attributable to a challenge to the assessed rateable value or a change of circumstance of the property as well as physical changes in the locality. Challenges consist of both IPPs and appeals. IPPs are commonly, though mistakenly, referred to as appeals; technically a challenge only becomes an appeal when the proposal is referred to the Valuation Tribunal Service. A challenge is counted as being received when it has been registered on the VOA’s administrative system. It is counted as being resolved when it has been cleared and the rating list has been updated.

**Compiled list** – the rating list as it comes into effect following revaluation, for the 2010 rating list this is 1 April 2010.

**Direction** – the Tribunal’s written instructions that the appellant and the VOA must follow.

**Interested Person Proposal (IPP)** – a proposal by the ratepayer or agent acting on their behalf to alter the local rating list entry.

**Invalid proposal (IP)** – a proposal that has been submitted to the VOA and that the VOA considers to be incorrect. In these circumstances the VOA informs the maker of the proposal why they consider the proposal to be invalid. The maker of the proposal has the option to appeal to the Valuation Tribunal against the VOA’s decision.

**Lands Tribunal cases** – the functions of the Lands Tribunal were transferred to the Upper Tribunal (Lands Chamber) on 1<sup>st</sup> June 2009. These cases are now known as Upper Tribunal cases and includes any appeal to the Upper Tribunal (Lands Chamber), Court of Appeal and Supreme Court.

**Local rating list(s)** – the VOA’s lists of all the non-domestic rateable properties in England and Wales. There is a separate local list for each BA.

**Minor rating list change (MRL)** – a minor change to a rating list entry usually correcting a typographical error in the address or description of a property.

**Rateable value (RV)** – a monetary value assigned to every rateable property within a rating list, based broadly on the annual rent for which a rateable property could have been let on the open market at a set date.

**Ratepayer** – the person required to pay the business rates bill for the property. This is the occupier, unless the property is empty when it is the owner’s responsibility to pay.

**Region** – a geographical unit formerly referred to as Government Office Region (GOR). The GOR framework was the primary classification for regional statistics and comprised nine regions of England, which combined with the devolved administrations collectively spanned the United Kingdom. From 1 April 2011 the term GOR was dropped in favour of region. This release comprises England regions and Wales.

**Settlement** – when a challenge to change an entry in the rating list has been assessed, a decision has been made and any changes to the local rating lists have been made.

**Settlement code** – this code is held within the VOA's operational database and shows how a challenge has been settled.

**Struck out** – the decision made by the Valuation Tribunal not to hear an appeal and give it no further consideration. This is usually because of a failure of the appellant to comply with a direction of the tribunal such as the requirement to produce a statement of case six weeks prior to the Valuation Tribunal.

**Unique rateable property (also known as hereditament)** – a unit of non-domestic property that is, or may become, liable to non-domestic rating and thus appears in the local rating list. The area of a property included in a rateable value calculation can cover all of one property, only part of a property or be several separate units in one building or site.

**Upper Tribunal (Lands Chamber)** – this was previously known as the Lands Tribunal before its functions were transferred to the Upper Tribunal on 1<sup>st</sup> June 2009. This a specialist tribunal that resolves certain disputes concerning land, particularly the valuation of land. They have power to hear cases under many different Acts of Parliament and statutory instruments.

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

**Valuation Office report (VOR)** – a report (assessment review) initiated by the VOA to review an entry in the local rating list. These could typically be attributable to a demolition, new property build or other physical change to a property.

**Valuation officer** – an employee of the VOA and the officer authorised by statute to compile and maintain rating lists.

**Valuation Tribunal (VT)** – an independent appeals tribunal, to handle council tax and rating appeals in England with a similar but separate Valuation Tribunal in Wales.

A list of these and other terms relating to the non-domestic rating lists is available on the VOA website at the following location:

<http://www.2010.voa.gov.uk/rli/static/HelpPages/English/glossary/index.html>

## CSV metadata

The table shows the variables (and descriptions) appearing on the CSV files that are included in this release:

Variable	Description	Tables LRW1- LRW18	Table LRS
BA_CODE	Unique identifier for BA	X	
ECODE	Unique identifier for administrative geographies as specified by the ONS.	X	X
AREA	Administrative area name	X	
REGION	Region		X
COMPILED	Data relating to the compiled list		
Y_YYYYYY_Q_q_	YYYYYY represents the financial year and <i>q</i> represents the relevant financial quarter	X	
SET_WTN	Withdrawn		X
SET_CON	Confirmed at Valuation & Upper/Lands Tribunals		X
SET_DIS	Dismissed by Valuation & Upper/Lands Tribunals		X
SET_STU	Struck out by Valuation Tribunal		X
SET_AGR	Agreed		X
SET_WFD	Well founded		X
SET_DEC	Decision by Valuation & Upper/Lands Tribunals		X
SET_TTL	Total challenges resolved		X
SET_TTL_CHA	Total challenges resolved resulting in a change to the list		X
SET_TTL_CHA_PER	Percentage of challenges resolved resulting in a change to the list		X
SET_TTL_NOCHA	Total challenges resolved resulting in no change to the list		X
SET_TTL_NOCHA_PER	Percentage of challenges resolved resulting in no change to the list		X