



Reforming business rates appeals: draft regulations

SIGOMA RESPONSE

Q1. Do you agree that the draft Regulations put in practice the agreed policy intention as set out in the Government policy statement?

We agree that the draft regulations represent the policy changes. The introduction of stricter submission requirements, time bound clauses and penalties as well as the overall clarity of the procedure appear to be improved and to reflect the policy statement presented. However, members are doubtful whether these regulations alone will achieve the policy intention of a manageable level of appeals or backdated changes to the list.

SIGOMA members are not convinced that the changes presented will alleviate the problem of delays in resolving disputes that go to appeal nor that giving the VOA permission to share information will result in a better information service for authorities.

Members are concerned that, without timely and adequate information from the VOA there will be even greater difficulty in making objective provision for rate refunds which arise as a result of challenges. As a paying "client" for this service, they have little say in the level of service that is provided.

Members suggest that in addition to regulation there needs to be a clear inducement or incentive for the Valuations Office Agency to process challenges and appeals efficiently and a requirement for the VOA to communicate more closely with local authorities.

Q2. We would welcome your views on the approach to implementing fees for the appeal stage.

The aim of implementing fees, as stated in the consultation document, is to "reduce the large number of speculative appeals which clog up the system", yet it is noted that there will be no charges during Check or Challenge stages, only at the Appeal stage.

We agree that all businesses with legitimate appeals should be fully reimbursed for the any fees they are required to pay during the process but we would argue that this will only work to address part of the current backlog and part of the pressure of ongoing claims.

Much of this pressure will be felt at the Challenge stage of the process and, provided successful claimants are fully reimbursed for any expense they incur, it therefore makes sense to impose fees at both of these stages. The revenue this raises could then be reinvested in the necessary staffing to ensure the swift processing of claims.



This would work to further deter any potential abuse of the system and best ensure that only those with a legitimate claim seek to challenge their business rates.

We would also question the basis on which the fees have been determined. While it is right that small businesses should pay a lower rate, we are conscious that there are also very large businesses for which the cost making repeated claims may be de minimis compared to the potential gains of a successful revaluation. It may therefore be prudent to consider a steeper, more detailed banding system that better reflects relative the cost of making a claim.

Q3. We would welcome your views on the approach to implementing penalties for false information.

We agree with the imposition of penalties for false information submitted knowingly, recklessly or carelessly. As there will be an absence of historic examples we suggest the legislation is accompanied by a guide that illustrates each of these breaches.

Q4. We would welcome your views on the approach to implementing the package for small businesses and small organisations.

It is right that small businesses should not face disproportionate impediments to making legitimate challenges to their rates. The proposed definition of small business appears to be a fair one.

Q5. We would welcome your views on the approach to dealing with Material Changes in Circumstances.

The approach to dealing with material changes in circumstances for ratepayers appears to be appropriate.

Q6. We would welcome your views on the amended approach to determining appeals against valuations.

We agree that the VTE should only order a change in rateable value where there is a "real issue at stake".

However, the term the "reasonable professional judgement" appears to be a highly subjective and further clarification should be provided, again using an illustrative guide, so as to delimit any temptation on the part of those who have been unsuccessful to resubmit their appeal in the hope of an alternative "professional judgement".



Q7. We would welcome your views on the role of local authorities in the reformed system.

Our members share the experience of other local authorities, as noted in the consultation document. In light of the pending transition to 100% retention of business rates, now more than ever, they need reasonable certainty on the rates revenue they will receive in order to plan their finances effectively.

Changes in the appeals system to “check, challenge, appeal” are welcome but members are not convinced that they will alleviate the problem of delays in resolving disputes that go to appeal nor that giving the VOA permission to share information will result in a better information service for authorities.

The voluntary wording of the proposals set out to modernise the role of local authorities in the appeals process therefore provides some cause for concern.

For example, the VOA should be “required” rather than “allowed” to disclose HMRC VOA information in certain circumstances. “Providing for” billing authorities to be sent the outcome of checks where they result in a change to the valuation should similarly read “Requiring billing authorities to be sent...”.

The onus must be to place statutory obligations on the VOA, rather than giving local authorities more rights to request information, and this must be appropriately time bound. Our members are concerned that the current proposals could see the perpetuation of a situation in which authorities have to chase the VOA to receive the information they need to plan ahead and where experiences vary widely from authority to authority and case to case.

In addition, so great are current frustrations with the way appeals are handled, members have gone as far as suggesting that Government should pilot a scheme to bring the valuation service back under local authority control. If it were possible to trial this during 100% retention pilots, it could prove a useful addition to the options for 2020. We are aware that a number of authorities, including one SIGOMA member, have offered to host such a pilot.