CVS

Business Rent & Rates Specialists

Administration of business rates in England

CVS' response to the Government's discussion paper

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June 2014

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About CVS

CVS, Business Rates Specialists, are a RICS registered and regulated commercial property services firm which has been involved in business rates for 15 years. CVS employ more than 275 dedicated Rating Staff including over 50 surveyors nationwide.

As of the end of May 2014, CVS have represented ratepayers on over 57,000 appeals against the 2010 Rating List in England and Wales. CVS have submitted 10.9% of the total number of challenges against the current Rating List, a market share significantly larger than any other rating agent at 17.8%.

In 2013, CVS represented more than 4,500 clients on challenges for over 12,000 properties, equating to 13.5% of all challenges lodged. This is more than CVS's two closest competitors combined. More than half of the CVS challenges concluded in 2013 were successful, with an average reduction in rateable value of 8.8%.

CVS welcome the opportunity for interested parties, including rating agents, to comment on the Department's proposals. We estimate that 93% of all challenges against the 2010 Rating List were undertaken by agents on behalf of ratepayers, with only 7% made directly by ratepayers.

Executive Summary

This review of the administration of business rates in England is a welcome opportunity to improve the way business rates are assessed, billed, appealed (where relevant) and collected.

CVS represent more than 46,000 clients and see first-hand the challenges and weaknesses in the current system. Our response to this discussion paper is informed by direct input from our clients through an extensive survey, as well as the accumulated professional experience of our market-leading team. We have championed the need for transparency and fairness within the business rates system over many years. The system has become, in our opinion, adversarial, opaque and bureaucratic. With this discussion paper and the associated March 2014 consultation paper, 'Checking and Challenging your Rateable Value' there is an opportunity to embrace positive change in a way which benefits business rate payers and also HM Government with regard to the dependability and tax take delivered by business rate charges.

In our response to this consultation, we call for three distinct commitments from HM Government which we believe are crucial to the fairness, effectiveness and efficiency of the business rates system.

1. To maintain the current assessment of business rates based on a calculation of annual rental values at a fixed point in time for non-domestic property: recognising HM Government's commitment in the discussion paper to maintaining a property-based rates system and the aggregate tax burden, we believe that a system based on the annual rental values of individual properties is the fairest and most appropriate method for establishing business rate liability.

2. To achieve certainty and predictability of business rates costs by retaining the current five year cycle for listing and revaluation: a five-year frequency for revaluation provides helpful clarity to business rate payers and to HM Government alike. Fluctuations in rental levels are generally balanced out across the five year period. Any call for more frequent or responsive valuations risks introducing more volatility for ratepayers and threatens businesses' ability to forward manage overheads and cash-flow. This view is supported by the responses of our clients, the majority of who support the current five year cycle for listing and revaluation.

3. To require greater disclosure of rental evidence and data from the Valuation Office Agency (VOA) so that the basis for individual rate payers' liabilities is more transparently communicated: the current system is held back by a lack of detail and disclosure. This is an unwelcome anomaly – there is no other UK tax that requires payment without substantiation of the grounds for assessment and payment. To ensure ratepayers' confidence in and understanding of the system – as well as the efficient management and conclusion of appeals when brought forward – there needs to be improved disclosure of evidence and a cultural shift back towards mutual respect and accountability between the VOA and ratepayers and their agents.

The business rates system is not broken – it does not need to be fundamentally overhauled nor should HM Government be pressured into introducing new and unproven methods for establishing business rate liabilities. What is needed is refinement and an important cultural shift in the disclosure of evidence from the VOA. This shift needs to ensure that the VOA / HMRC acknowledges the transactional relationship between ratepayers and HM Government and should introduce a more 'customer focused' approach.

With these changes made, we believe that the business rates system in England will continue to be fit for purpose and to meet the needs of HM Government, while also being better understood and accepted by ratepayers.

We welcome the opportunity to participate in this important discussion and we would be pleased to discuss any aspect of this paper further.

Ratepayers Survey

CVS recognise that through this discussion paper, the Treasury and DCLG are seeking to receive feedback on the future of the administration of business rates from ratepayers. Section 1.9 of the paper notes that research provided by respondents will be considered by the consultation team. To inform the response, CVS have therefore undertaken an industry survey of our clients – ratepayers and those directly affected by the business rates system.

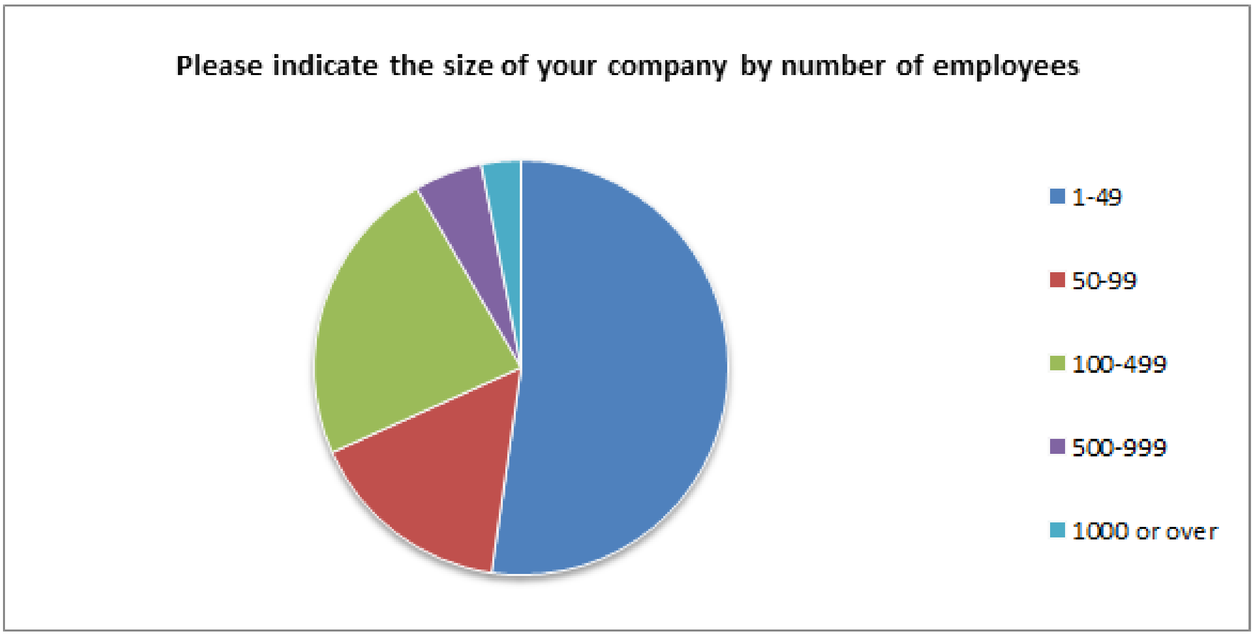
CVS commissioned an online survey of over 5,000 of our clients, which ran between 12th and 21st May 2014. The survey asked participants to provide responses to a number of the questions raised in the discussion paper and the responses are detailed in this submission. A total of 262 ratepayers completed the survey and this submission reflects these responses, as well as CVS' view as a leading business rates agent.

Where multiple choice questions were asked, the full results are contained in this report. Where the survey requested comments, a summary of the most common categories of response are provided in CVS' response.

The table and chart below indicate the size of companies which responded to CVS' survey. The largest proportion of businesses which responded to the survey comprised small businesses with 1 to 49 employees, making up 52% of respondents.

Please indicate the size of your company by number of employees

Answer Options	Response Percent	Response Count
1-49	52.3%	137
50-99	16.0%	42
100-499	23.3%	61
500-999	5.3%	14
1000 or over	3.1%	8
	answered question	**262**
	skipped question	**0**



Discussion paper questions

1. The Valuation Office Agency is currently required to set rateable values that are based on the annual rental value of each property at a certain date. What are your views on this approach whilst recognising that the government believes business rates should continue to be based on rental property values?

CVS believe that the current system of annual rental value and a fixed valuation date should be retained. Taxation of non-domestic property based on a statutory assumption of its annual rental value has been in operation in England for some 400 years. It has proved reliable, durable and capable of effective administration.

Annual rental values

The system is not without flaws, not least in obtaining and interpreting the data required to assess annual rental value. The vast majority of non-domestic leases are for five years or more rather than annual tenancies. Rental data is made available to the VOA through a statutory 'Form of Return', as well as non-statutory means including information published in property periodicals, such as EGi Focus, and by the Land Registry for leases of more than seven years. The analysis of this data is often a matter of interpretation between valuation officers and ratepayers. Over time, a large body of case law has accumulated to aid the process of analysing and adjusting rental evidence to fit the statutory definition of annual rental value.

As will be discussed further in this submission, CVS believe that there is scope for significant improvement in transparency at the VOA around the sharing of data and the basis of valuations. We believe that improved transparency is possible and would facilitate a more efficient business rates system as well as an improved understanding among ratepayers.

Antecedent valuation date

Notwithstanding the challenges of annual rental valuation, CVS believe that the system of using a fixed valuation date is effective.

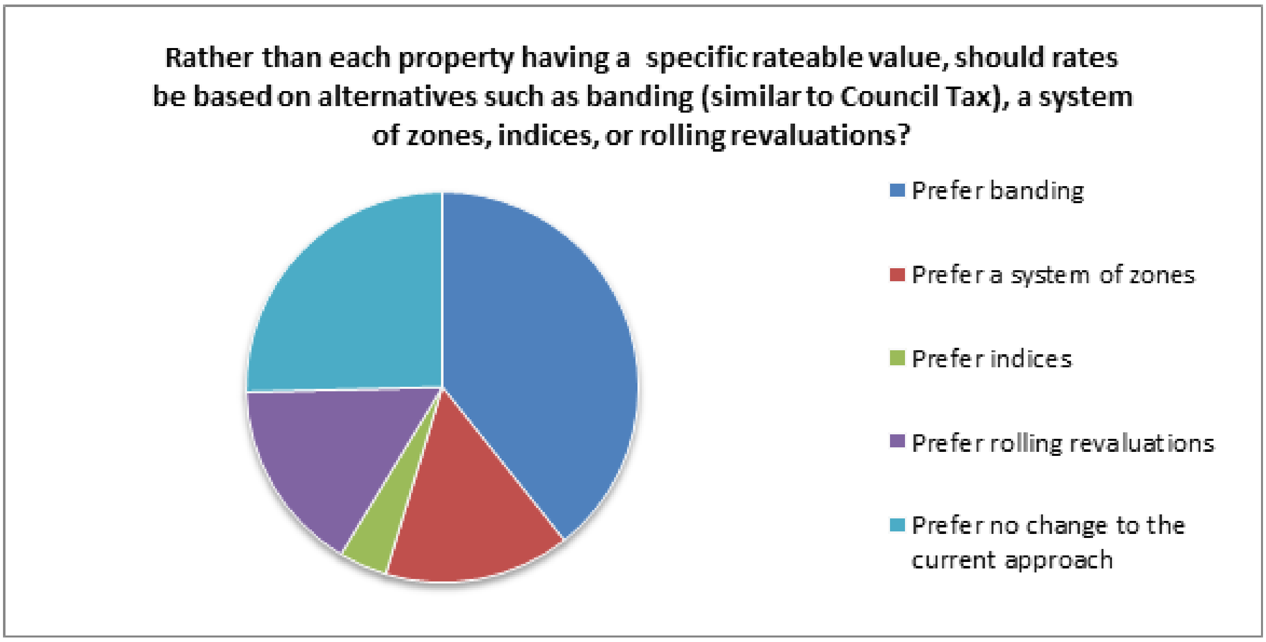
A statutory valuation date was introduced by the Local Government Finance Act 1988 to resolve a number of problems with the previous system. The absence of a single valuation date meant there was considerable difficulty in assessing properties in the same area or use class at the same valuation date, using rental evidence from similar time periods. This system resulted in complexity and significant unfairness between ratepayers, and led to litigation such as the Court of Appeal case of K Shoes v Hardy (VOA) in 1980.

The introduction of the 'antecedent valuation date' in 1990 improved fairness between similar ratepayers. Set two years before the list comes into force, the antecedent valuation date gives valuation officers adequate time to research rental values and prepare new lists.

2. What are your views on a less individualised approach to arriving at a rateable value, such as banding, a system of zones, indices, or rolling revaluations, as described above?

Rather than each property having a specific rateable value, should rates be based on alternatives such as banding (similar to Council Tax), a system of zones, indices, or rolling revaluations?

Answer Options	Response Percent	Response Count
Prefer banding	39.3%	79
Prefer a system of zones	15.4%	31
Prefer indices	4.0%	8
Prefer rolling revaluations	15.9%	32
Prefer no change to the current approach	25.4%	51
	answered question	201
	skipped question	61



The response to CVS' survey showed that 39% of respondents would prefer a system of banding. However 25% would prefer to maintain the current approach. There was some limited support for rolling revaluations (16%) and a zoning system (15%) but little support for indices (4%).

Banding

CVS anticipate that many businesses may support a system of banding as an accurate, reliable and understandable approach to the administration of non-domestic rates. However, from our own conversations with businesses it quickly became clear that there was a lack of understanding of what a banding approach in the setting of business rates would actually deliver in practice. We strongly believe that banding would introduce a greater degree of unfairness into the rates system and would not necessarily solve some of the problems with the current approach, but actually create further issues and legal challenges along the way. Banding is a blunt valuation approach as it moves away from specific property valuation to applying the same value to all within each specific band.

While banding (based on capital values) has worked successfully for Council tax since 1993, there are problems with the introduction of this system for non-domestic properties, including:

- Challenges around properties at the band boundaries, as are present in the Council Tax system
- Inherent unfairness within the bands – some ratepayers may feel aggrieved when their property is liable for the same rates bill as a much larger property nearby, perhaps in direct competition for trade
- Small changes to a property may change its band and lead to a substantial increase in rates
- Because commercial property is sold or leased less frequently than domestic property, it would not be appropriate to introduce a provision that the band remains unchanged until the property changes hands
- It would be difficult to set the top band, given the complexity and variety in properties such as infrastructure, utilities facilities, industrial premises and large offices
- If non-domestic property continues to be valued by annual rental value within a banding system, it will remain necessary to carry out individual valuations, removing some of the advantages of digital mass valuation used in a banding system and increasing the workload of the VOA even further

Overall, it is CVS' view that individualised assessments provide a greater degree of fairness and better reflect property values.

System of zones or rolling revaluation

CVS consider a system of zones to be totally impractical because it removes the relationship between rental value and the use class of the property. This system would focus on floor area, when use class is a critical element of valuation. In the market, floor area has limited relevance to rental value.

This also raises serious issues for measurement, as the RICS Code of Measuring Practice 6th edition stipulates that different classes of property are measured and the floor area calculated on a different basis. For example, a shop is valued by net internal floor space, but a retail warehouse is valued by gross internal floor space. New common units of measurement may be required; this is something we consider to be beyond the resources of the VOA.

Rolling revaluations would introduce significantly more complexity into the system. When considered previously, rolling revaluations were rejected as they produce confusion between ratepayers; logistical challenges associated with different valuation dates; problems at the interface between different classes (if the revaluation is on a use class basis) or locations (if on a billing authority basis).

3. Moving from the current system to one where properties were placed in bands would result in some bills rising for some ratepayers and falling for others. What would be considered an acceptable variance from current bills?

CVS have no specific view on an acceptable level of variance from current bills, assuming that the overall aggregate rates bill remains unchanged. However, a substantial increase would clearly raise challenges for ratepayers.

We note that the current system of transitional rates relief, while intending to ease the impact of a shift in property values taking effect at a revaluation, actually creates unfairness in the system. Ratepayers transitioning to a reduced rateable value subsidise those transitioning to a higher rateable value. We believe this is flawed. It does not happen in Wales where there is no transitional relief scheme.

4. What are your views on the Valuation Office Agency's use of the 'receipts and expenditure' and' contractors basis' of valuation methods used to value property that is not normally let? What do you think about how these methods are applied?

The 'receipts and expenditure' and' contractors basis' methods are widely accepted and well used assessment methodologies. CVS see no reason to discontinue these methods. However, there is scope for improvement in their operation.

Receipts and expenditure method

The receipts and expenditure method is a useful and reliable method of valuing those properties that are not leased on terms related to floor area, but care must be taken to value the hereditament and not the business. On occasion, ratepayers whose business trades well above the level expected by the hypothetical tenant can be valued too high. A number of cases have been referred to the courts in recent years, when valuation officers have refused to deviate from the company's actual accounts.

This issue reflects the wider problem of transparency at the VOA. Ratepayers and their agents often encounter significant difficulty because valuation officers are unwilling to disclose trade information upon which valuations have been based or to enable comparison against other similar properties in the same area.

Contractors basis method

The contractor basis method is a reliable and widely used valuation method, but again, the availability of data can raise challenges. The method relies on data on building costs which is often not available to an individual ratepayer. In addition, adjustments of a subjective nature are required, such as allowance for age and obsolescence, and there is usually a lack of capital value evidence to substantiate this. However, the decapitalisation rate is fixed by statute and has removed a major source of expensive litigation in the past.

5. Do you have any views on the way that public houses are valued?

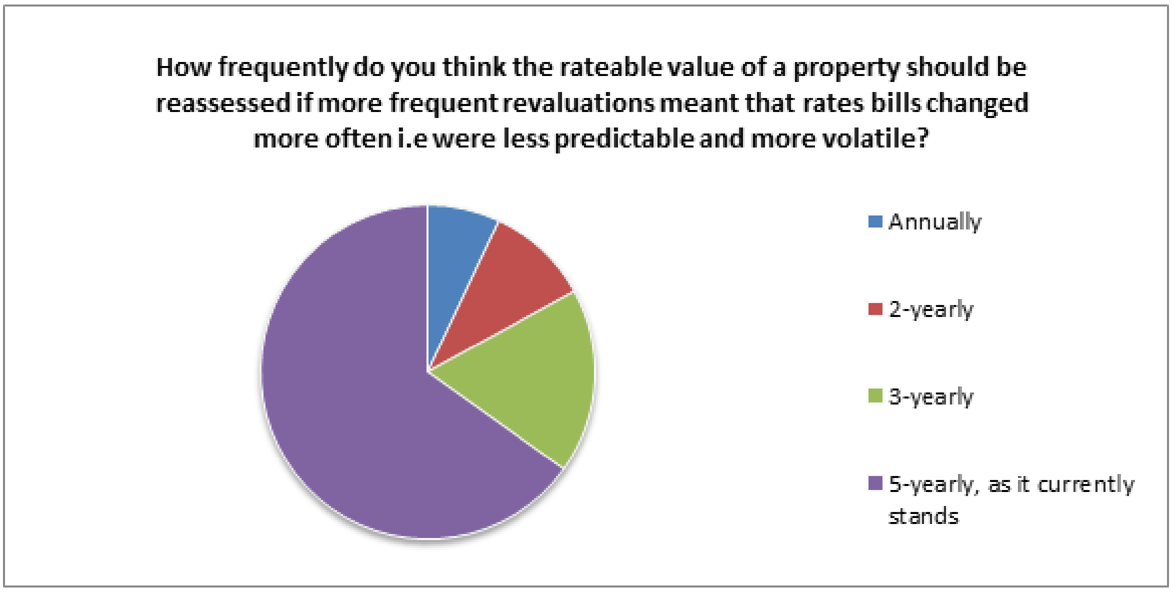
CVS' view is that public houses should continue to be valued by reference to trade, but that regard should also be taken of net profit. Our survey of clients demonstrated a variety of views on the subject, with a respondents suggesting linking business rates to net profit or gross turnover. Because public houses are valued in the open market by reference to trade, it is sensible and proper that they should be valued by reference to trade for rating purposes. The difficulty of using net profit is that it tends towards valuing the business rather than the property, but this should be taken account of to ensure greater fairness between public house operators.

6. How frequently do you think the rateable value of a property should be re assessed at a revaluation, bearing in mind possible impacts on the predictability and volatility of bills? Why?

CVS' client survey question was framed by not only question 6, but also questions 7 and 8 of the discussion paper.

How frequently do you think the rateable value of a property should be reassessed if more frequent revaluations meant that rates bills changed more often, i.e. were less predictable and more volatile?

Answer Options	Response Percent	Response Count
Annually	7.0%	14
2-yearly	10.0%	20
3-yearly	17.9%	36
5-yearly, as it currently stands	65.2%	131
	answered question	**201**
	skipped question	**61**



65% of respondents stated their preference for five-yearly revaluations. 18% selected three-yearly revelations, 10% selected two-yearly valuations, and 7% selected annual revaluation. A clear majority of respondents expressed a preference to maintain the current system, with proportionally diminishing support for more frequent revaluations.

We agree with the majority of respondents that the current system of revaluations every five years should be maintained. This system offers the benefits of stability and predictability of payments. This is improved further through the restrictions on inflation-linked annual rate bills rises.

In addition, based on the experience of the inability of the VOA to effectively process rates challenges and appeals under the current system, CVS have no confidence that the VOA would be able to deliver revaluations more frequently than every five years without a substantial increase in resources.

7. Would your views change if more frequent revaluations meant:

a. rates bills changed more often i.e. were less stable and less predictable than currently?

CVS believe that this would be the case. See response to question 6.

More frequent revaluations could introduce greater volatility into the business rates system because short-term changes in the market can often balance out over a five year period. After a steep fall in rents 2008-10, the market is now recovering to its pre-2008 level in many sectors.

b. it were necessary to use a less individualised approach to valuing property than currently which would mean that ratepayers with different rents, who at the moment pay significantly different bills, might pay the same amount?

CVS believe that an individual assessment of annual rental values should be maintained. See response to question 2.

8. Do you think ratepayers would be more, less or just as likely to appeal the rateable value of their property if valuations were more frequent?

CVS believe that it is unlikely that there would be any difference between the appeal rates for three or five year revaluation cycles.

As per the response to question 6, CVS have no confidence that the VOA would be able to deliver revaluations more frequently than every five years without a substantial increase in resources. In fact, it is likely that the ability of the VOA to process appeals would be diminished if three-yearly reviews were introduced, as more resource would be required to undertake revaluations.

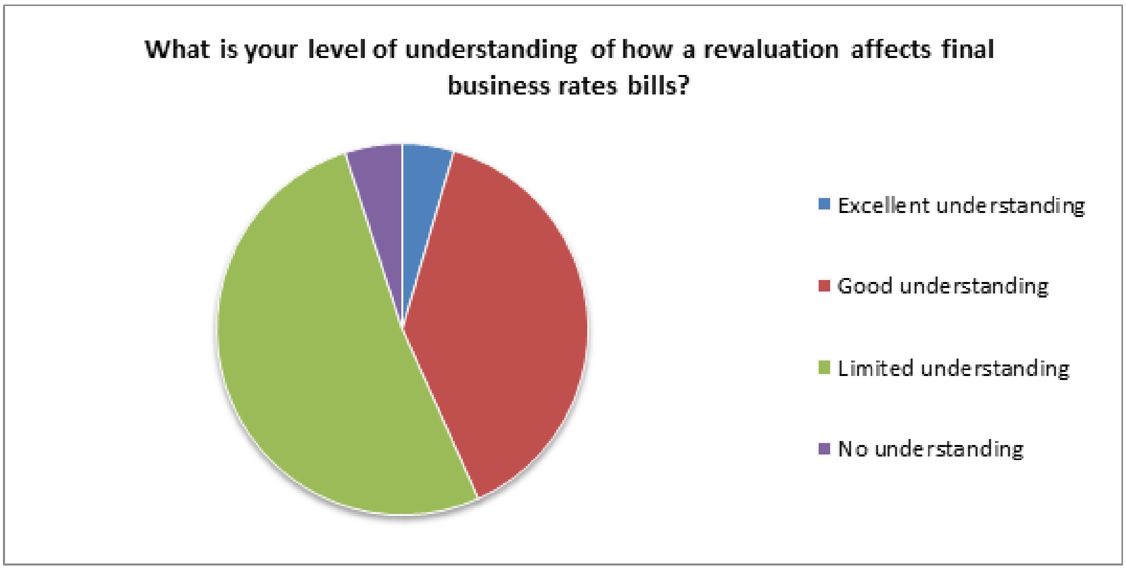
9. Reducing the time allowed to prepare a revaluation from the current 2 years would also reduce the time available to ratepayers to check their rateable values and prepare for changes to their rate bills. It would also mean the Valuation Office Agency would have less time to collect and analyse rental evidence to prepare valuations. How do you think this would impact ratepayers and local authorities?

CVS believe that the antecedent valuation date should be fixed two years before the list comes into force. This is because:

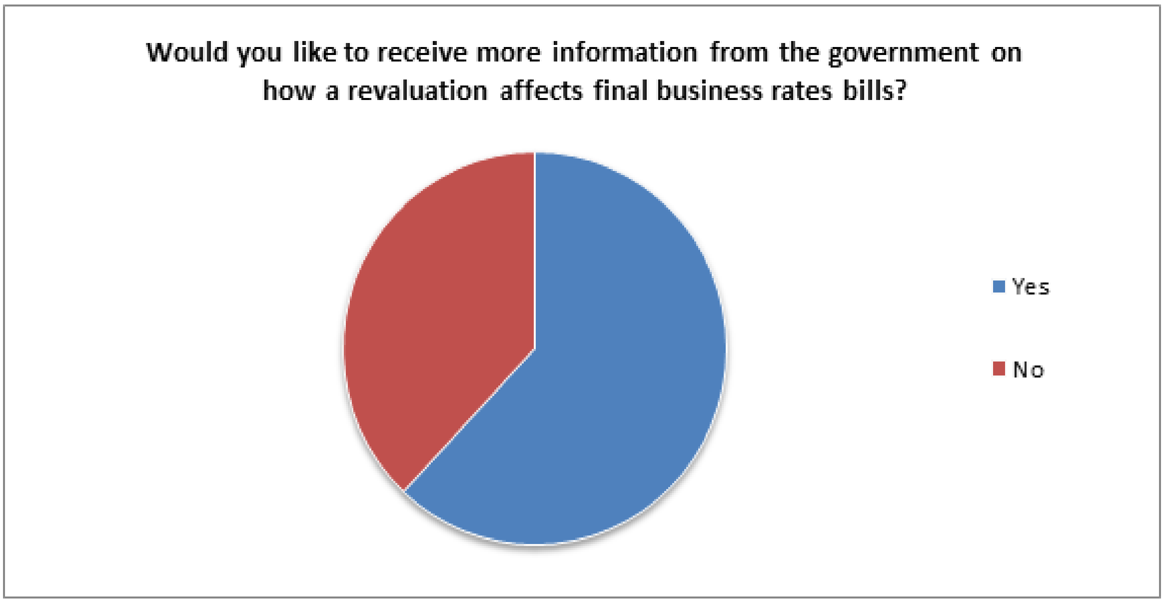
- Two years is required by the VOA to collect and analyse rental, cost and trade data, and complete the valuation process because of the number of properties to be valued
- Billing authorities require at least six months notice of the proposed new rateable values in order to plan for billing of ratepayers and any necessary budget adjustments

10. What is your understanding of how a revaluation affects final business rates bills? Would you like to receive more information from government on how this works?

What is your level of understanding of how a revaluation affects final business rates bills?		
Answer Options	**Response Percent**	**Response Count**
Excellent understanding	4.5%	9
Good understanding	38.8%	78
Limited understanding	51.7%	104
No understanding	5.0%	10
	answered question	**201**
	skipped question	**61**



Would you like to receive more information from the government on how a revaluation affects final business rates bills?		
Answer Options	**Response Percent**	**Response Count**
Yes	62.0%	124
No	38.0%	76
	answered question	**200**
	skipped question	**62**



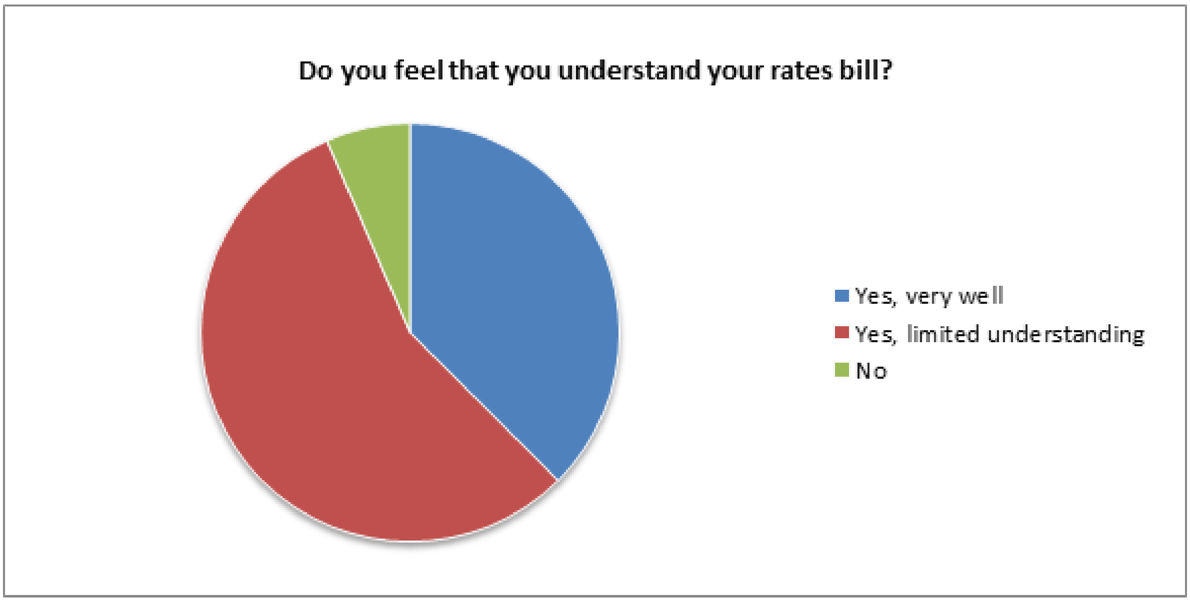
57% of respondents to CVS' survey said that they had a limited understanding (52%) or no understanding (5%) of how a revaluation affects a final business rates bill. 39% of respondents had a good understanding and just 5% had an excellent understanding.

62% of respondents stated that they would like to receive more information on how a revaluation affects final business rates bills.

Clearly there is a need for ratepayers to be given more and clearer information by Government, either directly by the VOA or via billing authorities, on the link between their new rateable value and future rates bills.

Do you feel that you understand your rates bill?

Answer Options	Response Percent	Response Count
Yes, very well	37.5%	75
Yes, limited understanding	56.0%	112
No	6.5%	13
	answered question	200
	skipped question	62



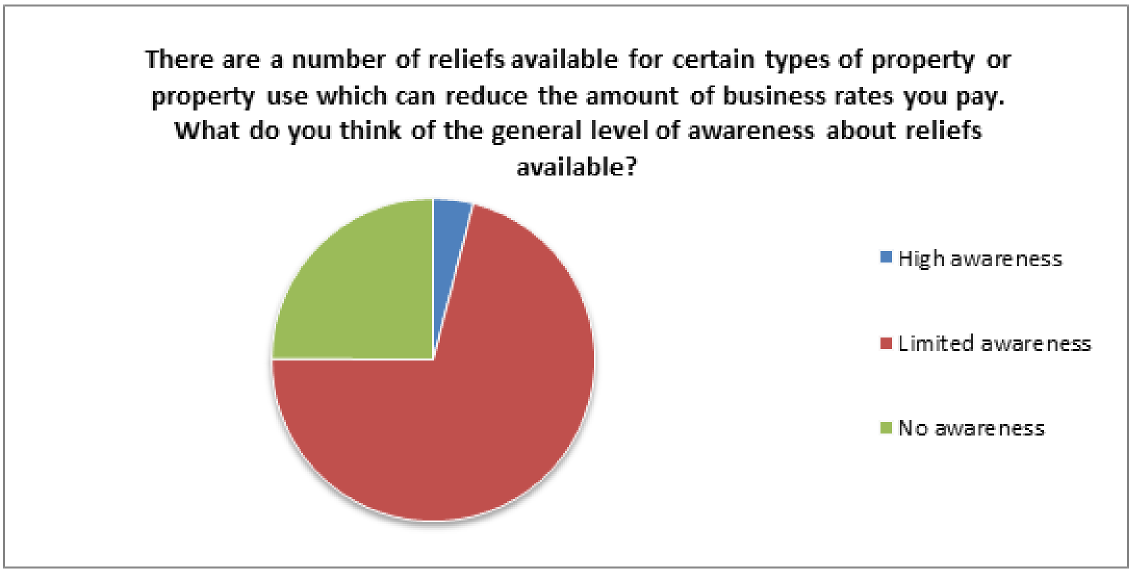
CVS believe that Government should do more to help ratepayers understand their bills and, in particular, provide more information on the basis of the rateable value assessment and final liability.

56% of ratepayers who responded to CVS' survey said that they had a limited understanding of their rates bill, though 38% said they understood their rates bill well. Of the 85 comments received on what would help to improve understanding of bills, more than half of these comments recommended a better explanation of the assessment of the property. Other common comments requested plain English to be used for rates bills, rates based on actual rents, and a standardised rates bill across all billing authorities.

In addition, we believe that the many and varied reliefs and supplements for rates bills have increased the complexity of the bill. For example, a small business may be simultaneously entitled to small business relief, transitional relief, and a Business Improvement District supplement. Such reliefs should be displayed to ratepayers in a common format.

12. There are a number of reliefs available to certain types of property or property use which can reduce the amount of business rates you pay. What do you think of the general level of awareness about the reliefs available?

There are a number of reliefs available for certain types of property or property use which can reduce the amount of business rates you pay. What do you think of the general level of awareness about reliefs available?		
Answer Options	**Response Percent**	**Response Count**
High awareness	4.0%	8
Limited awareness	71.1%	143
No awareness	24.9%	50
	answered question	**201**
	skipped question	**61**



Again, CVS believe that Government should do more to help ratepayers understand their bills and how rates reliefs can reduce their bill.

An overwhelming majority – 96% - of respondents to CVS' survey stated that they believed that there was limited (71%) or no awareness (25%) of reliefs available. This demonstrates a serious problem with the current billing system. While agents are able to advise ratepayers on such issues, there are clearly challenges for individual ratepayers and clearer guidance should be provided.

13. What is your experience, in general, of how the reliefs system is administered?

Client experience suggests that the administration of the reliefs system varies by billing authority across the country. Mandatory reliefs are generally administered consistently, but some billing authorities are more active than others in bringing discretionary reliefs to the attention of the ratepayers. For example, some authorities are willing to provide an additional 20% discretionary relief to charities and sports clubs, in addition to the 80% mandatory relief.

14. Some reliefs are applied automatically to bills and some require ratepayers to request them from their local authority. What are your views on this?

CVS understand and appreciate the reasons for this approach. In some cases, such as hardship relief or empty rates relief, a billing authority cannot be aware of the individual circumstances of the ratepayer unless informed directly and supplied with evidence. Reliefs linked to the rateable value of the hereditament, such as small business relief, can be applied automatically and should not require a request from the ratepayer.

15. Your business rates bill is calculated by your local authority (council). If you receive business rates relief of any kind, this should be listed on your bill. Do you have views on how the reliefs you receive are currently shown on your bill?

No further comment. See responses to questions 11, 12, 13 and 20.

16. Bills (demand notices) are issued to ratepayers by billing authorities. They calculate final bills by multiplying a property's rateable value as set by the VOA, by the business rate multiplier as set by central government, less any mandatory or discretionary reliefs, including transitional relief. What are your views on how clearly bills show the way in which a final business rates liability is calculated? How might bills be made easier to understand?

CVS believe that ratepayers do not currently have an adequate understanding of their bills and, in particular, the assessment of their rateable value and its relationship to the final liability. As reported above in the response to question 11, 56% of ratepayers who responded to CVS' survey said that they had a limited understanding of their rates bill, though 38% said they understood their rates bill well. Of the comments received on what would help to improve understanding of bills, more than half of these comments recommended a better explanation of the assessment of rateable value and/or final liability. Other common comments requested plain English to be used for rates bills, rates based on actual rents, and a standardised rates bill across all billing authorities. Question 20 outlines the survey's results on ratepayers' views on forms of return.

Our survey asked ratepayers question 16 specifically. Of the comments received in response, 48 indicated that the ratepayer adequately understood their bill. Other respondents raised a range of complaints, most commonly that more information should be provided on how their final liability was calculated (18 comments) – including comments on how rateable value is calculated, how the multiplier is set and how reliefs are applied. Five comments were made specifically on the problems around understanding reliefs and, in particular, transitional rate relief. 14 respondents commented generally that information should be presented more clearly, with some explanations of terminology for example.

17. What aspects of the current system of collection and billing present issues for business ratepayers, and how might they be addressed?

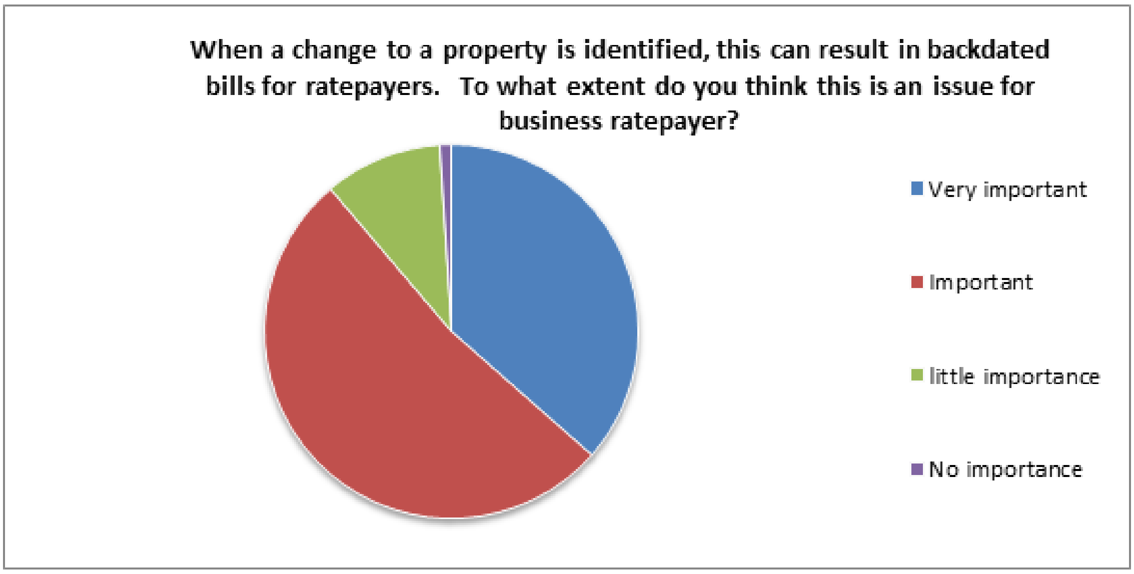
See responses to questions 11, 12, 13 and 16.

CVS believes that a standardised bill could help resolve some of the complaints raised by respondents to our survey. However, improved transparency from the VOA over the basis of the rateable value assessment would also improve ratepayers understanding of their bill. Any changes to rateable value, and thus to the final liability, should be explained clearly to a ratepayer.

18. It can be difficult for the Valuation Office Agency to identify promptly changes to a property that may mean its rateable value should change, particularly if these changes cannot be seen from outside the property. When the change is finally identified, this can result in backdated bills for the ratepayer. To what extent do you think this is an issue for business ratepayers? What could all parties reasonably do to limit the number of situations where this happens?

It can be difficult for the Valuation Office Agency to identify promptly changes to a property that may mean its rateable value should change, particularly if these changes cannot be seen from outside the property. When the change is finally identified, this can result in backdated bills for ratepayers. To what extent do you think this is an issue for business ratepayer?

Answer Options	Response Percent	Response Count
Very important	36.5%	72
Important	52.3%	103
little importance	10.2%	20
No importance	1.0%	2
	answered question	197
	skipped question	65



CVS' survey showed that material changes of circumstance and backdated bills are considered to be important (52%) or very important (37%) issues by 89% of respondents in total. We believe that more regular inspection would help to reduce the challenge involved in this process. Local authorities should be provided with additional incentives to employ inspectors and to update the VOA on changes to local properties. Ratepayers could also be asked, at the time of billing, to submit information to the billing authority on any changes to the property.

In CVS' experience, local valuation officers rarely carry out detailed internal inspections of non-domestic property, a problem worsened by staffing cuts, in our view. Even with five-yearly revaluations since 1990, many properties are valued incorrectly owing to an absence of inspections or because ratepayers have made alterations and not notified the VOA.

Following the introduction of the Localism Act and local rates retention schemes, there is an increased incentive for local authorities to notify a valuation officer of changes through planning consent or building permits. There remains a large backlog of unreported changes. A number of recent cases have shown that backdating rates liability can extend even before the commencement of a ratepayers' occupancy (for example, BMC Properties v Jackson (VOA) 2014). We would therefore urge that Government acts to improve this process to avoid additional burdens for ratepayers.

Ratepayers' suggestions

When asked for their views on this issue, respondents to CVS' ratepayers survey gave a number of clear recommendations. The most common responses included:

- Better and clearer communication in general between ratepayers, the VOA and billing authorities would improve the situation – 25 respondents
- Clearer information on available rates reliefs should be provided directly to ratepayers – 16 respondents
- Communication between billing authorities and ratepayers should be improved, including the suggestion of a questionnaire on any changes to the property when bills are issued – 14 respondents
- Ratepayers and billing authorities should communicate more directly with the VOA on changes to properties – 7 respondents

19. Changes to rateable values can be made within the life of the rating list, and up to one year after the next list has been compiled. Most back dated bills or refunds are back dated to the date when the change to the rateable value came into effect. What are your views on this?

CVS acknowledge the need for a system of backdating any changes to rateable value as fair and this should act as an incentive for ratepayers and billing authorities to communicate relevant property changes to the VOA.

Our ratepayers' survey endorsed this view, with 68 responses indicating that the system is acceptable. However, many respondents added that a quicker and clearer system for processing such changes is required, as well as more information on what property changes might result in a change in rateable value.

Smaller numbers of those surveyed disagreed with the backdating process or thought it should be limited (15), or noted that this can be a significant challenge for businesses (11). We believe that in cases where an increase in liability would cause demonstrable financial hardship and the inaccuracy of rateable value is not the fault of the ratepayer, it may be appropriate to introduce a form of relief.

In addition, CVS believe that the present regulations in the Non-Domestic Rating (Alteration of Lists and Appeals) (England) Regulations 2009 are fit for purpose. However, the regulations are unclear on when a valuation officer may use the occasion of a property change – a material change of circumstances – to increase the basis of assessment which otherwise would be limited to the later date of his list alteration (Goulbourn v Cowell (VOA) 2011). There appears to be unfairness to the ratepayer in such circumstances.

20. Currently, the Valuation Office Agency collects rental information from ratepayers using forms of return sent by post. What is your experience of completing forms of return? Do you have suggestions for improving the way in which you are asked to provide information to the VOA?

Feedback from our client survey on the forms of return was generally negative. As a business, CVS have experienced difficulties obtaining information from businesses and would recommend providing more information to ratepayers on why it is important that they supply certain details.

However, part of the problem with the statutory form is its length and complexity, which may appear daunting or arduous to some small businesses without access to expert advice. A large number of respondents – 41 – suggested that the process should be moved online. 16 respondents considered that the current forms of return are acceptable, while nine found them complex or unclear.

CVS' recommendations to improve the forms of return would be to:

- Promote the online service for completion of the form to allow ratepayers to register changes to their property. There are obstacles in obtaining ratepayers' digital contact details, but CVS believe the online option would be popular and useful

- Reduce the number of questions on the form, reflecting that not all information requested on the current form is required by valuation officers. The shortened update form could also be promoted and more widely used
- Provide simpler clearer guidance notes for ratepayers, which explain why specific information is required
- Improve engagement between the VOA and registered property agents which have been instructed by the ratepayer to support them with their business rates liability

21. Do you have suggestions for improving the quality of data provided to the Valuation Office Agency, whilst minimising the burdens on business?

See response to question 20.

22. The Valuation office Agency publishes data on its web site that shows rateable value and floor space. What are your views on how the VOA could improve the data it makes available? If you had greater access to VOA data, how would you use it?

The lack of transparency over data at the VOA is one of the principal challenges of the current business rates system. The VOA provides summary valuations on its web site for most properties (not those valued by the receipts and expenditure method, on grounds of commercial confidentiality, or the contractors method). These summary valuations for the 'bulk classes' are an extremely valuable tool for ratepayers and agents to check whether the assessment in the list is correct or should be challenged.

However, in recent years these summary valuations have become more opaque, as valuation officers seek to hide end allowances or other adjustments in a line entry of a valuation, without any explanation. It is accepted that information related to trade cannot be published on line, but valuation officers should be encouraged to provide the information to appellants' representatives on request in the interests of openness and transparency (however see comments below). This co-operation is increasingly not forthcoming.

CVS believe that improving the engagement and sharing of data between ratepayers, their agents and the VOA would result in far fewer challenges being made and fewer advancing to the appeal stage.

The present procedures the VOA has in place for the limited release of information, on a very selective basis in many cases, causes additional work for both sides and an increased delay in dealing with appeals. One of the most regular complaints of clients is delay in dealing with their appeal. This could be reduced by greater openness and a willingness by both sides to engage in meaningful dialogue. Often valuation officers only reveal critical rental information at the time of the Statement of Case. This is a critical problem with the current system and should be reformed.

23. There are currently legal constraints that apply to the data which the VOA can share with ratepayers. Greater data sharing of data could help the system run more smoothly. How do you think this could be achieved?

This is an issue that was explored in February 2014 in the DCLG consultation paper 'Checking and Challenging your Rateable Value'. CVS provided a full response to that consultation.

CVS dispute the view that the VOA faces legal constraints to sharing further data. This contention is shared by the Rating Surveyors Association (RSA), as detailed in their consultation response dated 3 March 2014. This submission is backed by a legal opinion from David Holgate QC on the implications of the Commissioners of Revenue and Customs Act 2005. In summary, Mr Holgate concludes that the VOA is not restricted by the 2005 Act to providing rental information to the level of detail suggested by the RSA.

Mr Holgate also confirms that the proposals put forward by DCLG in its previous consultation paper would not enable meaningful checking by ratepayers to take place, because it does not disclose the rental evidence upon which the valuation officer's assessment is based.

CVS hope that DCLG will resolve this issue in due course and, in the meantime, recommends that valuation officers engage more constructively in discussion with ratepayers and their agents earlier in the challenge process to help resolve disputes more quickly.