

# Administration of business rates in England: Interim Findings

CVS' response to the Government's discussion paper

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If you have any enquiries regarding this document, email [comms@cvsuk.com](mailto:comms@cvsuk.com) or write to us at:

Communications Department  
CVS  
Oakland House  
Talbot Road  
Old Trafford  
Manchester  
M16 0PQ

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## About CVS

CVS, the business rates specialists, is a RICS regulated commercial property agent which has been involved in business rates for 16 years. CVS employs more than 275 dedicated Rating Staff including over 60 surveyors nationwide.

As of the end of December 2014, CVS has represented ratepayers on over 58,000 appeals against the 2010 Rating List in England and Wales. CVS has submitted 18.4 per cent of the total number of challenges against the current Rating List, a market share significantly larger than any other rating agent. In 2014, CVS represented its clients on challenges for more than 12,000 properties. Over half of the CVS challenges concluded in 2014 were successful, with an average reduction in rateable value of 8.8 per cent.

CVS welcomes the opportunity for interested parties, including rating agents, to comment on the discussion paper from HM Treasury and Department for Communities and Local Government (DCLG). We estimate that 93 per cent of all challenges against the 2010 Rating List were undertaken by agents on behalf of ratepayers, with only 7 per cent made directly by ratepayers.

CVS responded previously to DCLG's December 2013 consultation paper, 'Checking and Challenging your Rateable Value' and the HM Treasury and DCLG's April 2014 paper, 'Administration of business rates in England'.

## Executive Summary

CVS welcomes the update from Government on its review of the administration of business rates in England and the opportunity to participate in this consultation. CVS represents more than 50,000 ratepayers and sees first-hand the challenges and weaknesses in the current system, as well as its strengths and the necessary compromises in place. This response draws on both the practical experience of our market-leading team of professional rating surveyors and the direct input from our clients – ratepayers in England.

CVS has 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. In addressing this, cultural change is as important as procedural change. CVS hopes that through the emerging forums proposed in the consultation paper and ongoing engagement with ratepayers and their representatives, HM Government will embrace the opportunity for positive, lasting reform. CVS recognises the importance of delivering a more effective system for ratepayers while also having regard to the dependability of business rates income for local authorities and HM Government, and we would welcome active involvement in further consultation.

In our response to this paper, we call on the Department of Communities and Local Government (DCLG) and HM Treasury to make six firm commitments.

1. While DCLG and HM Treasury remain committed to a fiscally-neutral and property-based business rates system, this system must **retain individual property assessments based on a calculation of annual rental values at a fixed point in time**. Within the confines of a fixed aggregate tax income, we believe that a system based on the rateable values of individual properties at an antecedent valuation date (AVD) is the fairest and most appropriate method for establishing business rates liability. The interim period between the AVD and the list taking effect should be shortened in principle, though CVS recognises the challenges to achieving this.
2. DCLG and HM Treasury should **retain and commit to a five-year cycle for revaluation**. Five-yearly revaluations deliver certainty and predictability of business rates costs, which is very important to businesses, local authorities and HM Government alike. A five year cycle mirrors normal rent review periods and lease lengths. CVS welcomes the consultation paper's exposition of the case for more frequent valuations. This highlights that more frequent valuations do not necessarily align more closely with economic cycles or lease patterns and will not mean that reductions in rent automatically lead to reductions in rates. CVS believes that more frequent revaluations risk greater inaccuracy of rateable values and will not lead to fewer business rates appeals. Moreover, a CVS survey of ratepayers undertaken in May 2014 showed that a clear majority of ratepayers supported five-yearly revaluations.
3. Much of the consultation paper is dedicated to improving the business rates appeals process and information sharing between ratepayers, local authorities and the Valuation Office Agency (VOA). It is CVS' strong view that **any reform to the appeals process must not introduce new barriers and disincentives to progressing a challenge without much greater transparency** and disclosure of data to ratepayers and their agents. Business rates are an assessed tax. Ratepayers have the right to understand and challenge the basis of that assessment. As such, a reduction in the volume of appeals per se should not be the objective of reform. After all, there has not been an increase in the number of appeals on this list, compared to the 2005 list. CVS agrees that the challenge and appeal process should be quicker, with fewer cases reaching the Valuation Tribunal for England. But improving overall efficiency should be the end goal, and this requires greater transparency, more collaboration and the improvement of information sharing.
4. CVS welcomes the Government's recognition that there should be better sharing of information between ratepayers and the Government and also between public bodies. However, for any such reforms to have a meaningful and constructive impact, DCLG and HM Treasury must **take action to improve the disclosure of rental data and evidence which fundamentally underpin the VOA's assessments of rateable values**. If necessary, this should extend to reviewing the implications on the Revenue and Customs Act 2005 and the Rating Surveyors Association has provided a legal opinion from David Holgate QC to DCLG on this subject.

5. CVS welcomes the Government's 'digital by default' approach and would encourage HM Government to **fast-track the use of digital technology by the VOA and billing authorities where possible and appropriate**. The consensus among respondents to a CVS survey taken in January 2015 showed that ratepayers would like to see the introduction of online bills which provide more information about how rateable values and final bills are calculated. Digital technology could also be used more widely during revaluation periods to enable ratepayers to "systematically provide bulk rental information". CVS would also endorse greater use of online forms of return.
6. CVS is disappointed that HM Government has not taken the opportunity to investigate the potential to **switch business rates' link with the retail price index (RPI) to the consumer price index (CPI)**. There is broad consensus in the industry that CPI is a more stable, consistent and reliable indicator of inflation and CVS hopes that this reform will be investigated in the full, structural review of the business rates system to be reported in the 2016 Budget.

CVS welcomes some of the commentary and proposed changes in the consultation paper. However, we have serious reservations over the proposals for reform of the appeals system and the limited prospects of improved information sharing. CVS welcomes the Government's direction of travel in retaining key principles of the current system, but encourages DCLG and HM Treasury now to focus on making this reliable, secure source of tax revenue work in a way which is fair and transparent for ratepayers.

HM Government and the VOA should seek to foster a culture of open engagement and constructive discussion between ratepayers and their agents. Should new stages to the appeals process be introduced, this will be crucial to their effectiveness, as will better disclosure of evidence by the VOA. Fixed five-yearly revaluations will also give ratepayers the certainty and stability they need.

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.

# Discussion Paper Questions

## How often your property is valued

The paper poses four key questions in Box 1.A.

### 1. What are your views on the findings and analysis at Annex A on the impact of more frequent revaluations?

As stated in our previous response, CVS believes that the current system of revaluations every five years should be maintained. We agree with many of the points made in the consultation paper on the challenges and drawbacks of introducing more regular revaluations.

The five year period provides stability and certainty of cost to ratepayers over a legitimate budget cycle (subject to changes in the occupation and physical state of their premises). While revaluations are intended to track rental values in the market, the vast majority of non-domestic leases are for more than five years, rather than annual or three-year tenancies. Local authorities also benefit from such certainty and stability when planning future expenditure. This is even more pertinent following the introduction of the Localism Act in 2011, as local authorities can now retain a proportion of new, additional business rates income.

As part of CVS' client survey to inform its previous consultation response, 201 ratepayers gave their views on how frequent revaluations should be. 65% of respondents selected five-yearly revaluations. Only 18% selected three-yearly revaluations, 10% selected two-yearly revaluations, and 7% selected annual revaluations. A clear majority of respondents expressed a preference to maintain the current system, with proportionally diminishing support for more frequent revaluations.

The case for more frequent revaluations often states that five years is too long a period for rate payments to align with changes in values in the rental market, upon which rating assessments are actually based. The research provided by the Valuation Office Agency (VOA) in Annex A is most welcome in subjecting this contention to critical analysis. Para 2.8 shows that stability of bills is increased by more frequent revaluations only when property values follow a stable and steady trend. This view is shared by CVS.

In addition, we note that more frequent revaluations are more likely to take place at different points in the economic cycle for different sectors. Research from the Institute for Fiscal Studies in 2012 has shown, for example, that if a revaluation had been carried out at a valuation date of 31 January 2012, office values would have decreased by 8% across the country as a whole. But this would mask wide regional variations in London (+14%) and the South East (+4%). In contrast, overall industrials did not change in value between valuation dates, and the range of regional change was limited between -2% and +3%. This further demonstrates that property cycles are inherently unstable, with wide variations across regions and between sectors. As such, a revaluation cannot be simply and cheaply accomplished by the application of a national multiplier to each main category of property and revaluations will not necessarily ease the rates burden.

Box 2.A of the consultation paper also illustrates that markets change at different times and different rates during an economic cycle. Therefore if all rents are falling in general, but by different amounts in different locations or sectors, many rates bills will still be increased despite a revaluation. The impact can be reduced by introduction of a scheme for transitional relief or the introduction of multiple rate poundage multipliers by sector or region. This might be appropriate in the future with greater economic devolution to English Regions.

While the business rates systems remains fiscally neutral, there will always be 'winners' and 'losers', no matter how short the revaluation cycle. For the reasons set out above, CVS does not agree with the overall view that more frequent revaluations would improve fairness by ensuring rates bills reflect relative changes in rental values. In addition, should HM Treasury and DCLG continue to use a scheme of transitional relief as in current and previous rating lists, it will continue to be the case that sometimes the 'winners' from revaluation wait several years to have their rates bills adjusted to the correct lower level, whilst 'losers' have had increases staggered by the scheme.

## **2. How often do you think more frequent valuations would affect your business / local authority?**

CVS works with businesses across England and in a range of sectors. Of course these different businesses will be affected in different ways if more frequent revaluations were introduced. Those with multiple properties spread across the country may see little impact on the total rates bill as the prevailing level of rents at the AVD will vary across the portfolio. However, for single traders the impact may be greater depending on their sector. For example, small manufacturing companies with premises in the north of England may see a small fall in bills, while those in the East Midlands possibly a small increase. The retail sector is more volatile so the impact is more difficult to predict and depends on the point in the economic cycle at which the AVD is set.

## **3. Running a revaluation presents costs for ratepayers, as well as central and local government. What are your views on how these costs can be managed?**

Undertaking more frequent revaluations will create significantly greater costs for the VOA unless there are major advances in valuation software and improvements to the collection of data and evidence. Increased staff resources will certainly be required. Many of the costs are repeated and remain fixed for each revaluation: the cost of obtaining data through forms of return; analysis of rents; planning; and final delivery. Some costs can be reduced through greater use of online technology.

Improvements to the appeal system could potentially deliver savings, releasing staff to spend more time on revaluations. However, CVS disputes the notion that reducing the overall volume of appeals will necessarily deliver significant cost savings. Even if the number of appeals can be reduced, those appeals that remain will require a similar level of labour and resource to process. This relates to the establishment of precedents during the appeal process. Moreover, more frequent revaluations will not necessarily reduce the number of appeals, and could lead to a net increase.

## **4. What are your views on how the gap between the valuation date and the date on which the rating list starts could be reduced, while still ensuring the accuracy of the rating list?**

CVS believes that in principle, the gap between the AVD and the list taking effect should be reduced. However, CVS also recognises that there are inherent challenges and obstacles to doing so.

While we agree that the current two year gap increases the disparity between actual rents and VOA assessments of rateable value, CVS nonetheless agrees with the principle of a single antecedent valuation date. Until the K Shoes case in 1983, the authorities encountered continual problems in fixing a valuation date which was fair to all ratepayers. In the K Shoes case, it was decided that the valuation date would be the date on which the list came into force, notwithstanding that no valuation officer could accurately predict a year in advance what the rental value would be on that day, particularly in a rapidly changing market.

To some extent that problem has been overcome by a fixed valuation date which precedes the revaluation. However, as is observed in paragraph 2.15 of the consultation paper, at the 2010 revaluation one third of rents which were considered useful for the revaluation would not have been available to the VOA when preparing the valuations had the time interval been one year. That is consistent with CVS' own experience, which shows that rent reviews and lease renewals can take a year or more to resolve.

There are also challenges to a one year time interval if provisions of the Local Government Finance Act (1988) are to remain in place. Section 41 (5) of the Act states: "No later than 31 December preceding a day on which a list is to be compiled the Valuation Officer shall send to the authority a copy of the list he proposes (on the information before him) to complete." This puts in place further time constraints on revaluation within the current two year period. Moreover, in reality a draft list must be sent to the billing authority and DCLG much sooner than the 31 December preceding a new list. This is usually as early as September which enables the data to be extracted and analysed by billing authorities and DCLG. Ratepayers have a 3 month window to challenge their draft assessments after the Draft List is published, and at the same time the valuation officers can 'polish' some valuations. Major late changes would cause considerable problems for ratepayers and billing authorities alike. As the consultation paper states, any reduction in the time interval must not reduce the quality and accuracy of the list.

CVS welcomes the methods outlined in paragraph 4.16 of the consultation paper, under which ratepayers may be able to “systematically provide bulk rental information”. CVS would also endorse greater use of online forms of return.

## **Challenging and appealing rateable values**

CVS welcomes paragraph 3.7 of the consultation paper which recognises that stakeholders have reported to Government the crucial strengths of the current system, including “that each property is given an individual rateable value reflecting its characteristics and location” and this individualised approach “will maintain fairness between ratepayers”. CVS also wholeheartedly agrees that ratepayers “want more information on how their rateable values are calculated”.

CVS welcomes the willingness of Government to speed up the appeal process and make it easier to use by ratepayers. It congratulates the VOA in reducing the number of outstanding 2010 list appeals to its present level, which it believes is largely due to a more proactive approach being taken by the Valuation Tribunal for England in the listing of appeals, and the greater willingness of valuation officers to engage in discussions with ratepayers and their agents during the later part of 2014. There are still far too many examples of valuation officers failing to respond to requests to discuss appeals during the discussion period. However, when appeals are listed for hearing, valuation officers are often far more prepared to share evidence and engage in meaningful attempts to resolve challenges.

It remains CVS’ view (as stated in our response to the paper ‘Checking and challenging your rateable value’) that:

“...there is a case for requiring ratepayers to provide more information on the grounds of a challenge – such as the issues and valuation on which the challenge relies – but not the full supporting evidence, as this will necessarily evolve as discussions with valuation officers progress.

“Business rates are an assessed tax. As such, the responsibility for explaining and providing the evidence for the assessment should lie with the assessor. Ratepayers, or their agents, should be able to review the evidence used to determine their rateable value and tax liability.”

CVS agrees that the challenge and appeal process should be quicker, with fewer cases reaching the Valuation Tribunal for England. But the way to achieve this is not solely by reducing the number of challenges and appeals per se through the introduction of barriers and disincentives to ratepayers.

The consultation paper fails to address the barriers to the disclosure of rental information to ratepayers at the time a formal challenge is discussed. Individual valuation officers remain the sole judge of what is ‘proportionate’ and ratepayers are still denied details of how their valuations are calculated for classes of property where online summary valuations are not appropriate, such as assessments based on trade information.

This issue is discussed in paragraphs 3.7 to 3.14 of the consultation paper, but there is still a failure to address a central issue – to what extent the provisions of the Revenue and Customs Act 2005 deny the VOA the opportunity to freely disclose rent and other data to appellants. This Act is used to refuse ratepayers access to rental, cost, receipts and other information. However, the basis of that advice has never been revealed to ratepayers or the professional bodies representing rating practitioners, including the Rating Surveyors Association (RSA). This change in approach contrasts the situation before 2005, when ratepayers were required to prove the merits of their challenge, but valuation officers were prepared to share and discuss evidence on which rateable values were based.

A formal legal opinion from David Holgate QC, prepared on the instruction of the RSA has been provided to DCLG, but so far there has been no public response. In CVS’ view this remains a fundamental reason for appeals remaining outstanding for long periods and the stalling of discussions and negotiations.

CVS welcomes the commitment in paragraph 3.14 to set up a forum on “the gathering, use and exchange of information”. As an organisation acting on behalf of ratepayers for 18.4% of all appeals on the 2010 list, we request to be involved in the proposed forum.

## **Introducing new stages to the appeals process and the Northern Ireland system**

The consultation paper explores other, more informal routes for resolving challenges in paragraphs 3.16 to 3.21. In principle, CVS welcomes a 'pre-challenge' or 'review' stage to allow discussion to take place about physical facts and the basis of a valuation. However, it has considerable criticisms of the model used in Northern Ireland and illustrated in Box 3A.

The Northern Ireland business rates challenge system lacks transparency and the ratepayers' right of appeal is significantly restricted. There is little separation of power in the system as the Department of Finance and Personnel's Land and Property Services (LPS) combines the functions of non-domestic rating and rates collection, as well as domestic rating, Land Registry and Ordnance Survey.

If an initial review by the District Valuer fails to resolve a ratepayer's enquiry, a challenge is made to the Commissioner of Valuation, who is also part of the LPS. The Commissioner therefore has both an executive and quasi-judicial function. In the case of a challenge there is no recourse to a fully independent adjudicator such as the Valuation Tribunals in England and Wales. The only independent scrutiny available is through the Lands Tribunal of Northern Ireland, which – as in England – is expensive and will deter the majority of appellants. CVS believes that implementing this system in England would raise issues of bias and a lack of transparency.

The Northern Ireland business rates appeals system is also notably simpler in a number of respects. First, there are approximately 77,000 hereditaments in Northern Ireland, compared with over 1.8 million in England. Second, in Northern Ireland rents play a much smaller part in the appeal process than in England. Most challenges can only be against the 'tone of value' established by the District Valuer; the regime for making an appeal on the grounds of a material change in circumstances is far more restricted than in England and Wales, so disputes are more quickly resolved. Third, revaluations are less frequent in Northern Ireland and the volume of challenges in the later years of the list can be expected to decline as the 'tone of value' for each category or property and location becomes more established. The current rating lists in Northern Ireland date back to 1 April 2003.

These are major differences between the rating systems in England and Northern Ireland and the two are not directly comparable. Northern Ireland's system of appeals would not be easily transferred to England in its present form.

### **The paper poses four key questions in Box 1.B**

#### **5. If the Government made it easier for ratepayers to check or seek changes to a property's rateable value through informal routes, would this be likely to reduce the number of formal challenges?**

As stated above, CVS welcomes in principle an informal 'pre-challenge' or 'review' stage to allow discussion to take place about physical facts and the basis of a valuation. However, the success and efficacy of such a stage relies on the ability and willingness of valuation officers to engage in early and meaningful discussions, using relevant background information on valuation assessments. To do this, the VOA requires better resourcing, improved ability to share data (including a review of the implications of the Revenue and Customs Act 2005), and the ability and confidence of individual valuation officers to assess and settle challenges (CVS has experienced some improvement in this area in the later part of 2014).

If the new stage i) can only identify clear errors of fact; ii) does not involve any dialogue between valuation officers and the appellant; or iii) is based fundamentally on the assumption that the VOA valuation is correct, then the new informal stage will be unlikely to have much impact on the number of formal challenges made against new assessments.

In addition, as stated above, CVS agrees that the challenge and appeal process should be quicker, with fewer cases reaching the Valuation Tribunal for England. But the way to achieve this is not solely by reducing the number of challenges and appeals per se through the introduction of barriers and disincentives to ratepayers.

**6. If the Government asked for more information from ratepayers or levied a charge as part of the formal appeals process would this lead to a more efficient system?**

CVS opposes in principle the introduction of a charge for formal appeals. As stated in CVS' previous consultation response: business rates are an assessed tax and, as such, the responsibility for explaining and providing the evidence for the assessment should lie with the assessor. If a charge is imposed, it should be modest and refunded to the appellant in the event that the appeal is successful.

The disclosure of more background information and improved discussion between valuation officers and rate payers at the beginning of the appeal process could help to improve efficiency. As stated above and in CVS' previous consultation response, CVS believes that there is a case for requiring ratepayers to provide more information on the grounds of a challenge – such as the issues and valuation on which the challenge relies – but not the full supporting evidence, as this will necessarily evolve as discussions with valuation officers progress. Ratepayers, or their agents, should be able to review the evidence used to determine their rateable value and tax liability.

Considerable work has already been carried out by the VOA on the amount of information that a ratepayer should provide when making a formal challenge, and this should be refined by a dialogue with ratepayers and their representatives.

**7. What impact do you think the ideas in this paper could have as a whole on the challenging and appealing rateable values?**

CVS' view is summarised above under the heading 'Challenging and appealing rateable values'.

Staffing and resource available to the VOA will be crucial to the success or failure of a new informal stage. This relies on the ability and willingness of valuation officers to engage in early and meaningful discussions, using relevant background information on valuation assessments, as outlined in our response to question 6. In addition, the ability of the VOA to engage meaningfully may also be impacted by the demand on the appeals system. For example, if appeals are 'front loaded', with the bulk made in the first two years of the new rating list, the demand on valuation officers will likely stifle their ability for substantial discussions at the informal stage. This may be tempered by transitional relief.

**8. What are your views on Box 3.B which sets out what a new system for challenging and appealing rateable values could look like?**

CVS' concerns regarding the new system set out in Box 3.B are summarised in the responses above.

At its heart, a three-stage appeal system relies on appropriate engagement from all parties and CVS has serious doubts about whether the resources and culture is in place to make this system successful. With regional VOA offices set for closure, the organisation is becoming increasingly remote from its users.

CVS strongly believes that the objectives of the new system should be to create a quicker, more efficient appeals process without creating prohibitive barriers and disincentives to ratepayers. Any new requirements introduced between each stage should not be so high that appellants are deterred from continuing.

Such barriers include the amount of evidence and detail on the grounds of appeal that the appellant is required to produce at each stage. The CR3 form used by LPS in Northern Ireland is a very simple form, far less complicated than the current form of proposal used by valuation officers across England and Wales. For example, it does not require the same information regarding rent or tenure of the hereditament. Similarly, the Notice of Appeal form to the Commissioner of Valuation is very simple, requiring reasons for objection to the District Valuer's certificate, but not the evidence upon which the case is based. The information required of ratepayers should be proportionate and not a disincentive to pursuing a valid appeal.

## Information gathering, use and exchange

CVS supports the establishment of a forum of ratepayers, their representatives, landlords and local authorities to bring forward practical improvements to the information gathering process. As an organisation acting on behalf of ratepayers for 18.4% of all appeals on the 2010 list, we request to be involved in the proposed forum.

CVS also welcomes the proposal to look for “a suitable legislative opportunity to allow greater sharing of information between the Valuation Office Agency and local authorities.” CVS notes paragraph 4.24 and would warmly encourage DCLG and HM Treasury to review the implications of the Revenue and Customs Act 2005. CVS has experienced some improvement in the cooperation between the VOA and local authorities since the introduction of the Localism Act 2011 and we believe that further information sharing between these bodies will both save resources and also benefit ratepayers by reducing multiple requests for information. Local authorities should as a matter of good practice provide all supporting material in their possession to the VOA, such as planning consents not only for new development but also change of use and physical alterations. Nonetheless, this reform should be subject to further consultation with ratepayers who may be opposed to the supply of confidential information given to the VOA being passed to a local authority.

There is no doubt that greater use of digital technology will improve the efficiency of information gathering. CVS welcomes the methods outlined in paragraph 4.16 under which ratepayers may be able to “systematically provide bulk rental information”. CVS would endorse greater use of online Forms of Return.

However, for ratepayers and their professional advisers alike, the greatest need for improvement is in the sharing of rental data held by the VOA. This was addressed in detail in CVS’ response to the paper ‘Checking and Challenging your Rateable Value’. In summary, this argued for review of the use of the Revenue and Customs Act 2005 to enable the VOA to share data more freely. The assessment of non-domestic rates involves assessment of and comparison with other similar properties situated in the same locality, rather than just the actual rent of the property in question. The tax liability is not based solely on the affairs of the individual ratepayer, but has regard to the tax liability of other ratepayers. As identified in the consultation paper, Land Registry records will often be insufficient for rental analysis purposes and do not enable ratepayers to compare their own property with relevant similar properties. The principal way for ratepayers and their agents to obtain, analyse and challenge this data is via valuation officers.

CVS acknowledges that the release of this data must have limitations and be subject to commercial confidentiality restrictions. However, rating assessments depend on comparability and the sharing of information in relation to other properties. Government policy should seek to enable this, and create fairness between ratepayers. As discussed above, the provision of the Revenue and Customs Act 2005 should be reviewed and the RSA has provided a legal opinion from David Holgate QC on this subject.

**The paper poses three key questions in Box 1.C.**

**9. Do you have examples of best practice ways to gather and share taxpayers’ property data that you would like the Government’s information sharing forum to consider?**

We have no representations to make at this stage further to the information above.

**10. What is your view on the suggestion that ratepayers should be required by law to provide information about their property?**

There is already a mechanism in place for local authorities to supply data about physical changes to properties to the VOA. CVS accepts that this system is imperfectly operated at present, but this process should be improved, including through the measures discussed under the heading ‘Information gathering, use and exchange’. The majority of ratepayers are not qualified to measure buildings for rating purposes – shops to net internal area, offices to gross internal area, and for buildings valued using the contractor’s method, gross external area. If ratepayers were to be asked to provide detailed calculations to the VOA every time they made changes to a property there is a risk that incorrect data would be provided and lead to an incorrect assessment. CVS is therefore opposed to a legal requirement for ratepayers to provide details to the VOA of any changes to the tenure of its occupation, or disclose physical changes or change of use.

Often there are changes to properties such as the installation of air conditioning or comfort cooling – that are not usually picked up either by the local authority or the VOA without substantial inspection work taking place or in connection with an appeal. However, to require an occupier to notify the VOA every time such a change is made risks creating burdensome administration for businesses and could become oppressive. To introduce a legal requirement for ratepayers would be difficult to implement and raises the question of what penalties would be applied for non-compliance.

In terms of valuation data, it could be made a statutory requirement that when details of a new lease are lodged with the Land Registry by the lessee's solicitor, a copy is sent to the appropriate valuation officer or a central collection point. However, the VOA already has access to the Land Registry so such a requirement could be seen as unnecessary. As mentioned in the consultation paper, this process also fails to identify transactions not registered, such as rent reviews.

In our view, the VOA already has significant means of obtaining the data it requires for valuation, whether by statutory form, access to the Land Registry records, by inspection or other informal methods. A properly maintained lease register should provide valuation officers with sufficient warning of forthcoming rent reviews or effluxion of leases. In our experience, the VOA frequently fails to monitor and record much of the information it gains from evidence produced in discussion of rating appeals, professional publications and company accounts lodged with Companies House. There is significant scope for improvement in this regard.

#### **11. What are the practical steps Government could take to make it easier to access information and how would you use that information?**

CVS' views on additional practical steps are discussed in this document under the section 'Challenging and appealing rateable values' and 'Information gathering, use and exchange'. The information that ratepayers and their representatives need most is the rental data on which a property valuation is based. This should be made more easily available through the relaxation of instructions to the VOA or by reviewing the implications of the Revenue and Customs Act 2005 (including legislative action if required).

Clearly in some cases this information is commercially confidential and cannot appear in the public domain, in particular for properties valued using the trade receipts. However, it is unacceptable to deny this information to ratepayers trying to check whether their own assessment is correct, when it is based on comparable properties in the same location. Where trade information is particularly sensitive, CVS' view is that it should only be made available to a professional representative, subject to a condition that it will not be disclosed to the client or other ratepayers without the consent of the VOA or the organisation or individual supplying that information to the VOA.

## **Billing and collection**

**The paper poses four key questions in Box 1.D.**

#### **12. Do you have further suggestions to add to the ideas listed in this paper which you think the Government's new billing and collection forum should consider?**

CVS recognises 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. To inform its response to this section on billing and collection, CVS has undertaken a survey of its clients.

CVS commissioned an online survey of its clients, which ran in early February 2015. The survey asked participants for their responses to questions 12, 13 and 14 of the consultation paper. A total of 64 ratepayers completed the survey and the results are detailed below. Not all respondents answered all questions.

In response to question 12, respondents to CVS' survey raised suggestions for consideration by the new billing and collection forum including:

- Electronic, email, PDF and other forms of digital billing
- The potential for a centralised / standardised billing system
- Use of a single reference number

- A wider range of payment options, such as weekly or/and monthly
- Bills which provide a breakdown of how business rates are spent
- Ensuring the use of plain English in billing
- Improved explanation of the calculation of rateable value and bill, including:
  - Clear statement of areas and the multiplier applied
  - Property descriptions which will enable ratepayers to ensure the boundaries are correct where buildings have multiple tenants
  - Explanation of any reliefs applied
  - More information to help ratepayers check and challenge their liability
- Consideration of a single bill for occupiers based across multiple areas, though others preferred bills for individual properties

13. What do you see as the main costs and benefits to your business / local authority of a more digital billing and collection system?

Respondents to CVS' survey raised points including:

- Digital billing would make things easier for ratepayers in terms of:
  - Minimising administration
  - Speeding up the payment process
  - Clarity over when payments are due
  - Simplicity of payment for businesses without a finance department
  - Creating a clear audit trail
  - Improving exchange of data with the billing authority
  - Business rates bills would be brought in line with other payments and supplier invoices by being paid online
- Digital billing would reduce costs for local authorities in the long term with savings in administration, paper and postage. It would also improve the timeliness of payments
- A small number ratepayers preferred the current paper system
- A small number requested both paper and electronic billing
- The introduction of electronic billing must not lead to an increase in rates

**14. What are your views on the key issues with billing that best practice guidance for standard and clear billing should address?**

Respondents to CVS' survey reiterated the answers to questions 12 and 13, particularly in relation to the clarity of information provided in bills. Additional points raised included:

- Bills could be integrated with charges for other local services
- Bills should provide clear advice on what to do if a ratepayer believes there is a mistake on the bill
- Information should flow clearly, rather than using differently brightly coloured boxes



