

Administration of Business Rates in England – interim findings

February 2015



1. The Local Government Association (LGA) welcomes the chance to comment on the discussion paper on the interim findings from the administration of business rates.
2. The LGA is here to support, promote and improve local government. We will fight local government's corner and support councils through challenging times by making the case for greater devolution, helping councils tackle their challenges and assisting them to deliver better value for money services.
3. This response has been agreed by lead members of the LGA's Resources Board.
4. In our response to the Business Rates Administration Consultation paper last May we responded that the discussion paper missed the chance to reform business rates more fundamentally. We, therefore, welcome the structural review of business rates announced in the Autumn Statement last year and look forward to playing a full role in this.
5. The government's commitment to tackling business rates avoidance is welcome and the LGA will continue to work with CLG and HMT through the business rates anti-avoidance working group to understand the type and scale of business rates avoidance and to identify and evaluate means of closing any loopholes. We have also responded to the consultation on business rates avoidance and look forward to seeing prompt action taken to tackle this issue.

Chapter 2: How often property is valued

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

6. Annex A demonstrates that more frequent revaluations would have different effects depending on how different rental markets behave. The historical analysis shows that some rental markets have rents that follow a more cyclical pattern and that more frequent revaluations could have the effect of increasing volatility. Subject to addressing the concerns highlighted below we are in favour of regular revaluation.

Submission

How do you think more frequent revaluations would affect your business/local authority?

7. We are in favour of regular revaluation to ensure that the taxbase is up to date and reflects current market conditions. However we are concerned about the large numbers of appeals – we have heard from Treasurers that up to 25% of their business rates taxbase can be subject to appeal at any one time. We would not want to see a more frequent revaluation cycle if the only result was that the number of appeals increased.

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?

8. The key cost to local government arising from revaluations is appeals; this could be managed better by the Government assuming responsibility for appeal risk before 1 April 2013 when business rates retention was introduced.

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?

9. The LGA would not like to see the lead in time between the antecedent valuation date and the list coming into force shortened if this leads to more volatility.

Chapter 3: Challenging and appealing rateable values

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?

10. We agree that there are too many appeals and that they take too long to resolve. As the document says, this creates difficulties for local government, which is required to set aside provisions for appeals. Indirectly this has also led to more being top-sliced from local government grant, through the greater demand on the business rates safety net. It seems reasonable to conclude that more informal resolution would reduce the number of formal appeals.

If the government asked for more information from ratepayers or levied a charge as part of the formal appeal process would this lead to a more efficient system?

11. We support the proposal that appellants should be asked to state a clear rationale for their proposal and that cases should only proceed to the formal appeal stage once there is a failure to agree as part of a challenge process. We also agree that there should be a reasonable charge for submitting an appeal.

What impact do you think the ideas in this paper could have as a whole on the approach to challenging and appealing rateable values? What are your views on box 3.B in chapter 3 which sets out what a new system for challenging and appealing rateable values could look like?

12. We supported the government's previous proposals and were sorry that they were postponed, although we do welcome the April 2015 cut-off date for backdating appeals against the 2010 list. The proposals in the current document (in Box 3B) are in many respects similar; setting out a difference between checking, challenging and appealing. We support this.
13. We also consider that local authorities, which, since the introduction of business rates retention, have a stake in appeals. We would like to see local authorities being given a right to have a formal part in the process. This should also extend to any subsequent revaluations; for example an appeal against the 'tone' of a list due to new shopping centre elsewhere can frequently lead to revaluations which affect the whole of a town centre. The first local authorities know about this may be when the VOA informs the authority that the valuation has changed. This can also result from negotiations with large ratepayers, for example broadband providers.

Chapter 4: Information sharing

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?

14. The key issue with information sharing is to find a gateway by which the Valuation Office Agency can share data with local authorities which does not require the same information to be collected twice. As the consultation document states, this is something in which local authorities have a direct financial interest. We understand that due to legislation governing HMRC this requires primary legislation and we look forward to this being implemented as soon as possible. We welcome the commitment in the document to this.
15. There are many good examples of data sharing between central and local government. Councils routinely share benefits data with the Department of Work and Pensions. A further good example of data sharing between local and central government is the 'Tell Us Once' service. This has been rolled out for reporting of deaths and births.

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

16. We agree that taxpayers should be under an obligation to report changes of circumstances which may affect liability to pay rates. If an effective information sharing gateway between councils and the VOA

can be established this would only need to be provided once to either the council or the VOA, which would then automatically share it, in a similar way to how benefits data is shared.

What are the practical steps government could take to make it easier to access information and how would you use that information?

17. The Government should legislate to provide a data sharing gateway. Local authorities would also be able to use this information for the purposes of minimising business rates avoidance; this point is made in our separate response to the business rates avoidance consultation.
18. The LGA looks forward to playing a part in the information sharing forum.

Chapter 5: Billing and collection

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?

19. We share the wish for billing to be simple, but do not necessarily think this would be achieved through more government prescription on the form and content of the bill.
20. We look forward to participating in the billing and collection forum to discuss best practice which could be circulated. There could be scope for a common portal. This could also play a role in identifying a digital solution which is efficient and preserves the autonomy of local authorities.

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

21. Many councils have adopted digital billing and now offer an option for e-billing, for example Leicester, Maidstone and Trafford. Any guidance needs to offer flexibility to local authorities. For example currently councils may use paper billing because it gives them certainty that bills have been delivered.

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

22. These will be identified in the billing and collection forum; they will include value for money and minimising costs for both councils and ratepayers. As mentioned above, any guidance needs to offer flexibility to local authorities.