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| Check Challenge Appeal; Reforming Business Rates Appeals – consultation on statutory implementation |
| 10 October 2016 |

1. The Local Government Association (LGA) welcomes the chance to comment on this consultation paper.
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 the LGA Resources Board.

**Introduction**

1. There are almost 300,000 appeals outstanding, the majority submitted at the end of the cycle. This is causing uncertainty for councils leading to the need for provisions, which DCLG estimates at £2.5 billion as at 31st March 2015. These affect council’s financial position, lead to less grant for some authorities through the need to fund the business rates safety net through a top slice and therefore to more reductions in expenditure than would otherwise be the case. The LGA calls on the Government to provide sufficient resources for the Valuation Office Agency for these to be resolved within 12 months of 1st April 2017.
2. With the move to local retention of business rates, resolving this issue is one of the highest priorities for local government.
3. We therefore welcome the fact that government is proposing to reform appeals. The government’s aim is that the new 'Check Challenge Appeal' system should lead to a system which is easy to navigate particularly for small businesses and which promotes early engagement. The Check stage is to validate the facts and can lead to the Valuation Office Agency (VOA) changing the list. At the Challenge stage the ratepayer makes their own proposal based on evidence and can then enter in discussion with the VOA where the VOA may accept the ratepayer's proposal. Only after this stage is exhausted can the ratepayer make an Appeal to the Valuation Tribunal for England.
4. As we said in our response to the previous consultation, the key test of success of this proposal will be if it leads to less uncertainty for local government and a material reduction in provisions. These proposals go some way to addressing current issues but more could be done to streamline the system further.
5. The LGA welcomes early involvement of ratepayers and swift resolution of any differences. However, we would also repeat our previous comment that the key point with any new process within the Valuation Office Agency (VOA) will be whether they have sufficient resources to deliver the proposals. It is clear from the current large backlog of appeals, that the VOA does not currently have the required level of resources.
6. The LGA has heard from authorities that they are concerned that they will no longer be able to make proposals themselves in properties where they may be the billing authority but they are not themselves the ratepayer. As we say in our response to question 7, we propose that authorities should retain these rights.
7. The LGA also looks forward to the next steps following the discussion paper on more frequent valuations. As we said in our response to this discussion paper, if a substantial proportion of valuations could be done via the provision of data on-line which had to be signed as true and fair and updated every year – not only would it be more efficient but it might remove the need for 5 yearly revaluation, at least for mainstream property types.
8. Detailed answers to the questions asked in the consultation are:

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

The draft regulations do put in place a system where a challenge (‘a proposal’ in the regulations) will have to have been preceded by a check (‘a request for information’ in the regulations). They also provide that the ratepayer must provide full information when they make a proposal. However we are still concerned that the time periods allow for the process to be dragged out. The LGA would support a time limit for proposals of six months from the time the list comes into force (with exceptions for material changes of circumstances, which are dealt with below, and new ratepayers). This would mirror the situation in Scotland.

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

The LGA agrees that fees should be payable at the appeal stage and that these should be less for small businesses. The fees proposed seem reasonable. We also agree that there should be a discounted appeal fee for small businesses.

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

We agree that there should be penalties for false information. In our response to the previous consultation we said that there could be a scale with 0.1% of the rateable value or £250, whichever is the higher. Allowance should be made for small businesses and when incomplete information has been submitted in haste. We would repeat this suggestion

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

We agree that the definition set out – those with a headcount of less than 10 or a turnover of less than £2 million seems reasonable.

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

We agree that a check / request for information should be received as soon as possible following a material change of circumstances. However we think that allowing a ratepayer 16 months to submit a challenge / proposal is too much – these should be received in 6 months from the ‘material date’ of the change.

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

The key change in the regulations is that the Valuation Tribunal for England should only order a change in rateable value only when the valuation appealed against is outside the bounds of reasonable professional judgement. The LGA agrees that tribunals should not be caught up in determining small differences in valuations. We therefore support this change to the regulations.

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

The regulations propose new rights to receive information relating to challenges, to receive the results of challenges; and to provide information to the VOA which may be of assistance in resolving these challenges as well as greater access to appeals lodged with and determined by the Valuation Tribunal for England. The LGA welcomes these rights. However we do express concern that local government will no longer have the right to make or join proposals which do not relate to their own premises. The LGA has heard concern about this from local government, particularly in the context of the introduction of full business rates retention and the transfer of risk to local authorities. We would propose that billing authorities should continue to have rights to make and to join proposals under the regulations.

The consultation also mentions the new provision for councils to receive information from the Valuation Office Agency on business rates, which they have not previously been able to receive due to HMRC privacy requirements. The LGA looks forward to taking part in discussions with Government and the HMRC on a detailed framework for implementation, which will include those companies who are contracted to work with local authorities

Local Government Association

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