

**TONBRIDGE & MALLING BOROUGH COUNCIL**  
**FINANCE, INNOVATION and PROPERTY ADVISORY BOARD**

**13 January 2016**

**Report of the Director of Finance and Transformation**

**Part 1- Public**

**Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)**

**1 CHECK, CHALLENGE, APPEAL: REFORMING BUSINESS RATES APPEALS CONSULTATION; AND BUSINESS RATES POOLING**

**In October 2015 the Department for Communities and Local Government published the consultation paper ‘Check, challenge, appeal: Reforming business rates appeals’. The report also updates Members on the Business Rates Pool for Kent authorities.**

**1.1 Introduction**

1.1.1 The consultation outlines proposals to reform the business rates appeals system in order to provide a quicker, clearer and more transparent service to businesses. The consultation paper sets out proposals for a three stage approach: check, challenge, appeal, and seeks views from businesses and other interested parties. The proposals are of interest to us not only under the Business Rates Retention scheme but also as the billing authority. The return date for responses to the consultation is 4 January 2016.

1.1.2 As the return date is before the meeting of the Advisory Board, I did ask and obtain the approval of the Leader, Cabinet Member for Finance, Innovation and Property and your Chairman to my response to the consultation. A copy of the response can be found at **[Annex 1]**.

1.1.3 The paper can be found at the following link:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/472695/151029\\_Business\\_rates\\_appeals\\_consultation\\_document\\_-\\_final\\_version.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/472695/151029_Business_rates_appeals_consultation_document_-_final_version.pdf)

**1.2 Overview**

1.2.1 A key issue will be whether the proposals will be likely to reduce the uncertainty around business rates valuations and the need to make provisions to cover them. From our understanding the proposals set out in the consultation paper will not as such reduce the uncertainty around business rates valuations, but might aid financial planning as a result of the introduction of a more streamlined approach.

1.2.2 Three stages are proposed: check, challenge, appeal.

- 1) The **check** stage will ensure that relevant facts are validated by the ratepayer and agreed as far as possible. If necessary the rating list will be corrected to reflect the facts. Where facts cannot be agreed, the difference will be clearly established. A trigger point to allow the ratepayer to move to the challenge stage after the case has been at the check stage for twelve months is proposed and for the twelve month period to reduce as the new system beds in.
- 2) The **challenge** stage allows a ratepayer to challenge the rating list entry. They will set out their reason for the challenge, and put forward an alternative rating list entry (which will include an alternative valuation if that is the reason for the challenge). The Valuation Office Agency will issue a decision on whether the rating list will be altered and the level of any revised valuation. It is proposed that a challenge must be submitted within four months of the completion of check stage. A trigger point to move from challenge stage to appeal stage after eighteen months is proposed and for the eighteen month period to reduce over time.
- 3) The **appeal** stage allows a ratepayer to appeal to the independent Valuation Tribunal for England. If the Tribunal disagrees with the Valuation Office agency's decision, it may conclude that the ratepayer's proposed rating list entry is correct, or alternatively it may substitute its own. It is proposed that an appeal must be submitted within four months of the completion of the challenge. Also propose to introduce fees for appeals which would be refunded if the appeal is successful.

1.2.3 The guiding principles for reform are that ratepayers should set out their issues fully and clearly at the start of each stage, so that the Valuation Office Agency can respond quickly and ratepayers can make an informed decision about whether they need to proceed to the next stage. There should be a structured and transparent approach with clear expectations on all sides about timescales, requirements and action.

1.2.4 The aim of the system overall is to provide a streamlined and efficient system in which the key issues are identified by the ratepayer early, and are resolved as quickly as possible as the case proceeds.

1.2.5 Only one check, challenge, appeal may be made per ratepayer per list, on each of the grounds, unless there has been a physical change to the property or locality. The grounds on which a challenge may be made will be in line with the grounds on which a challenge may be made now.

1.2.6 The intention is that the reformed system will apply when the new rating list comes into effect in April 2017.

### **1.3 Business Rates Pool for Kent Authorities**

- 1.3.1 The Council is a member of the Business Rates Pool for Kent Authorities. In October 2015 a request was made to the Secretary of State for the current Pool to be disbanded and a new Pool formed at the end of this financial year that would see Dover District Council leaving and Dartford Borough Council joining the Pool. Correspondence from the Secretary of State giving his agreement to the request is attached at **[Annex 2]**.

### **1.4 Legal Implications**

- 1.4.1 Subject to Parliamentary approval, primary legislation amending existing enabling powers will be enacted in the current session's Enterprise Bill, and regulations will then be brought forward setting out the details of the various stages.
- 1.4.2 Paragraph 34 of Schedule 7B to the Local Government Finance Act 1988 sets out the requirements for the cessation and formation of a Business Rates Pool.

### **1.5 Financial and Value for Money Considerations**

- 1.5.1 A more efficient system should deliver savings, in time, money and resources.

### **1.6 Risk Assessment**

- 1.6.1 None.

### **1.7 Equality Impact Assessment**

- 1.7.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

### **1.8 Recommendations**

- 1.8.1 Members are requested to **endorse** the response to the consultation as agreed with the Leader of the Council, Cabinet Member for Finance Innovation and Property and the Chairman of this Advisory Board.

The Director of Finance and Transformation confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and policy Framework.

Background papers:

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Nil

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