

Response to the consultation document

Check, challenge, appeal reforming business rates appeals - consultation on statutory implementation

CIPFA

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As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as a postgraduate diploma for people already working in leadership positions. They are taught by our in-house CIPFA Education and Training Centre as well as other places of learning around the world.

We also champion high performance in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, courses and conferences, property and asset management solutions, consultancy and interim people for a range of public sector clients.

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October 2016

1. Introduction

1.1 CIPFA welcomes the opportunity to comment on this consultation which we see as part of the greater policy work around business rates. With the introduction of 100 % business rate retention it is essential that the appeals process is improved and ambiguity removed from the system.

1.2 The impact of appeals is the most significant risk in locally retained business rates. That risk is felt significantly already in the 50% scheme and without a new way of thinking will be magnified to such a point as to risk making the scheme unstable and unsustainable.

1.3 We welcome the fact that many of the principle drivers behind these changes are intended to reduce the risks in the current system by reducing delays and increasing accuracy.

1.4 Recently we have responded to the government consultation on self-sufficient business rates and in this we point out the need for the Valuation Office Agency (VOA) to be resourced sufficiently to carry out its task. We take the opportunity to reiterate this very important point within this response. We call upon central government to consider the importance the VOA will have, all be it indirectly, to local government finance and therefore the delivery of front line public services. It is clearly in everyone's interests for the Valuation Office Agency to be properly resourced and incentivised to reduce the level of errors on appeal and communicate effectively with Local Authorities.

1.5 We welcome the draft regulations as they move towards the policy intentions sets out in the consultation paper. CIPFA supports the high level policy intention principles which include:

- Making the appeals process easier to navigate
- Earlier engagement within the process
- Quicker resolution
- Greater confidence in the valuation

However there are a number of concerns that CIPFA would like to raise regarding very specific issues.

2. Detailed comment

2.1 Definition CIPFA is concerned that the definition of small business should not lead to greater confusion within the business sector. In the current business rates scheme small businesses are awarded discounts on business rates and they are defined in a specific manner. Any definition must lead to greater transparency for both business and local authorities. We appreciate that the department recognises this and that there will be a further consultation on this matter. CIPFA would support the use of a working party drawing experts from all stakeholder groups to contribute to this discussion.

2.2 Professional Judgement As a professional institute we understand the importance of professional judgement. We therefore appreciate why the consultation has moved towards this approach with regard to the Valuation Tribunal in England. However, with the prominence of business rates as an income stream and the need for transparency of decision making, CIPFA would suggest that there is a need for details and examples of how this approach would be delivered. This is not purely an issue for local authorities, the concept of reasonableness is often based on an individual perspective. It must be transparent to those involved in the process. We would encourage a further debate to establish and demonstrate how decisions will be reached within these new rules. If the professional judgement stage is, or becomes perceived as lacking transparency and thus reasonableness, the new approach will not see resolution at the challenge stage and appeals will continue.

2.3 Party to Appeal CIPFA is surprised that the regulations have removed the ability of the local authority to be party to the appeal. We understand that this power has not been exercised by all authorities in the past. However, it is interesting to see that at a time when business rates is becoming more important to the financing of local services that there is a parallel reduction in the powers of the local authority. In light of the responses to this consultation further discussion should take place to understand the full impact of this change, projecting this forward to a time post 100% business rates retention. CIPFA would be concerned to see the removal any local government power without careful consideration of the consequences.