Non-Domestic (Business Rates)

Briefing Note – 22 February 2017

**This update provides you with details surrounding the end of the 2010 Rating List and the latest update on what is likely for the 2017 Revaluation along with other details on changes to procedures and processes that are taking place.**

**End of the 2010 Rating List**

As we come to the end of the 2010 Rating List appeal rights are shortly to be curtailed. The ability to submit proposals will be limited to certain circumstances after 31st March 2017. Where instructed to do so, GL Hearn has been undertaking appeal reviews on your portfolio of properties to ensure that we have reviewed the need for appeals. During the remaining few weeks it is essential to review any last minute actions including the need to appeal for Material Change in Circumstances.

There will continue to be limited rights to appeal where there is a relevant Tribunal or Court decision but these rights also end from 6 months after the decision or 30th September 2017, whichever is earlier. The Valuation Officer does however have the ability to alter the Rating List until 31st March 2018 and whist appeals can be submitted against such an alteration within 6 months there are limitations on what can be appealed – speak to GL Hearn about any instances that arise. We are continually reviewing Notices of Alteration that are made but if you receive details from the Valuation Officer or an amended demand from the Local Authority referring to a Notice of Alteration please ensure we are provided with a copy as quickly as possible.



Act now if you believe your property is likely to be subject to building works, a material change in circumstances such as roadworks or works to an adjoining property.

There are limited appeal rights and appeals and it **may not be possible to submit a proposal after 31st March 2017**

**The 2017 Rating List**



Check Challenge and Appeal is the new scheme being proposed but **full details of the confirmed regulations remain uncertain**. Draft regulations, whilst published, still have not been confirmed. The new system involves first verification of the right to review and this will be via the Government Gateway Service – details are still awaited for this.

**The 2017 Rating List cont’d**

**Stage 1 - Check**

Once verified a Check is required to confirm details of the property and agree to them so far as is possible or to set out the differences. There is a requirement to confirm the areas and details adopted – the onus is on the ratepayer to disclose any errors including any improvements. A penalty may be payable where facts have been carelessly, knowingly or recklessly provided.

**Stage 2 - Challenge**

This can only be completed once Stage One - Check has been completed. It is expected that this will only be permitted within 4 months of a previous check. Whereas at present this can be instigated simply by setting out a proposed reduction and the rent of the property with basic grounds for the proposal – the new system requires much more detail to accompany the proposal:

1. Grounds of for the challenge
2. Detailed reasons for the challenged have to be provided with supporting evidence, and
3. An alternative valuation which is supported by the evidence provided

The onus will be on the proposer to prove that the Valuation Officer’s valuation to be incorrect, despite no explanation or evidence of the assessment having been previously provided by the Valuation Officer. It will not be sufficient to merely say that the assessment is excessive. The Valuation Officer will determine whether the content of a proposal is sufficient to satisfy the requirements

Again the draft regulations provide for a period of time for the Challenge to be considered. If the matter has not been concluded within 18 months from the date of the proposal or a Decision Notice is issued refusing to alter the entry by agreement a Decision Notice is issued by the Valuation Officer. The proposer and the Valuation Officer can agree in writing to extend the time in order allow the Valuation Officer more time to consider the proposal.

**Stage 3 – Appeal**

An appeal against a Decision Notice must be made within 4 months of the conclusion of Challenge to the Valuation Tribunal. Details must be included setting out the Decision Notice, original proposal and details of the additional discussions that took place. The consultation proposes that fees will be payable in respect of any Appeal. The level of fees will be discounted for smaller businesses or where the matter is to be dealt with by written representation only.

We await further details concerning the proposals regarding “reasonable professional judgement” and confirmation of the actual parts of the draft legislation that are to be enacted.

**2010 List - Appeals to the Valuation Tribunal for England**

Between September 2016 and 2017 the Valuation Tribunal for England trialled a change to its approach to hearing cases in two trial areas covering appeals in Kent and Leicestershire. Check Challenge and Appeal. With some 250,000 appeals outstanding something needed to change and they piloted some key changes which included:

* *Reform to the system that allows parties to openly negotiate*
* *Only when such negotiations end in stalemate, provide the opportunity for a ratepayer to have the appeal determined by an independent panel.*

**2010 List - Appeals to the Valuation Tribunal for England cont’d**

* *Reducing the number of cases requiring consideration by the Tribunal by focusing resources on those cases that it knows, through early intelligence, require a hearing, and to plan and run hearing days for them*

As a result standard directions were changed in the pilot area which required the parties to following new protocols which included:

* *14 weeks’ notice for Hearings*
* *Parties must make contact no later than 10 weeks prior to the hearing*
* *The VOA to provide Regulation 17(3) evidence 8 weeks prior to the hearing*
* *The Appellant to serve a FULL case on the Valuation Officer 6 weeks prior to the hearing*
* *The Valuation Officer to serve its FULL response on the Appellant 4 weeks prior to the hearing*
* *The Appellant to serve on all parties any rebuttal along with full copies of the cases submitted by both the appellant and the Valuation Officer*

Analysis of the data relating to cases in the trial saw a significant increase in the number of cases resolved, a reduction in the resource required to handle unnecessary paperwork, a reduction in the number of reinstatement requests, more certainty about which cases required hearing which in turn reduced the number of cancelled hearings

Unsurprisingly, given the above, the Valuation Tribunal has determined though independent qualitative survey that the trial was an overwhelming success. As a consequence the President of the Tribunal has confirmed that the revised system will now be rolled out across all areas of England effective from 1st April 2017.

It is important to note that these changes have been challenging for all parties in terms of the resources required to progress cases but that the outcomes are thought to outweigh the disadvantages. GL Hearn continue to work in your interests but would ask you to note that there are strict requirements and deadlines required under these procedures. Where possible we will always seek to protect your interests and action may be necessary to protect your position and to avoid cases being dismissed.

**Non Domestic Multiplier**

The national non-domestic standard multiplier will be 46.6p (England) and the supplement for larger business will remain at 1.3p and results in a **multiplier for larger business at 47.9p.** Different rates apply for Scotland, Wales, Northern Ireland, Channel Islands and the Isle of Man. A summary sheet is provided at the end of this briefing note showing the latest figures. Please check with GL Hearn for the latest update before relying upon the figures as changes may been made subsequent to this note.

Coverage of Business Rate issues has been headline news for over a week. The Prime Minister confirmed at PMQ on 22nd February that ministers are looking at how to help firms “particularly adversely affected” by the proposed changes to business rates, although this appears to be focused at small businesses. It remains unclear what these proposals might include although we will seek to provide details as soon as we are able.

**Transitional Relief (England)**

The Chancellor, in his [statement](https://www.gov.uk/government/speeches/autumn-statement-2016-philip-hammonds-speech), confirmed that Business Rates changes are to be made following the conclusion of a [consultation](https://www.gov.uk/government/consultations/business-rates-revaluation-2017) on transitional arrangements. However recent press comment has called for a further review of this and we will update you as soon as we become aware of any further changes. The current position is set out again in the tables at the end of this briefing note.

**Spring Budget 2017**

In the Autumn Statement the Chancellor confirmed a change to the budget and statement process with a move to a single major fiscal event each year. Government will publish its next Spring Budget on Wednesday 8 March 2017. There will then be a second Budget before the end of 2017 to switch to the new timetable, which will then be followed in future years. The Office for Budget Responsibility (OBR) is required by law to produce two forecasts a year. One of these will remain at Budget. The other will fall in the spring and the government will respond to it with a Spring Statement.

**Wales**

You will be aware that Wales was also considering what approach to adopt in terms of transitional arrangements but this was focused principally on small businesses. Currently Wales has proposed a multiplier based on 49.9p but further detail is awaited concerning a confirmed figure from 1-4-2017. As such this should be considered a provisional figure.

**Scotland**

The Barclay review group has been set up to make recommendations that seek to enhance and reform the business rates system in Scotland to better support business growth and long term investment and reflect changing marketplaces. The Group will report to Ministers in July 2017

GL Hearn submitted a response to the Barclay Review. We have also recently attended a round table discussion to further expand on our submission and also to answer question from the panel.

BREAKING NEWS !

<https://www.eveningexpress.co.uk/fp/news/local/aberdeens-hotels-bars-business-rate-increases-capped/>

Finance Secretary Derek Mackay has announced details capping business rate increases for the hospitality sector in response to widespread concern about the impact of a controversial revaluation. Mr Mackay confirmed to MSPs on Tuesday 21swt February a new 12.5% cap on bill rises for restaurants, pubs, hotels and cafes would also apply to office premises in Aberdeen and Aberdeenshire to reflect the impact of downturn in the North Sea economy. A package of extra support for the renewables sector was also set out by Mr Mackay in the Holyrood chamber. We understand a package of relief for the renewables sector will include rolling forward current rates relief of up to 100% for qualifying community renewables projects, capping rates bill increases at 12.5% for small-scale hydro schemes and a new 50% rates relief for district heating schemes.

**Scotland – cont’d**

We will provide a further update to those affected once full details are announced but these targeted reliefs may well become far more widespread and potentially so in England as the government reacts to specific political pressure from various groups/sectors..

**Northern Ireland**

Currently decisions in Northern Ireland are in abeyance due to the forthcoming Assembly Elections. The Northern Ireland Executive is currently consulting on a range of proposed changes to reform the NI Rating system. The full statement can be found here:

**Business Rates Reform**

**Delivering More Frequent Revaluations:**

We await details of the government response to a review on the needs for delivering more frequent revaluations. The consultation closed 8th July 2016 and the government is currently analysing the feedback provided

**Should you require any further detail than please do not hesitate to contact:**

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