

Rt. Hon Nicky Morgan MP  
Chair  
Treasury Committee  
House of Commons  
Committee Office  
London  
SW1A 0AA

21 June 2019

Dear Ms Morgan,

Thank you for your letter of 29 May 2019 about the Treasury Committee's inquiry into the *impact of business rates on business*.

As you know, the Valuation Office Agency (VOA) is an executive agency of HM Revenue and Customs. We assess the rateable value which represents the annual rent a property would achieve at valuation date, as set out in law (Local Government Finance Act 1988). For the current rating list, which came into effect on 1 April 2017, the set valuation date is 1 April 2015. For the 2010 list the valuation date was 1 April 2008.

Turning to your questions:

#### **Outstanding appeals from the 2010 valuation**

- ***Details of the number of outstanding appeals currently open, the age profile of the claims, the potential cumulative value of the claims, and the average individual value of the claims.***

The VOA published Official Statistics on outstanding business rates appeals on 16 May 2019. These show figures relating to the challenges and changes to the 2010 rating list as at 31 March 2019.

There have been c1.146 million appeals made in England and Wales over the life of the 2010 list (ratepayers could appeal in certain circumstances up until 1 October 2018). Over 98 per cent of appeals within VOA's control have been resolved (there are a further c53,000 cases held up in litigation or awaiting listing by the independent Valuation Tribunal Service (VTS)).

There were around 2 million assessments in the 2010 list for England and Wales. The number of appeals received does not directly correlate to the number of assessments, as an assessment can be subject to duplicate and sometimes multiple appeals made on different grounds.

Around 16,000 appeals within the VOA's control remain outstanding in England and Wales as at 31 March. The VOA expects to clear most of these cases by the end of September 2019. Only a small proportion of the remaining appeals are from the earliest years of the list:

- 2 per cent were submitted in the first three years of the 2010 list. The majority of these relate to very complex specialist properties where discussions are ongoing;
- 46 per cent were received in 2013-14 to 2015-16; and
- 52 per cent were received in 2016-17 to 2018-19.

The age profile of the cases held up in litigation will vary and some are complex specialist assessments.

It is not possible to provide an estimate of the potential cumulative or average individual values of outstanding appeals as ratepayers were not required to provide a figure for the reduction being sought.

### **Checks and Challenges under the 2017 rating list**

#### ○ ***The number of Checks currently active, alongside the age profile of the Check.***

The Government introduced Check, Challenge, Appeal (CCA) in England from 1 April 2017 to reform the business rates appeal system. Checks and Challenges are designed to provide resolution of issues as early as possible in the process, by confirming the details of the property at the outset, and starting a review of the valuation where the ratepayer believes it is incorrect and there is evidence to support this. If ratepayers are not content with the outcome of their Challenge, they are then able to Appeal.

This is in contrast to the previous appeals system, which gave rise to large numbers of purely speculative appeals made with little or no evidence. These slowed the system, causing uncertainty for business and local authorities, and were unfair on those businesses with a genuine evidence based case. Around 70 per cent of the appeals against the 2010 list resulted in no change in RV.

The Official Statistics release on 16 May showed that, as at 31 March 2019, the VOA had registered 82,400 Checks, 71,760 of which had been resolved. Most Checks were resolved within three months. Of the 10,640 Checks outstanding:

- Less than 1 per cent were outstanding from 2017-18;
- 2 per cent were outstanding from Quarter 1 of 2018-19;
- 4 per cent were outstanding from Quarter 2 of 2018-19;
- 14 per cent were outstanding from Quarter 3 of 2018-19; and
- 79 per cent were outstanding from Quarter 4 of 2018-19.

#### ○ ***The number of Challenges currently active, alongside the age profile of the Challenge.***

At 31 March 2019, the VOA had registered 12,930 challenges, 4,740 had been resolved. Most Challenges were resolved in 12 months. Of the 6,980<sup>1</sup> Challenges outstanding:

- 4 per cent are from 2017-18;
- 9 per cent are from Quarter 1 of 2018-19;
- 15 per cent are from Quarter 2 of 2018-19;
- 22 per cent are from Quarter 3 of 2018-19; and
- 50 per cent are from Quarter 4 of 2018-19.

Challenges will take longer to resolve than Checks. This is because, at this stage, we need to ensure there is the opportunity to exchange and discuss evidence and to allow ratepayers time to respond to the detail we have provided, in line with the legislation. In practice, this means that there will usually be some time taken between receiving and resolving a Challenge.

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<sup>1</sup> A further 1,220 Challenges were received where the information submitted did not include the detail required by the legislation. In these cases, the VOA respond to the customer/agent, advise them what information is missing and ask them to submit a new Challenge including the missing information.

- ***Details of the number of outstanding appeals currently open (including the number of cases where a claim has been registered by not progressed), the age profile of the claims, the potential cumulative value of the claims and the average individual value of the claims.***

The VTS (for England) is responsible for Appeals under CCA. Their statistics published in May 2019 can be found at <https://www.valuationtribunal.gov.uk/about-us/publications-policies/vts-statistics/>. These show that, as at 31 March 2019, the VTS had received 70 Appeals against the 2017 rating list.

It is not currently possible to provide details of the potential cumulative value of the claims and the average individual value of the claims. Ratepayers are not required to provide this information at Check, as the focus at that stage is on ensuring the details of the property are correct. Whilst aggregate data on Challenge is currently unavailable, we are considering how best to achieve this in future.

The numbers of 2017 list Checks, Challenges and Appeals to appeals against the 2010 list are not directly comparable because, under the previous appeals system, the only option available to ratepayers was to submit an appeal, with no requirement to provide evidence. Checks and Challenges allow ratepayers to ensure their concerns about the property information or RV assessment are handled at the right stage and at the earliest opportunity, reserving the Appeal route for those that most need it.

#### **Staff numbers and experience**

- ***Details of the number of staff at the VOA employed to work on non-domestic rates (excluding corporate services) since 2008 (i.e. the antecedent valuation date for the 2010 valuation).***

We do not hold data broken down in this way. Numbers of staff working in NDR, council tax (CT) and corporate services are set out in the table below.

These numbers reflect fluctuating demand. For example, the increase in staff in 2015-16 reflects delivery of the 2017 business rates revaluation.

<b>Year</b>	<b>Average FTE (NDR, CT, Corporate Services)</b>
2008-09	3356
2009-10	3125
2010-11	3077
2011-12	2937
2012-13	2959
2013-14	2955
2014-15	2861
2015-16	3096
2016-17	3013
2017-18	2910
2018-19	2829

- ***The percentage of staff in the respective years who were qualified Chartered Surveyors, along with the percentage of staff in each of those years in training to become a Chartered Surveyor.***

<b>Year<sup>2</sup></b>	<b>Percentage of all VOA staff who were qualified Chartered Surveyors at 31 March</b>	<b>Percentage in the Graduate Valuer scheme at 31 March<sup>3</sup></b>
2009-10	24	1.4
2010-11	25	1.2
2011-12	26	1.5
2012-13	25	1.9
2013-14	26	2.2
2014-15	25	1.9
2015-16	23	1.9
2016-17	25	1.9
2017-18	26	1.9
2018-19	24	2.2

In addition, we have recruited c150 sandwich students and graduates, who are currently studying for or have completed a Royal Institution of Chartered Surveyors (RICS) accredited degree. They will join us from September 2019 to increase our surveying pipeline. Also, 24 current staff members commenced surveying apprenticeships in 2018-19 and a further 20 have recently started training to become RICS qualified surveyors through their work with us.

- ***Details of the number of current outstanding vacancies at the VOA, including the age profile of how long the vacancies have existed and a breakdown by role.***

Over 550 people joined the agency in 2018-19 and further recruitment continues to be a priority. We monitor staffing levels against our work plan, to ensure we have resource in place with the right skills and experience. In order to ensure we can meet demand in key areas, we have a rolling recruitment campaign for chartered surveyors.

### **Location of VOA offices**

- ***Confirm whether it remains VOA policy to reduce the number of offices to 25 by 2020.***

The VOA's Estates Programme aligns to the wider Government Estate Strategy. This means that, in the future, we will have a smaller number of offices, often based in Government hubs, enabling closer working with other government departments. Our Estates Programme aims to transform the way we use our offices to support new and more efficient ways of working. The VOA currently operates from 43 offices, sharing 27 of these with HMRC and other Government departments. Our current five year estates plan will see this reduce to 28 offices by 2022-23. However, we will keep this plan under review and flex it if necessary to ensure we deliver our business objectives.

By consolidating into a smaller number of higher quality buildings, we are supporting our staff in adapting to a more flexible way of working and delivering services to customers in a more cost effective and sustainable way. We will continue to allocate work to the most appropriate teams, regardless of where they are physically located across England and Wales. This allows for flexible use of resources to handle peaks in workload and will also allow us to create better and more diverse career opportunities for our people.

<sup>2</sup> Data for 2008-09 is unavailable.

<sup>3</sup> These figures are taken from the number of people recorded on our system as being within our Graduate Valuer scheme. The Graduate Valuer scheme consists of people who have a surveying degree but are working toward the RICS Assessment of Professional Competence so are not yet 'fully qualified'. It does not include people working to obtain a surveying degree, nor surveying apprentices.

- ***Outline the procedures in place to ensure that sufficient, appropriate, local knowledge is being retained to reduce the risk of future check, challenge and appeals being raised***

Wherever possible we will retain our staff and their expertise within the VOA. The ability to recruit and retain experienced people with the right skills is an essential element of our estates strategy. There are clear advantages to having staff based in a smaller number of offices to allow greater scope for specialist knowledge to be transferred between staff, upskilling our workforce more efficiently. This is particularly important as we increase the size and range of our trainee surveyor programmes.

Our expertise requires a detailed knowledge of law, valuation methodology and the property class in addition to the location of the subject property. Technology changes and greater access to data has fundamentally altered the way we work and this has reduced the need to visit properties to gather the information we need to undertake a valuation. Photos, maps and survey information enable us to carry out our work in the most effective and efficient way.

I hope you find this helpful. I would, of course, be happy to discuss these matters further with the Committee.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Melissa Tatton', written in a cursive style.

**Melissa Tatton CBE**