Win, lose or draw

Business Rates: Assessing the impact of the 2021 revaluation
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Key findings & recommendations

**ENGLAND**

- Avison Young is predicting that the total RV pool in England will rise 6.1% from £68.5 billion in 2017 to £72.7 billion in 2021.

- As a consequence, in England Avison Young is expecting the UBR to fall from 49.9p to 47.7p at the start of the new rating list.

- The biggest increases will be in the industrial sector focussed around logistics, with values increasing by 17.4% across England.

- Retail will see some dramatic falls in rateable values, although there will be strong variations by sub-sector and location. Overall the decline for retail businesses across England averages 6.2%, with 9.7% growth in Inner London masking more significant falls of 10% or more elsewhere.

- The office sector is comparatively consistent by region. An overall rise of almost 10% is expected, with more notable uplifts in the Eastern and South West regions driven by core markets such as Cambridge and Bristol.

**WALES**

- Wales is expected to see its RV pool grow 3.5% from £2.56 billion in the 2017 list to £2.65 billion in the 2021 list.

- Avison Young predict the UBR for Wales will fall from 53.5p in 2020/21 to around 52.4p at the start of the new rating list.

- Trends in Wales broadly mirror those in England with strongest growth in the industrial/logistics sector (+11.9%), followed by offices (+8.7%). The retail sector however, is expected to experience a fall of around 11.5%.

This research paper has been prepared on the basis that there will be a 2021 revaluation. Due to the recent prorogation of parliament the enacting legislation was delayed. Notwithstanding this delay the VOA is still continuing it's focus on delivering a 2021 revaluation with a valuation date of 1st April 2019.
WHAT THE GOVERNMENT NEEDS TO DO

Permanently scrap downwards transition from April 2020
- To ensure that the c.10,000 businesses currently subject to downward transition pay rates based on their 2017 rateable value. This will save affected businesses in the region of £207 million.
- To ensure that from the 1st April 2021 businesses are no longer penalised from the inequity of a downwards transition scheme. If the scheme was replicated from 2021 we estimate it would cost retailers between £1.5 and £2 billion over the three year period.

Extend by 1 year the timeframe to check and challenge
- Avison Young calls on the Government to extend the ability to check and challenge valuations by a further year to 31st March 2022. The inherent problems with implementing Check, Challenge Appeal (CCA) during the 2017 rating revaluation has created unnecessary delays which is inequitable to rate payers.

Reduce AVD from 2 years to 1 year before the list goes live
- All forthcoming revaluations require an antecedent valuation date (AVD) one year rather than two years prior to the start of the new list, so values align more closely with market conditions.
Introduction

The 1st April 2021 will represent the first day of the new business rates revaluation, following the decision by Philip Hammond in his 2018 Spring Statement to bring forward the next revaluation by a year, reducing the period from 5 to 4 years. Thereafter the Government has committed to more regular, 3 yearly revaluations, ensuring assessments are more closely aligned to current market conditions.

Irrespective of the uncertainty around Brexit, our research suggests that the 2021 revaluation (with a valuation date of 1st April 2019), will deliver one of the flattest revaluations since 1990. However this is only from an overall perspective as the UK continues to experience significant structural changes across the retail sector, which must be reflected in reduced assessments.

Changing consumer habits and the increase in online retail have been major contributory factors to the decline in traditional retail, but conversely have led to very strong growth in logistics and distribution warehousing to fulfil deliveries.

The VOA has its own challenges in understanding the market impact of Brexit, but needs to take a pragmatic view of the significant changes across the retail sector. In many cases evidence is limited or conflicting as a result of little or no letting activity. Furthermore, landlords are fighting to maintain retail occupancy levels by offering deals/incentives which are not being recorded.

The 2021 revaluation will highlight how London is still dominant, accounting for over 30% of the total rating pool. We anticipate 9% overall growth in London, compared with just 4% across the rest of England & Wales. The different dynamic of Inner London is most apparent in the retail sector where values have grown, in contrast to declining values in every other region of the country, including Outer London.

Avison Young appreciate the dilemma that the retail sector is facing, with rising operational costs and taxation, at a time when sales and margins are being squeezed. We therefore reiterate our call on the Government to allow retailers to immediately receive the full benefit of reduced valuations and resultant lower liability by scrapping any form of downwards transition from 2020.

We called for this in our Research paper published in 2015 but it was not addressed. Whilst the Government listened to calls for reduced revaluation periods and the switch to the traditionally lower CPI inflationary measure, downwards transition was retained in the 2017 revaluation, costing affected businesses an estimated £2.1 billion.

Calls from 2015 paper

- Increase the frequency of revaluations, starting with four year cycles
- Move from RPI to CPI inflation for UBR uplifts to restrict business rates growth
- Scrap downwards transition
2021 Rateable Value Shifts & new UBR

The purpose of each rating revaluation is not to increase the total tax collected, it is to rebalance the rating pool, reflecting shifts in the value of property in different regions and sectors.

The new shorter revaluation period of 4 years, and then 3 years thereafter, enables the opportunity to rebalance the inequity of the tax base and should offer much needed relief to sectors that are being hardest hit.

Consequently areas which are performing well will now experience an uplift in their rates payable sooner. In the 2021 revaluation this will most adversely affect the logistics and distribution warehousing sector, where strong growth has been driven by online retail.

Overall our analysis suggests that the total pool in England (from the Local List) will increase by just over 6% to £68.46 billion, which combined with the Central List will see the overall rating pool increase to £72.68 billion from 2021.

As a result, Avison Young is expecting the UBR in England to fall from 49.9p to 47.7p at the start of the new 2021 rating list.

In Wales the rating pool is forecast to grow by 3.5% to £2.65 billion (including the central List) and therefore we predict the UBR will fall from 53.5p to around 52.4p.

Offices, retail and industrial make up three quarters of the total rating pool in England & Wales. We are predicting that the retail sector, which was comfortably the most dominant sector in the 2017 revaluation, is now more comparable with the offices and industrial sectors.

Analysis of the key sectors clearly demonstrates retail as a winner, logistics as the loser and offices relatively stable (draw) in the 2021 revaluation.

**Anticipated liability changes between the 2017 and 2021 rating lists - Core sectors**

![Bar chart showing percentage share of RV pool for Retail, Office, and Industrial sectors in 2017 and 2021.](chart.png)
London Powerhouse

Back in 2015, our Research (focussing on the 2017 revaluation) found clear evidence of the increasing north/south divide. The 2021 revaluation will show a clearer distinction of London versus the rest of England & Wales, with the rating system highlighting the growing economic imbalances across the UK.

London's share of the rating pool continues to increase in line with the trend from the last three revaluations, see charts below.

London accounted for a quarter of the total rating pool (excluding the Central List) in 2005. We predict London’s share will increase to almost a third (32%) in 2021. This clearly highlights the sustained growth of London compared to other markets.

As a result of the 2021 revaluation and our predicted fall in the UBR to around 47.7p, we estimate London's rates liability will increase by £453 million from £10.5 billion in 2020/21 to almost £11 billion in the first year of the new rating list. In contrast Avison Young predict no overall change in regional rates liabilities.

Inner London will subsume 74% of the London growth, with a total liability of £24.6 billion over the 3 year 2021 revaluation period.

Although there is overall stagnation in total value across the rest of the country, there are regional variances. At the 2015 valuation date, many regional markets were still recovering from the effects of the global financial crisis and austerity cuts. This resulted in a generally low valuation base compared to London which experienced sharper rental declines but faster recovery post the financial crisis. Outside the retail sector, rental growth has been healthy across the country. However, the positive growth in office and industrial sectors in the regions has been offset by sharp declines in the retail sector.
Anticipated change in rates liability

Regions expected to see the largest increase in their rates bill for 2021/2022

- **LONDON**
  - Rising **4.3%**
  - **+£452.7 million**

- **EASTERN**
  - Rising **2.4%**
  - **+£72.1 million**

- **SOUTH EAST**
  - Rising **1.3%**
  - **+£60.6 million**

Regions expected to see the largest decrease in their rates bill for 2021/2022

- **NORTH EAST**
  - Falling **4.3%**
  - **-£47.1 million**

- **NORTH WEST**
  - Falling **2.1%**
  - **-£70.9 million**

- **EAST MIDLANDS**
  - Falling **1.8%**
  - **-£36.4 million**
### Regional liability variances

Comparison of rates liability at the end of the 2017 list (2020/21) and the start of the 2021 list (2021/22), by region.

Figures shown are in £millions

<table>
<thead>
<tr>
<th>Region</th>
<th>2020/21</th>
<th>2021/22</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£3,412</td>
<td>£3,341</td>
<td>-2.1%</td>
</tr>
<tr>
<td></td>
<td>£2,629</td>
<td>£2,614</td>
<td>-0.6%</td>
</tr>
<tr>
<td></td>
<td>£1,268</td>
<td>£1,278</td>
<td>0.7%</td>
</tr>
<tr>
<td></td>
<td>£4,807</td>
<td>£4,867</td>
<td>1.3%</td>
</tr>
<tr>
<td></td>
<td>£2,542</td>
<td>£2,545</td>
<td>0.1%</td>
</tr>
</tbody>
</table>
Office rental levels across England & Wales have risen over the last few years, with an estimated 9.7% increase in the rateable value pool for the sector, taking it to £18.0 billion. As a result of the 2021 revaluation, the office sector is expected to pay an additional £406 million in rates liability in the first year of the new list, an uplift of 4.9% over 2020/21.

Regional variances
The highest rateable value growth (+19.2%) is anticipated to be seen in the Eastern region, driven by Cambridge, which will result in a 13.9% increase in rates liability in the region. This is followed by the South West where the overall RV pool is expected to grow by approximately 12.5%. The key market in this region is Bristol City Centre, with exceptional growth in excess of 20%. As a result the overall rates liability for the South West is expected to increase by 7.5% in 2021/22.
The other regions appear to be performing broadly in line with the national average, with the exception of the North East where weaker growth will result in a fairly negligible increase in office rates liability of just £2.8 million, \(2.0\%\) up on 2020/21.

Whilst London overall is not showing the strongest growth, it still dominates the rates pool for offices, with Inner London making up \(53\%\) of the total rateable value for offices in England & Wales. In recent years rental growth in the traditional Central London office markets has tended to underperform the newer London markets.

Rental growth in the City Core has been relatively low, whilst Midtown and the West End (Mayfair/St James’s) have experienced falling rents.

Conversely markets such as Clerkenwell, Paddington, Shoreditch, Stratford, Vauxhall, Nine Elms and Battersea have driven Central London growth. These areas have seen strong demand combined with weak supply, which has led to growth in net effective rents ranging from 11\% to as high as 21\% over the period Q1 2015 - Q1 2019.

Change in rates liability for offices by region

![Graph showing the change in rates liability for offices by region.](image-url)
The table below sets out the anticipated changes in rates liability per sq ft across the key London markets and regional cities. Combining our predicted 4.4% fall in the UBR, with our estimated shifts in rental values, highlights some interesting outcomes.

The changes in office liability per sq ft in the City Core and Canary Wharf, in our view will be fairly negligible, contrasting to Midtown and the West End (Mayfair/St James’s) where liabilities per sq ft are expected to drop 8.6% and 10.0% respectively. In the West End this fall is largely due to increases in rent free periods.

The City Fringe market continues to perform well with strong occupier demand and weak supply driving rental growth. As a result, an uplift in rates liability of 9.2% is expected.

Offices in the key regional cities are all predicted to see rates liabilities per sq ft rise at the start of the new rating list. The highest growth is expected in Bristol City Centre and Cardiff, reflecting the strength of these city centre office markets, versus the lower growth in cities such as Leeds and Liverpool.

Prime Office Rents (Anticipated Liability Changes 2020/21 – 2021/22)

<table>
<thead>
<tr>
<th>Market</th>
<th>2020/21</th>
<th>2021/22</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>London</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Core</td>
<td>£25.75</td>
<td>£25.76</td>
<td>0.0%</td>
</tr>
<tr>
<td>Midtown</td>
<td>£27.75</td>
<td>£25.38</td>
<td>-8.6%</td>
</tr>
<tr>
<td>West End</td>
<td>£48.75</td>
<td>£43.88</td>
<td>-10.0%</td>
</tr>
<tr>
<td>Canary Wharf</td>
<td>£14.97</td>
<td>£15.20</td>
<td>1.6%</td>
</tr>
<tr>
<td>City Fringe</td>
<td>£22.70</td>
<td>£24.80</td>
<td>9.2%</td>
</tr>
<tr>
<td>Birmingham</td>
<td>£11.60</td>
<td>£12.99</td>
<td>11.9%</td>
</tr>
<tr>
<td>Bristol</td>
<td>£11.73</td>
<td>£14.61</td>
<td>24.5%</td>
</tr>
<tr>
<td>Leeds</td>
<td>£11.14</td>
<td>£11.81</td>
<td>6.0%</td>
</tr>
<tr>
<td>Liverpool</td>
<td>£8.12</td>
<td>£8.46</td>
<td>4.2%</td>
</tr>
<tr>
<td>Manchester</td>
<td>£12.64</td>
<td>£13.77</td>
<td>9.0%</td>
</tr>
<tr>
<td>Newcastle</td>
<td>£8.85</td>
<td>£10.02</td>
<td>13.2%</td>
</tr>
<tr>
<td>Cardiff</td>
<td>£9.71</td>
<td>£13.09</td>
<td>34.8%</td>
</tr>
</tbody>
</table>
The results from our analysis highlight the structural changes which have occurred within the industrial property market. The sector is made up of a myriad of different types of industrial uses, with more traditional industrial/manufacturing not having driven the sector for a number of years. It is the distribution warehousing/high bay logistics sub-sector, fuelled by online retail, where the real growth over the last four years has come from.

We believe the industrial rateable value pool in England & Wales could rise by as much as £2.5 billion in the new rating list. This would result in the rates liability for the sector increasing by £876 million in 2021/22, up 12.1% from the previous year. Growth in the rates liability for pure online logistics may help diffuse some of the arguments over the need for an online sales tax, as these businesses will now be paying proportionately more in rates. An online sales tax is a complicated issue however and needs to be treated with caution as so many traditional retailers are multi-channel and thus could be hit twice.
Although there has been strong growth across the regions, the South East and Eastern regions are showing the highest increases in rate liabilities of 16%-17%.

The North East and Wales have much lower rate liabilities reflecting that these locations, which are not on core motorway networks, do not have significant logistics/distribution markets.
Retail

Retail is the most interesting sector for the 2021 revaluation because of the underlying structural changes and resultant impacts on rental values. The traditional retail sector is being hard hit by the loss of sales to online but also rising operational and occupancy costs at a time when sales, margins and profits are being squeezed. This is demonstrated by the number of retailers who have gone out of business in recent years and the numbers of CVAs as retailers try to renegotiate lower rents.

The rating system is driven by the concept of open market lettings; it is therefore very difficult in the current retail climate, with limited lettings evidence, to accurately value retail. As a result true reductions in retail values could be significantly greater than open market data is showing.

Our own analysis has shown falls in rateable values across the retail sector, but not by as much as we had expected. Market sentiment suggests weaker retail performance than rental indices are currently showing.

The picture is undoubtedly complex as landlords and retail occupiers strive to find workable solutions to avoid a downward spiral of falling occupancy.

Given the struggles in the sector the VOA has a duty to fully understand the wider issues and dig deeper into short term rental concessions. Now is the time to correct the market distortions that business rates are placing on the sector.
Retail Regional Variances

We acknowledge that taking a regional approach to our analysis will have obscured some of the very distinct variations in retail performance between larger prime retail destinations which have held up comparatively well, versus smaller more traditional high streets and mid-market centres which are struggling. In terms of the latter we could be seeing value reductions as high as **40-50%** in extreme cases.

The increase in retail values in Central London by around **10%**, with resultant liability uplifts over the three years of the 2021 revaluation period of almost **£270 million**, disguises the overall picture for retail across the rest of the country with regional falls in rents of between **-5%** and **-16%**.

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**Change in rates liability for retail by region**

![Graph showing change in rates liability for retail by region](image)

- **2020/21 liability**
- **2021/22 liability**
In total, we estimate retail occupiers in the regions will see an overall reduction of around £3.7 billion in their rates bills over the three years of the 2021 rating list, with the largest falls occurring in the regions below:

- **South East**
  - £657 million

- **North West**
  - £580 million

- **Eastern region**
  - £479 million

**Retail Warehousing**

It is interesting to look specifically at the retail warehouse market where the scale of vacant units makes them more difficult to re-let, particularly with a more restricted pool of occupiers looking to take space. This has resulted in a move away from higher end retail to either discounters or food retailers who don’t attract the same rental premiums. This is a national issue with evidence suggesting marked falls in retail warehouse rents by around 20-25% in many parts of the country, and even higher in certain locations. Current 2017 rate liabilities are affecting the ability to re-let units where rates bills are in excess of rents. This sub-sector undoubtedly requires market realignment.
Downwards Transition
A system which needs to go!

In 2015 we recognised the significance of structural changes in the retail sector and outlined some significant winners and losers from the deferment of the 2015 revaluation to 2017. The retail sector took the burden of this deferment.

We called on the Government at that time to abolish downwards transition which allowed for only small phased reductions in liability year on year. We were surprised when the Government made its decision to apply a limited downwards transition scheme for the 2017 revaluation.

Its introduction has exacerbated the problems that the retail sector now faces with excessive rates to rent.

Summary of Transitional relief (2017 Revaluation)

Transitional relief limits how much rates bills can change each year as a result of revaluation, with the aim of phasing changes in gradually. In England businesses receive transitional phasing when their rates go up or down by more than a certain percentage.

Downwards transition is penal, being applied where the rates liability falls between revaluations. The maximum reduction in rates per annum is dependent on the rateable value of the property. The higher the value the lower the reduction in rates received as shown:-

<table>
<thead>
<tr>
<th>Year</th>
<th>Small (&lt;£28,000)</th>
<th>Medium (£28,001 - £100,000)</th>
<th>Large (&gt;£100,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/18</td>
<td>20%</td>
<td>10%</td>
<td>4.1%</td>
</tr>
<tr>
<td>2018/19</td>
<td>30%</td>
<td>15%</td>
<td>4.6%</td>
</tr>
<tr>
<td>2019/20</td>
<td>35%</td>
<td>20%</td>
<td>5.9%</td>
</tr>
<tr>
<td>2020/21</td>
<td>55%</td>
<td>25%</td>
<td>5.8%</td>
</tr>
</tbody>
</table>
We have undertaken an analysis to estimate how much the downwards transition scheme has cost businesses by sector, looking at all the medium to large rateable assets which experience a fall of 10% or more in their rateable value at the start of the 2017 list.

In total we reviewed over 66,000 businesses (with a combined rateable value of £6.6 billion in 2017) that were affected by downwards transition. Over the 1st year of the 2017 rating list we estimate that the scheme cost these businesses almost £823 million.

By 2020/2021 our analysis shows almost 10,000 businesses will still be affected by downwards transition. Therefore, during the life of the 2017 rating list, these businesses will never pay rates based on their 2017 rateable value.

Overall by the end of the four year 2017 rating period, we estimate that downwards transition will cost affected businesses almost £2 billion. The chart below shows the sectors hardest hit by the 2017 downwards transition scheme.

To ensure all rate payers are being charged rates based on their current 2017 valuation (multiplied by the UBR), we call on the chancellor in his Autumn Budget to…

“abolish the 2020/21 downwards transition thresholds, thus saving the c.£10,000 businesses that will still be affected by the current scheme, around £207 million in excessive rates”.

Cost of downwards transition

- Retail: £762m
- Industrial: £281m
- Offices: £253m
- Education: £138m
- Utilities: £37m
- Transport: £44m
- Hotels: £32m
- Non-Resi/Null/Other: £264m
- Leisure: £101m
- Health: £9m
Undeniably retail is the worst affected sector, accounting for 40% of the total cost of downwards transition, (c.£762 million) during the 4 years in the 2017 list.

If the Government introduces the same downwards transitional scheme for the 2021 revaluation, the impact on the retail sector will be far more extreme, adding to the distress some retailers are currently experiencing. Due to the weak retail market, we estimate the cost of any such scheme could more than double excessive rates charges in the sector to £1.5 - £2 billion between 2021-2024.

This is a real problem as it not only results in occupiers not receiving their rates benefits, but it further depresses rental levels to the point where the rates to rents proportions become nonsensical in many cases.
Check Challenge Appeal (CCA)

CCA was a new appeal procedure introduced by the Government in 2017 to reduce the number of spurious appeals. It completely overhauled the previous appeals system, placing significant additional burdens on ratepayers to register for a Government gateway account, claim and link each individual property and appoint an agent to act on their behalf. It was however introduced far too early because the VOA did not have the necessary systems in place on the 1st April 2017 to cope with the changes.

Concerns around the new system were raised by ourselves and other agents well before the 1st April 2017 but the VOA chose not to act on them, instead focusing on setting up a system with the initial aim of catering for individual ratepayers (corner shops etc). The system was not fit for purpose and it has taken 2.5 years to reach a position where it can start to deal with both the volume and complexity of appeals. We are still a long way from a system which meets the needs of both ratepayers and their agents.

One indication of the problems with the CCA system is that by the end of Q1 2019/20 there had only been 17,010 formal challenges against the levels of value. This was 96% down on the corresponding period in the previous 2010 rating list when some 420,080 appeals were lodged. During the life of the 2010 rating list over a third of appeals resulted in a reduction in rateable value. On a like-for-like basis, we would therefore have expected to see in the region of 140,000 successful challenges, compared with the 17,000 received to date. Furthermore ratepayers have only successfully claimed 293,000 assessments from the 1.95 million entries in the rating list.

We are not suggesting the old 2010 appeal system did not require some reform, with a high volume of appeals served subsequently being withdrawn. However, the statistics on the efficiency of the CCA system and its ability to handle rate payer concerns over excessive rate liabilities show the system is not working.

A major reason for this is the delay in implementing the new CCA system’s associated procedures such as group pre Challenge reviews. These give the ability to negotiate groups of similar properties (types/locations) together. In England there are over 400 retail centres (market towns, shopping centres, retail parks etc) where group negotiation with the VOA have historically resulted in an agreed basis of valuation. Of these 400 only 2 have so far been concluded. When considered against the issues of excessive rates being paid by retailers, such delays are unacceptable. These delays are already placing enormous pressures on the VOA and the ratepayer, which are only going to get worse.
The problem is now being further exacerbated by legislation being passed to reduce the 2017 revaluation from 5 to 4 years. Therefore much resource has already been switched to the 2021 revaluation exercise. This means the VOA does not now have the capacity to deal with:-

1. 50,000 outstanding 2010 list appeals
2. The 2017 list because of the comparatively low number of challenges issued so far and high expectations that numbers will increase significantly over the next 18 months
3. Preparation of the 2021 rating list

In our opinion the system is at breaking point to the detriment of fairness to the ratepayer and accountability of the tax base.

In addition the system is not catering for the budgeting problems being faced by local authorities who are carrying billions of pounds worth of accruals. There have been increasing complaints from billing authorities that it is taking the VOA much longer than has historically been the case to clear the more simple discrepancies in the list such as ratepayers paying rates on the actual area they occupy.

The VOA’s position is that the lack of activity (through limited challenges) means the CCA system is successful. In reality there is frustration from ratepayers which is creating pent up pressures. We expect this will materialise in thousands of checks and challenges being issued over the next 18 months which the VOA is incapable of handling.

Enough is enough and the Government now needs to address the issues through:-

1. A fundamental review of CCA, together with providing adequate investment to deliver an IT platform which is fair to all parties;
2. Extending the deadline for the submission of checks by a further year to 31st March 2022, to avoid ratepayers being penalised by the inability of the VOA to deliver a workable CCA system over the last two years;
3. Increasing VOA resource so that timescales on resolving challenges are reduced. At the moment the VOA cannot cope with the 17,000 challenges in the system as the number unresolved is increasing on a monthly basis. Approximately 1,300 challenges are received per month compared with an ability to resolve only 550.

With pressure to deliver a 2021 revaluation and increasing VOA resources being allocated to this task, we can only presume that the ability to resolve challenges from the 2017 list will diminish further over the next year.
Conclusion

Business Rates still represents one of the most efficient forms of tax collection for the UK Government. It is fixed, goes up annually by CPI inflation and remains one of the easiest taxes to administer and collect.

Notwithstanding this, it a system which has come under much scrutiny and criticism from the retail sector which has increasingly experienced a higher proportionate tax take. The 2021 rating revaluation is much needed to help retail businesses.

Our call to the Government to scrap downwards transition is fundamental to ensure that rates liabilities are as consistent as possible with rents being paid.

Also the current CCA system, combined with the under resourced VOA, is not allowing excessive rates to be challenged efficiently and within an appropriate time frame. This is calling into question the fairness of the tax.

The Government needs to urgently review the CCA system and acknowledge that 2.5 years into the 2017 rating list it is unacceptable to have:-

1. only 2 shopping locations out of 400 settled to date through group negotiation
2. a VOA currently incapable of handling the relatively low number of challenges issued so far (1,300 challenges are currently being issued per month compared with the capacity to resolve only 550)
3. a VOA inadequately prepared for the significant rise in challenge numbers expected from 2020. We estimate over 100,000, which based on current clearance rates would take over 15 years to resolve.

The introduction in 2017 of such a radical overhaul of the appeal system through CCA, without adequate resource and IT investment, was in our mind poorly thought through.

The Government, led by advice from the VOA, needs to move away from a policy based on wishful thinking around the low challenge numbers served to date. It needs to take stock, and reset the agenda to appropriately deal with the genuine concerns of ratepayers and local authorities who deserve an equitable, effective and efficient appeals system.

Our call to the Government to scrap downwards transition is fundamental to ensure that rates liabilities are as consistent as possible with rents being paid

The Government needs to urgently review the CCA system
Should you wish to discuss any details within this update please get in touch.

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