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Local Government and Housing Committee,
Welsh Parliament,
Cardiff,
CF99 1SN

Sent by email via: SeneddHousing@senedd.wales

12th January 2024

Dear Sir/Madam,

Response from the Institute of Revenues, Rating and Valuation: Local Government Finance (Wales) Bill Consultation.

The Institute of Revenues, Rating and Valuation (IRRV) is pleased to provide this submission to the consultation on the Local Government Finance (Wales) Bill.

The IRRV is the professional body concerned with all aspects of local taxation and local benefits administration across the United Kingdom. Institute members, in both the public and private sectors, are engaged in local authority benefits administration, local tax administration, valuation of property for taxation and other purposes, the appeals processes and financial management in local government.

The Institute is the only professional body in the United Kingdom that specialises in the law and practice of local authority revenues and local taxation collection together with the income-related benefits that support these processes.

Please contact me should you wish to discuss any of the points raised in this submission.

Yours truly,

Gary Watson IRRV (Hons)
IRRV Chief Executive

Nick Rowe IRRV (Hons)
IRRV National President



The Institute of Revenues, Rating and Valuation is the professional body for local taxation, benefits and valuation. We promote best practice and support the professional activities of our members working in government and commerce.

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Institute of Revenues, Rating and Valuation: Response to the Local Government Finance (Wales) Bill Consultation

About the Institute

1. The IRRV is the professional body concerned with all aspects of local taxation and local benefits administration across the United Kingdom. Institute members, in both the public and private sectors, are engaged in local authority benefits administration, local tax administration, valuation of property for taxation and other purposes, the appeals processes and financial management in local government.
2. The Institute is the only professional body in the United Kingdom that specialises in the law and practice of local authority revenues and local taxation collection together with the income-related benefits that support these processes.

Aspects of the Bill

In respect of the non-domestic rates system:

- 1. Increasing the frequency of revaluations to three-yearly, and a power for the Welsh Ministers to amend the revaluation year and interval between revaluation years through regulations;**

The Institute supports both increasing the frequency of revaluations to three-yearly and the introduction of the power for the Welsh Ministers to amend the revaluation year and interval between revaluation years through regulations.

The IRRV is supportive of three-yearly revaluations, providing that they accompanied at the same time by a shortening of the AVD, which is realistically achievable through improved processes enabled by greater use of appropriate technology.

Frequent revaluation cycles will present numerous benefits to ratepayers and local government:

- It will ensure the list reflects the relative changes in the market and will produce assessments that are more in line with the market and therefore fair. This, however, needs to go hand-in-hand with greater transparency by the VOA (Valuation Office Agency) in its processes.
- Frequent revaluations and the proposed measures will keep the need for information provision to the forefront of the ratepayer's mind; therefore, improving the parity between rent and rateable value, and thus the general understanding and acceptability of the tax base.
- There should be less dynamic change between lists, with the effect that financial forecasting for local government and other stakeholders should be more straightforward.
- It should enable an overall reduction in the level of provisions necessary for refunds from appeals (cash out of the system) by local government, thereby benefitting the stability of local government finances overall.
- The potential reduction in the number of appeals should reduce overpayments made by ratepayers, who have to resort to a formal challenge to rectify inaccuracies. It is important, however, that the benefits in reducing appeals should not come at the expense of either transparency or restriction on the right to challenge an assessment if it is believed to be incorrect.

2. Conferring regulation-making powers on the Welsh Ministers to confer, vary or withdraw reliefs;

We support the conferring of regulation-making powers on the Welsh Ministers to confer, vary or withdraw reliefs.

3. Strengthening the eligibility conditions for charitable relief for unoccupied hereditaments;

We support the strengthening of the eligibility conditions for charitable relief for unoccupied hereditaments.

4. Expanding the definition of a new building for the purpose of the serving of completion notices by local authorities;

We support the expanding of the definition of a new building for the purpose of the serving of completion notices by local authorities.

5. Removing a timing restriction on the awarding and varying of discretionary relief by local authorities;

We support the removing of a timing restriction on the awarding and varying of discretionary relief by local authorities.

6. Conferring regulation-making powers on the Welsh Ministers to confer, vary or withdraw exemptions;

We support the conferring of regulation-making powers on the Welsh Ministers to confer, vary or withdraw exemptions.

7. Conferring a regulation-making power on the Welsh Ministers to set differential multipliers based on the description, rateable value or location of a hereditament on the local list, or the rateable value of a hereditament on the central list;

We agree with the proposals to provide the Welsh Government with the ability to vary the multiplier on the basis of rateable value.

Introducing multipliers determined by geographical location or property use is, in our view, unnecessary. If rateable values accurately reflect the situation with different types of property and different locations, a multiplier based on rateable value should be sufficient to deliver Welsh Government objectives.

The basis of assessment for non-domestic rates is primarily rental value. Those rental values vary by location. For example, properties in Cardiff command higher rent than properties in small towns. Therefore, geography and property value are inextricably related and are dealt with by the valuation process. Varying the multiplier by use or location could ultimately distort rateable values.

8. Placing a duty on ratepayers to provide certain types of information to the Valuation Office Agency, and making provision for the associated compliance regime; and

We support both the placing of a duty on ratepayers to provide certain types of information to the Valuation Office Agency and the provision for the associated compliance regime.

The IRRV is generally supportive of the proposed new duty to provide information on changes to the occupier or changes to relevant property characteristics as well as rent and lease information, but it has some concerns over the attendant privacy and disclosure issues. We recognise that some matters are confidential, but the fact that information which has been relied upon is not being disclosed, and as such the fact that there are details of interest and the

parties needs to be provided, so that parties can undertake enquires direct to those with the information.

It is important that the burden of providing information to the VOA needs to be kept low. There are concerns over the requirements being too burdensome, particularly on small ratepayers.

We see merit in copying these notifications to the billing authority in order to ensure that legislative permissions have been given to support the 'change' (planning, fire regulations etc.). Whether the duty to notify would remove the current duty of the billing authority or be in addition to it, is a detail for future discussions.

It is important that the introduction of any sanction regime is only put into effect once the system for information provision is in place and fully tested. A sanctions regime should only be introduced when the system allows for the reasonable and efficient provision of information.

9. Making provision about counteracting advantages arising from artificial avoidance arrangements.

We support the making of a provision about counteracting advantages arising from artificial avoidance arrangements.

In respect of the council tax system:

10. Providing flexibility for the reference point for 100% in the banding structure to be changed to a different band or a different description of a band;

We support the provision of flexibility for the reference point for 100% in the banding structure to be changed to a different band or a different description of a band.

11. Conferring powers on the Welsh Ministers to make regulations in respect of discounts and persons to be disregarded;

We support the conferring of powers on the Welsh Ministers to make regulations in respect of discounts and persons to be disregarded.

12. Placing a duty on the Welsh Ministers to make a single national Council Tax Reduction Scheme through regulations and enabling the Welsh Ministers to issue guidance to local authorities about the way the scheme should be applied;

We are aware of the confusion that is currently caused by having a national Council Tax Reduction Scheme with local discretions, and as such we support the placing of a duty on the Welsh Ministers to make a single national Council Tax Reduction Scheme through regulations. This would avoid the so-called 'postcode lottery' system of some taxpayers receiving more relief than others based solely off their location, rather than their means. It would also remove the cumbersome burden of Local Authorities having to adopt their own discretions every year; a national scheme would address and standardize these interpretations.

It would be useful if Local Authorities could be provided with information on what their tax base will look like following a revaluation, in order to see the impact of the cost of the CTR scheme.

13. Establishing a five-yearly cycle of revaluations, and a power for the Welsh Ministers to amend the revaluation year and interval between revaluations, as well as to amend the date of draft list publication via order; and

The Institute fully supports the move to five-yearly cycles of revaluations, on the condition that future revaluations will not take place any longer than five-years. As such, we support the wording 'five-years or less'.

- 14. Replacing the current requirement to publish information in newspapers with a requirement to publish a notice of the council tax charges on the local authority's website and put suitable alternative arrangements in place to ensure that such information is accessible to citizens who have difficulty accessing online facilities.**

We support replacing the current requirement to publish information in newspapers with a requirement to publish a notice of the council tax charges on the local authority's website.