

Business Support Overview and Scrutiny Committee

BRIEFING NOTE – No 3/17

Date: August 2017

Briefing paper to: All Members of the Business Support Overview & Scrutiny Committee

Purpose: At the meeting of the Business Support O&S Committee on 25 August 2016 Members requested a briefing note on the latest position regarding Non Domestic Rating appeals.

Heading: **Non Domestic Rating Appeals**

Background

Business rates are calculated based on the rateable value of properties and ratepayers can appeal against the value shown in the valuation list which is produced by the Valuation Office Agency (VOA). If the appeal is granted the ratepayer can benefit from lower business rates from the effective date of the appeal.

Following a request from Members for an update regarding the latest position on non domestic rating appeals, an analysis of the number of appeals together with details of the funds set aside in the Council's accounts to make provision for successful appeals for the period 31 March 2014 to 31 July 2017 is set out below.

The Council uses a system called Analyse which is operated by Inform CPI and uses historical data trends, both locally and nationally to forecast possible reductions in rateable value arising from appeals held by the Valuation Officer. The forecast is for the reduction in gross terms as they do not know what exemptions or reliefs may be attributable to any given property. In Medway there is on average a 15% to 16% reduction in the gross rates after application of exemptions and reliefs and as such the Analyse provision is similarly adjusted. For the first two financial years, this reduced figure was used to make the appeals provision within the Council's accounts. At the end of 2015/16 the Analyse provision increased markedly, on the back of speculative appeals against the 2010 list and it was the Chief Finance Officer's opinion that this was unduly conservative. A lower provision (50% of the Analyse figure) was provided for. As at 31 July 2017, the Analyse provision has decreased to £12.880m compared to the figure in the Council's accounts of £12.092m essentially vindicating the position taken by Medway Council.

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Date	No of hereditaments in list	RV of hereditaments in list	No of appeals (inc multiples)	RV of Appeals (inc multiples)	No of individual properties subject to appeal	RV of individual properties subject to appeal	Individual Property RV per appeal	Analyse suggested provision*	Total Provison	Govt share	Medway share	Fire share
31 March 2014	6,226	222,886,685	361	106,573,050	329	69,745,850	211,993.5	9,236,349	£9,236,349	£4,618,174.50	£4,525,811.01	£92,363.49
31 March 2015	6,243	217,305,046	385	123,083,295	322	73,564,420	228,460.9	16,187,235	£16,187,235	£8,093,617.50	£7,931,745.15	£161,872.35
31 March 2016	6,206	218,299,812	958	191,773,730	665	78,831,820	118,544.1	24,309,248	£12,092,188	£6,046,094.00	£5,925,172.12	£120,921.88
31 March 2017	6,183	221,788,445	772	188,621,295	519	89,461,020	172,371.9	14,924,620	£12,092,188	£6,046,094.00	£5,925,172.12	£120,921.88
31 July 2017	6,210	221,453,095	682	195,617,305	429	75,499,875	175,990.4	12,879,977	£12,092,188	£6,046,094.00	£5,925,172.12	£120,921.88