



Business Rates: transparency and disclosure of information on business rates valuations

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The Country Land and Business Association (CLA) is the membership organisation for owners of rural land, property and businesses in England and Wales. The CLA's 27,000 members operate 250 different types of business located in the rural area, including farming, forestry, environmental management, housing and tourism, covering over 10 million acres across England and Wales. They have a long-term interest in the rural communities and environment in which they live. Their businesses are often at the foundation of the local economy by providing homes, jobs, employment space and services to local communities.

Most of our members have diversified businesses who will be liable for business rates. Often these are private companies, family partnerships, sole traders or individuals. For these, how their data is collected, stored and used will be particularly sensitive and confidentially must be assured but any mass collection of data is undertaken by the VOA.

Question 1. Did you know the Find Your Business Rates online tools mentioned at 2.13 and shown at figure 1 existed? Yes/No

No, our members, in the main, would be unaware of the amount of information that is already available on gov.uk on the detail of the rateable values their own properties, and that of others.

The CLA and many professionals would already access this information regularly which can prove very useful.

If yes, have you used the tools to:

- see how a/your rateable value is calculated(Yes)
- access valuation schemes details (Yes)
- compare properties (Yes)

Question 2. In what ways does the information on Find Your Business Rates help you understand if the rateable value is fairly assessed? What specifically is helpful or what specifically could be improved?

It does enable you to understand how the rateable value has been reached (i.e. £/m², or £/bedspace), but what is lacking is a greater understanding of why that rate has been applied. It is often only by looking at comparable evidence and at the Valuation Manuals that more information can be gleaned.

The problem that many rural businesses have is being able to identify comparable rural businesses. This is either because there are so many different factors affecting the value (e.g. remoteness v honey-pot, accessibility, closeness to market, building type etc) that finding direct comparables difficult. It is very difficult for this data to be helpful in certain circumstances (e.g. a small occasional wedding venue often compared with a commercial urban focused permanent venue). There needs to be better filtering of information and better coding of use so there is a clear distinction of the intensity/regularity of use

Question 3. Examples A and B in figure 2 show tables of similar or comparable properties, with the same adopted base rate. Would information like this help you understand if the rateable value is fairly assessed? What specifically is helpful or what specifically would improve the information?

It is not as helpful as it could be because there is insufficient detail in the table. What is lacking is why the valuation of £390 (Ex A) or £44 (Ex B) has been arrived at.

It also does not stand to reason that just because your rateable value (£/m²) is the same as someone else's, that the figure is correct. There can be huge variations in the market across the rural area depending on the location. Comparisons with urban businesses are often not helpful because of the lower footfall – the comparison tools do not identify or allow filtering of rural/urban locations

Chapter 3 Questions

Question 4: Figure 3 shows examples with more specific details on other properties, including adjusted annual rents, which have been used to determine the adopted value/ £ per m². Would information like this help you understand if the rateable value is fairly assessed? What specifically is helpful or what specifically could/would improve the information?

This information is helpful at setting the context, identifying the date of transactions, but again what is missing is why those final adopted base rates have been chosen. There is a lot more detail that could be given on the screen (or behind the figures) as to how these base rates have been built up. For the rural areas the analysed base rate could be quite variable, and the rateable area could be composed of many different uses (e.g. parking, storage, retail, employment space) which makes comparison more challenging.

Another issue is how much of this information would otherwise be in the public domain. There will be large international companies that might release detailed information on rental payments as part of their accounting procedures, however smaller private companies would not normally release this sort of information. Even where the occupier might be happy to disclose this information the private landlord may not wish this information to be public – there are any number of reasons, the landlord may be elderly,

young, vulnerable, the property could be held in a trust for the benefit of someone who suffers from poor physical or mental health.

Question 5: What are your views around the examples at figure 4 regarding properties valued under a national scheme?

This is helpful but there needs to be a link to the VOA Manual that covers these valuations. In addition the VOA manuals need to have more information as to how the values have been arrived at, and the indicative figures, or ranges that are going to be used.

Chapter 4 Questions

Question 6: When it comes to business rates valuations what specific information do you consider to be sensitive or commercially sensitive and why?

Name of the rate payer - who may not want details published perhaps because there are any number of reasons, the landlord may be elderly, young, vulnerable, the property could be held in a trust for the benefit of someone who suffers from poor physical or mental health.

Contact details, if different from the billing address – there might be a good reason for this (as above). There might also be security reasons

The amount of rent that a private company or private individual pays in rent. The amount of rent that a private individual or a private company receives in rent. Whilst public companies have to declare a lot of information an individual may not like the amount of rent they receive to be in the public domain. In normal circumstances this information would only be reported in the individual's tax return

Profit/Expenditure/turnover should remain confidential

Mortgage detail – it is not necessary for anyone to have the mortgage detail on a property, even when this is submitted under the Revenue and Expenses method. This may be private financial information and should not be disclosed, although it may be relevant to the performance of the business

Contract detail – it should not be necessary for any contracts held or given by a rate payer. Again this could be submitted under the Revenue and Expenses or the Contractors method. It will be commercially sensitive and should not be accessible by others

Question 7: Do you have any specific data sharing concerns as a result of understanding the disclosure and transparency proposal set out in more detail in this consultation?

Yes.

There is a real concern that when comparing the rateable value of different properties under the Revenue and Expenses and Contractors method, some comparison data will be used to ensure consistency.

The problem with this is that when a valuation is challenged, how can the VOA maintain its stance without divulging confidential information? This information should not be used for comparison data. This is referred to in para 3.15 of the consultation, but the confidential nature of this information should make it inadmissible evidence in all cases but the subject case

Question 8: What, if anything, specifically concerns you about the risk of onward data sharing – where data might be put into the wider public domain by others?

Privacy/Security. Many property owners are individuals or private companies. Where this is the case their business agreements will only be visible when they wish them to be so. Complying with the requirements of the rating system should not make this information visible more widely. Many may not wish their details published perhaps because there are any number of reasons, the landlord may be elderly, young, vulnerable, the property could be held in a trust for the benefit of someone who suffers from poor physical or mental health.

Commercial in confidence. The details of commercial agreements should remain confidential to those parties, otherwise the release of data could compromise future agreements and unfairly disadvantage the rate payer compared to their suppliers, customers or indeed their competitors. In other instances, the data may be financially sensitive.

Security. There may be times where the security of certain individuals is important and whatever system is introduced it should protect that.

Freedom of Information. The CLA remains concerned that so much data and correspondence held by public bodies can be obtained by Fol requests. The VOA and the Department must demonstrate that business information held in relation to rating is specifically excluded from the Fol requests

Question 9: Which of these is more important to you and why? (a) Having more information about the underlying evidence used to assess a/your rateable value(b) protecting data from disclosure (and wider disclosure)?

More information about the assessment of rateable value should certainly not be at the expense of disclosing personal data. This question demonstrates the real problem with the VOA holding so much personal data and having to justify its valuations when challenged especially when some of the comparative data is confidential.

Question 10: Do you have any views about how best to balance providing greater transparency with the concerns on disclosure?

Anonymising the data may be sufficient as long as it's not identifiable by another characteristic.

Amalgamating data from different businesses so that it is not possible to identify the individual businesses

Where neither of the above is possible, the data should not be used as a comparable nor shared more widely for any purpose

Question 11: Are there any other views not covered in previous answers that you'd like to share about the transparency/disclosure proposal?

The CLA is concerned by the sheer amount of data each business will be required to share with the VOA, which may include leases, contractual agreements and accounts.

It is difficult to see how the VOA is going to maintain confidentiality when it will use this data more widely to assess rateable value for consistency at least.

This consultation is the start of a process which will transform rating valuations not just to a 3 year cycle but more importantly to a system that will make business submit data on their businesses so that VOA can make a rating assessment. Previously the VOA would reach a rating assessment, and a rate payer would appeal, but now the ratepayer will be producing evidence upfront (at their own cost), on which the assessment will be based.

Until the VOA have regulations that set out how this additional information should be used and stored to ensure that only essential information for rating assessment is requested and then that it will be stored securely, the VOA should not do any mass requests for information.

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