



Consultation Response

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

Response by the Royal Institution of Chartered Surveyors (RICS).



# Introduction

The Royal Institution of Chartered Surveyors (RICS) are delighted to have the opportunity to respond to the Valuation Office Agency's (VOA) Consultation Paper on the Business Rates: transparency and disclosure of information on business rates valuations.

Established in 1868, RICS is the largest organisation of its kind for professionals in property, construction, land, and related environmental issues, setting and upholding professional standards for 125,000 qualified professionals and over 10,000 firms. RICS regulates both its individual qualified professionals and those firms that have registered for regulation by RICS.

Over 80,000 of our qualified professionals work in the UK, where our goal is to deliver a healthy and vibrant property and land sector as a key pillar of a thriving economy while addressing the need for the creation of green, safe communities.

Our members serve as representatives for property owners and occupiers, as well as for the Valuation Office Agency (VOA) and billing authorities. Due to their roles and responsibilities, civil servant members of RICS, including VOA employees, did not contribute to the policy recommendations presented in this response.

We are not a trade body; we do not represent any sectional interest, and under the terms of our Royal Charter the advice and leadership we offer is always in the public interest.

## Executive summary

Business rates help shape the landscape of commercial activity, impacting investment decisions, job creation, and economic growth. In previous responses to consultations on business rates, RICS has highlighted that many of our stakeholders have expressed concerns that business rates are too high, too complex, infrequently revalued, and disproportionate for certain sectors.

The disclosure of relevant non-commercially sensitive information on business rate valuations can lead to increased transparency, improved accuracy, better planning, reduced disputes, and more efficient processes.

We would urge the government to consider a more fundamental approach to reform, which we have outlined in our UK Commercial Real Estate Impact Report.<sup>1</sup> The report demonstrates

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<sup>1</sup> <https://www.rics.org/news-insights/market-surveys/rics-commercial-real-estate-impact-report>

the essential role that commercial real estate plays in the UK. We look forward to continuing discussions on this topic.

## Consultation response

**Question 1: Did you know the Find Your Business Rates online tools mentioned at 2.13 and shown in figure 1 existed?**

Yes, our stakeholders have used the tools to:

	Yes	No
See how a/your rateable value is calculated	X	
Access valuation schemes details	X	
Compare properties	X	

**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?**

Find Your Business Rates gives a good picture of relative levels of value for most classes of property. It is helpful for showing valuations for many property classes. There are three principal aspects of the system that could be improved:

- Firstly, information about how the absolute (as opposed to relative) levels of value have been arrived at.
- Secondly, there is little or no information available to show whether an existing valuation has been challenged, agreed, or determined.
- Thirdly, it can be difficult to piece together the history of successive valuations, particularly when there have been changes to the assessment.

Some classes of property receive very limited information regarding their valuation. Historic valuation information is also limited, yet previous valuations can sometimes be helpful in determining the accuracy of the current valuation. It is also important to point out that for the ratepayer, the information provided concerns rateable value only, and does not provide information regarding rates liability.

**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?**

The information provided in the examples is already in the public domain albeit not presently supplied in this tabulated form. The tables shown are limited to comparing the valuations of different properties and does not show how the basic levels of value were determined. This information helps to determine if the rateable value is fairly assessed, but it is missing from the examples. Additionally, the format of the valuations in Examples A and B does not clarify how the adopted base rate is derived or if any adjustments have been made to that figure. Some stakeholders have reference that this lack of transparency makes it challenging to impossible, to understand how the rateable value was calculated.

**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?**

The information shown in examples C and D is more helpful as it identifies the key rented properties the VOA has had regard to in valuing another property and it shows the adjusted rental value arrived at by the VOA. To be of extra benefit to ratepayers in deciding whether a rateable value is fairly assessed the provision of additional lease data could be considered or, if deemed confidential referenced as such.

Some of our stakeholders have flagged that the additional information required to understand the evidence includes:

- Headline rent payable
- Transaction type – new lease, lease renewal, rent review, assignment, licence, CVA
- Term of the lease and rent review frequency if applicable
- Start date of the lease and review date if appropriate
- Repairing and insuring obligations – FRI, IRI etc
- Other items included within the rent – utilities, business rates, services, other property
- Landlord and tenant relationship – arms length, connected parties

Furthermore, they gone on to say that there will be extra information that may be more sensitive, but which is nevertheless required to analyse the evidence for rating purposes.

These include:

- The length of rent free periods
- Rent review provisions if not open market value (eg geared to an index)
- Turnover rent provisions
- Reverse premiums and capital contributions

Some landlords and/or tenants would prefer sensitive information to remain confidential, and the details of these items should not be disclosed prior to Check, Challenge, Appeal. If any of these items existed within the key rental evidence relied upon by the VOA then it could be considered for the VOA to state that the analysis and adjusted rent reflects these measures.

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

The examples E, F, and G submit that they demonstrate how evidence is used to calculate rateable values. These examples show the calculation of specific rateable values, rather than how evidence was utilised to determine them. Therefore, they provide limited assistance in determining whether a rateable value has been fairly assessed. While they may reveal how one rateable value was established in relation to another, additional insight into how evidence was utilised in the assessment process is limited.

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

Turnover information is clearly the most sensitive element used in business rates valuations. However, there may also be circumstances in which information relating to individual rents (and particularly personal terms attached to those rents) is subject to a significant degree of confidentiality. Generally, the experience of some of our stakeholders suggests that the importance of confidentiality declines with the passage of time; historic information is less likely to be commercially sensitive than current information and in the context of business rates with an AVD two years prior to each revaluation, we believe that confidentiality concerns are minimised.

**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?**

Some stakeholders have expressed concerns about striking the appropriate balance between transparency and disclosure of relevant commercially sensitive information. As highlighted it will be crucial to establish clear guidelines to determine which information can be disclosed, and who it is disclosed to, ensuring that organisations have the confidence to act appropriately.

The proposal could also go further in the way we have described in the answer to question 4. Registration of leases in England (and the register of leases system in Scotland) demonstrates steps already taken to making such information publicly available elsewhere.

**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?**

Because of the comments above regarding the effects of the passage of time, we have no significant concerns regarding the risk of onward data sharing under the proposals set out in the consultation. However, we also suggest guidelines about the use of information.

**Question 9: Which of these is more important to you and why?**

1. Having more information about the underlying evidence used to assess a/your rateable value
2. Protecting data from disclosure (and wider disclosure)?

Generally speaking, we consider it more important to provide information about the underlying evidence. This is for several reasons:

1. Largely, the more historical information is, the more it leans towards being less commercially sensitive.
2. It is important that taxpayers are able to understand how their tax assessments have been calculated. When there is a legitimate reason, there should consideration given as to how they could access the evidence prior to a Check, Challenge, Appeal process.

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

Where there are genuine concerns around commercial confidentiality, a balanced approach should always be sought between transparency and disclosures.

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

Proposals set out in the consultation represent a step forwards. However, this should not stop us pushing for the best arrangements possible for the taxpayers and the wider public interest, particularly given the nature of the new data provision duties set to be imposed.