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### **Petitions: Business Rates in Narberth / Ceredigion Business Rates**

Thank you for your letter of 5 April 2011 regarding the two related petitions being considered by the Committee, calling for the Welsh Government to undertake an impact assessment into how businesses in Narberth and Ceredigion have been affected by changes in rateable values.

You asked whether the Valuation Office Agency (VOA) may have carried out some form of impact assessment before the 2010 revaluation exercise and, if so, whether the findings could be shared with you. The VOA did not, and would not be required to, carry out such an assessment for a number of reasons and I hope the explanations below help to clarify why.

VOA carries out property valuations independent of the tax administration and policy arms of government; delivering the local taxation policy set by WAG for Wales and Department for Communities and Local Government (DCLG) for England, covering business rates and council tax assessments and providing a robust basis for billing and collection by Local (Billing) Authorities. The independent nature of the Agency – distinct from the Billing Authorities and WAG/ DCLG – ensures a clear separation between VOA which determines valuations, the bodies that taxpayers may appeal to on these valuations (Valuation Tribunals and High Court), those that are responsible for the billing, collection and enforcement of the actual taxes or benefits, and the policy makers.

VOA assesses rateable values in accordance with legislation. Broadly speaking, a rateable value reflects the annual rent at a date set in legislation, and we collect local rental evidence to enable us to carry out these valuations. The rateable values are then used as the basis for calculating business rates liability, with matters relating to liability, including administering Small Business Rate or other relief schemes, and collection being carried out by Local (Billing) Authorities.

Rating revaluation of all non-domestic properties in Wales and England is carried out every five years, the dates for which are set in statute. The current Rating Lists came into effect on 1 April 2010 with a set valuation date of 1 April 2008, previously – for 2005 – that valuation date had been 1 April 2003, so rateable values at a revaluation will reflect changes in the property market over that period.

Although mindful of the effects a revaluation may have on ratepayers, the VOA does not carry out impact assessments in relation to rating revaluations, as there is no basis for us to do so and such an impact assessment could have no bearing on the level of rateable values, which cannot be influenced by factors not directly affecting rental values. The statutory role is to accurately compile and maintain Rating Lists.

It may also be helpful to know that, in late 2009, in preparation for the revaluation coming into effect, for the areas referred to in the Petition and others that saw increases in rateable value between the two Rating Lists (that is the previous 2005 and the current 2010 List) VOA had an active programme of meetings and informal discussions with ratepayers and local trade associations, such as Chambers of Commerce and Trade. We did this to explain the basis for revaluation and in that process gathered further rental information to help confirm or review the initial conclusions that had been reached on rateable values.

In Narberth, it has not been possible to reach agreement with all ratepayers of shops in the central area and those appeals that are unresolved have resulted in ongoing dialogue. Some of these appeals are due to be heard by the independent Valuation Tribunal for Wales during May 2011.

In the County of Ceredigion similar informal meetings have been held with chamber of trade members in the main towns such as Aberystwyth and our staff have also attended a meeting of the Economic Development Committee, a public forum, in order to explain the 2010 Revaluation and offer the opportunity to members locally to speak to VOA staff. Discussions in Cardigan with a chartered surveyor who is representing a significant number of the shop owners in the town have been offered by VOA senior rating colleagues but have not yet taken place, but we are very willing to engage further here.

Finally in those cases where there is evidence of hardship VOA will endeavour, working with the Valuation Tribunal (Wales), to fast track the consideration of those appeals.

I trust this brief explanation is of assistance to you.

**Penny Ciniewicz**

PRIF WEITHREDWR / CHIEF EXECUTIVE