



Llywodraeth Cymru  
Welsh Government

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Welsh Government  
Consultation – Summary of Responses

## Non-Domestic Rates

A technical consultation on the draft Valuation for Rating (Wales)  
(Coronavirus) Regulations 2021

October 2021

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.  
This document is also available in Welsh.

## **Overview**

This document provides a summary of the responses to the technical consultation on the draft Valuation for Rating (Wales) (Coronavirus) Regulations 2021.

## **Action Required**

This document is for information only.

## **Further information and related documents**

Large print, Braille and alternative language versions of this document are available on request.

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## **Additional copies**

This summary of response and copies of all the consultation documentation are published in electronic form only and can be accessed on the Welsh Government's website.

Link to the consultation documentation: [Draft Valuation for Rating \(Wales\) \(Coronavirus\) Regulations 2021](#)

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## Introduction

1. This document provides a summary of the responses to the technical consultation on the draft *Valuation for Rating (Wales) (Coronavirus) Regulations 2021* (the Regulations).
2. Non-domestic rates are levied on most non-domestic properties in Wales. Liability is calculated by multiplying the rateable value, independently determined by the Valuation Office Agency (VOA), by the annual multiplier which is set on an annual basis by the Welsh Government.
3. Where a ratepayer considers their rateable value to be too high, they are able to challenge their rateable value with the VOA. The appeals process is intended to provide a check on the robustness of the VOA's valuation methodology, ensuring that property characteristics throughout the tax-base are valued on a consistent basis. As part of the process, the VOA assesses the evidence provided and makes a determination as to whether an adjustment to the rateable value should occur. If a ratepayer remains unhappy following the determination, they may take their appeal to the Valuation Tribunal for Wales (VTW) where the case will be reviewed.
4. One of the grounds for appeal is that a property has been affected by a Material Change of Circumstances (MCC). Historically MCC appeals have been linked to one-off events, such as damage from flooding, rather than changes in market conditions.
5. During the Covid-19 pandemic, there has been a substantial rise in the number of appeals, with many citing Covid-19 trading conditions and restrictions as an MCC. These appeals have come at a time when an unprecedented level of financial support has been provided to businesses, through rates relief schemes, targeted grants and other mechanisms. The Welsh Government has aimed to provide support to businesses most affected at the various stages of the pandemic.

## Rates appeals relating to Covid-19

6. The large number of appeals prompted by the pandemic presents a significant risk to the Welsh Government's Budget and, in turn, the funding available for local services, as well as placing operational pressures on the VOA and VTW.
7. In England, the UK Government has legislated to address these risks. In March, the UK Government introduced [regulations](#), similar to those which this summary covers, to prevent further appeals being made on the basis of Covid-19 related issues. In parallel, the UK Government is pursuing measures through the [Rating \(Coronavirus\) and Directors Disqualification \(Dissolved Companies\) Bill](#) (the Bill) which is progressing through Parliament. The Bill, if passed, will have the effect of discounting MCC appeals related to Covid-19 which have been lodged since the start of the pandemic.

8. The draft Regulations which were the subject of our consultation are similar to the regulations already in place in England. The Welsh Government has also sought provisions for Wales to be included in the UK Bill. The alignment of Welsh Government and UK Government policy on this matter provides clarity and consistency for ratepayers, and for the VOA and VTW in carrying out their roles. It is intended that the draft regulations, if made, would be revoked immediately before the provisions in the Bill commence.
9. On 7 July, the Welsh Government issued a [Written Statement](#) setting out its position concerning the increase in appeals citing Covid-19.
10. The Welsh Government is of the view that these appeals reflect changes in economic market conditions, rather than being a consequence of a specific event. On this basis, the policy position is that MCC appeals citing Covid-19 related matters should be discounted, as factors affecting wider market conditions are taken into account in the periodic statutory revaluations and a range of business support has been provided in response to the pandemic. The next revaluation takes effect on 1 April 2023 and will be based on property values as at 1 April 2021.
11. The consultation sought views on draft Regulations that would prevent further MCC appeals being lodged citing issues related to Covid-19. The consultation was technical in nature and asked for views on aspects of the legislation.

## Proposals

12. The Welsh Government proposes that the draft *Valuation for Rating (Wales) (Coronavirus) Regulations 2021* be used to address potential future increases in MCC appeals lodged citing Covid-19 related issues. The Bill, which includes provisions applying to Wales, would apply to appeals lodged since the beginning of the pandemic and to future appeals. Therefore the Regulations will no longer be needed if the Bill receives Royal Assent.

## Engagement

13. The consultation began on 16 August 2021 and ended on 27 September 2021. It was published on the consultation pages of the Welsh Government's website. The consultation was also emailed to stakeholders with an interest in the matters raised. Respondents were able to submit their views and comments on paper, by email or online, and in Welsh or English.
14. A list of respondents to the consultation is provided at Annex A.

## Overview of Responses

15. In total, the consultation received six responses. Responses were received from a mix of representative bodies, local government and individuals.

## Summary of Responses

16. This document provides a summary of the responses received. It does not aim to capture every point raised by respondents but outlines the key themes.

### **Q1. Do you consider there to be any issues with commencing the regulations from the date on which they are laid?**

17. Five of the six responses did not raise any issues with commencing the regulations from the date on which they are laid. Of the five responses, one highlighted the need for clear communication with ratepayers of any changes prior to introduction. One respondent commented on the underlying policy.

### **Q2. Do the responses and measures listed under regulation 2(1) of the draft regulations suitably define the Covid-19 related responses and measures which may affect the rateable value of a property?**

18. Five of the six responses viewed the measures listed to suitably define Covid-19 related responses and measures. One respondent did not provide a view.

### **Q3. Does the wording in regulation 2(2) of the draft regulations provide the necessary clarity to prevent Covid-19 related appeals being made going forward?**

19. Similarly, five of the six responses felt the wording within regulation 2(2) provided necessary clarity. One respondent did not provide a view.

### **Q4. Is any further clarity needed in the definitions set out in regulation 2(3) of the draft regulations?**

20. All respondents said no further clarity was needed within regulation 2(3).

### **Q5. Do you have any other comments about the draft regulations?**

21. Four respondents provided further detail in response to this question. Of these, one commented on the policy position, while another referred to points raised later in this document under [Wider Comments](#).

22. Two respondents provided no comments.

### **Q6. The Welsh Government would like your views on the effects these draft regulations would have on the Welsh language, specifically on:** **i. opportunities for people to use Welsh; and** **ii. on treating the Welsh language no less favourably than English.** **What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?**

23. One respondent commented on the impact on English-only speakers in Wales. No concerns were raised by other respondents.

- Q7. Please also explain how you believe the draft regulations could be formulated or changed so as to have:**
- i. positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language; and**
  - ii. no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.**

24. As with question 6, one respondent commented on the impact on English-only speakers whilst the other respondents raised no concerns.

**Q8. We have asked a number of specific questions. If you have any related points which we have not specifically addressed, please use this space to record them.**

25. Two respondents repeated points raised under [Question 5](#). No comments were made by the other respondents.

### **Wider Comments**

26. Wider comments generally agreed with the rationale that Covid-19 measures could be viewed as changes in market conditions and highlighted the importance of these factors being considered as part of the next non-domestic rates revaluation. Respondents noted that certain factors not attributable to Covid-19 could still lead to appeals and careful consideration would be needed as to how these were handled by the VOA.

27. One respondent commented on the policy position and the treatment of appeals citing Covid-19 related matters. The comments referred to the possible impact of Covid-19 measures on the use of properties where non-domestic ratepayers had lodged appeals and on the locality of the properties subject to such an appeal. The comments also questioned the basis for removing a right to appeal.

28. The Welsh Government recognises the differing views of stakeholders and remains of the view that Covid-19 measures are market wide conditions and should not be treated as MCC. The position takes account of the interpretation of existing case law, the potential impact on public funds, the benefits of alignment with other administrations, the clarity and consistency for ratepayers, and the administrative impacts on the VOA and VTW.

### **Next Steps**

29. The Welsh Government plans to make Regulations, based on the legislation as drafted. Interested parties will be notified once the Regulations have been made and laid.

## **Annex A: List of Respondents**

Responses were received from the following.

Federation of Small Business Wales

GL Hearn Limited

Institute of Revenues, Rating and Valuation

North and Mid Wales Association of Local Councils

Two respondents wished to remain anonymous.