

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

NON-DOMESTIC RATING (LISTS) BILL

Second Sitting

Tuesday 25 June 2019

(Afternoon)

CONTENTS

CLAUSES 1 TO 4 agreed to.
Bill to be reported, without amendment.

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Saturday 29 June 2019

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The Committee consisted of the following Members:

Chairs: GERAINT DAVIES, † JAMES GRAY

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| † Elmore, Chris (<i>Ogmore</i>) (Lab) | † O'Brien, Neil (<i>Harborough</i>) (Con) |
| † Fovargue, Yvonne (<i>Makerfield</i>) (Lab) | Onn, Melanie (<i>Great Grimsby</i>) (Lab) |
| † Graham, Luke (<i>Ochil and South Perthshire</i>) (Con) | † Pursglove, Tom (<i>Corby</i>) (Con) |
| † Hall, Luke (<i>Thornbury and Yate</i>) (Con) | † Quin, Jeremy (<i>Lord Commissioner of Her Majesty's Treasury</i>) |
| † Hollinrake, Kevin (<i>Thirsk and Malton</i>) (Con) | † Smeeth, Ruth (<i>Stoke-on-Trent North</i>) (Lab) |
| Jones, Graham P. (<i>Hyndburn</i>) (Lab) | † Sunak, Rishi (<i>Parliamentary Under-Secretary of State for Housing, Communities and Local Government</i>) |
| † Jones, Ruth (<i>Newport West</i>) (Lab) | |
| † Lewer, Andrew (<i>Northampton South</i>) (Con) | Gail Bartlett, Jo Dodd, <i>Committee Clerks</i> |
| † Lopez, Julia (<i>Hornchurch and Upminster</i>) (Con) | |
| † McMahon, Jim (<i>Oldham West and Royton</i>) (Lab/Co-op) | † attended the Committee |
| † Morgan, Stephen (<i>Portsmouth South</i>) (Lab) | |

Public Bill Committee

Tuesday 25 June 2019

(Afternoon)

[JAMES GRAY *in the Chair*]

Non-Domestic Rating (Lists) Bill

2 pm

The Chair: Welcome to line-by-line consideration of the Bill, on which we held an evidence session this morning. As in the main Chamber, the usual rules of debate and behaviour apply, as I am sure you all know very well. No amendments have been tabled, so we will consider merely whether each of the four clauses should stand part of the Bill. However, I intend to take all four clauses together for debate, so we will have only one debate.

Clause 1

COMPILATION OF RATING LISTS

Question proposed, That the clause stand part of the Bill.

The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Rishi Sunak): It is a pleasure to serve under your chairmanship, Mr Gray. I hope not to detain the Committee for more than a few minutes.

I hope that by now the Committee is familiar with the three specific improvements the Bill will make to the business rates system: first, it will move the next revaluation in England and Wales to 1 April 2021; secondly, it will move the cycle for revaluations in England thereafter from every five years to every three years; and, thirdly, it will move the latest date by which draft rateable values must be prepared in England and Wales to the 31 December preceding the revaluation. I am glad to say that those substantive changes can all be found in clause 1.

To understand clause 1, we need first to consider the main primary legislation for business rates: the Local Government Finance Act 1988. Part III of the Act concerns business rates; it currently requires revaluations in England and Wales to take place every five years from 1 April 2017. Clause 1 is concerned entirely with amendments to that Act, and specifically to section 41(2A), which provides for revaluations of local rating lists in England

“on 1 April 2017 and on 1 April in every fifth year afterwards”; to section 52(2A), which does the same for central rating lists in England; and to sections 54A(4)(b) and 54A(5)(b), which provide for revaluations of local and central rating lists in Wales on a date specified by the Welsh Government by order—1 April 2017—and

“on 1 April in every fifth year afterwards.”

That shows in black and white the delivery of our commitment to make the rating system more responsive to changes in the property market and fairer for ratepayers, and to ensure that businesses see those benefits as soon as possible.

Sections 41(5) and 52(5) of the 1988 Act set out the deadline by which draft rateable values must be provided before the revaluation. That is currently set at no later than 30 September. Clauses 1(3) and 1(6) of the Bill move the deadline to no later than 31 December. It is important to remember that that is only a deadline—it is the latest date by which draft rateable values must be prepared. The Welsh Government agree that the deadline for the draft list should be changed to 31 December. Sections 41(5) and 52(5) of the 1988 Act apply to both England and Wales, so the amendments made by clauses 1(3) and 1(6) will automatically change that date in both countries.

Clause 2 will make purely consequential amendments to primary and secondary legislation. The sections of the 1988 Act that concern the transitional arrangements made at the time of each revaluation, and the regulations made under those powers in England, reflect the existing five-year cycle of rating lists. Clause 2 will therefore amend those references to bring them in line with the new cycle of rating lists in England and Wales. It will make no other changes to the powers in those sections.

Clauses 3 and 4 are, I hope, self-explanatory. As is normal practice, the Bill will come into force two months after it is passed. It will give the valuation office the legal basis it needs to complete the valuation exercise for a revaluation in 2021. Since it has already started work on those valuations under the existing legislation and will continue that work over the coming months, there is no need to shorten the normal two-month commencement period.

Jim McMahon (Oldham West and Royton) (Lab/Co-op): This morning, though brief and focused, we heard from representatives of the Association of Convenience Stores, the Federation of Small Businesses, the British Retail Consortium, the Confederation of British Industry, the Local Government Association, and the Chartered Institute of Public Finance and Accountancy. We place on record our thanks for the time they took to give evidence to the Committee.

The scope of the Bill is narrow, and that was reflected in the discussion we had. However, some themes came out during that session that are worth repeating. Clause 1 brings forward the new ratings list by a year, to 2021—a move that we welcome and that was welcomed by all those who gave evidence earlier today. There were calls for annual reviews, but given the concerns about capacity in the Valuation Office Agency, evolution might be more advisable, which is why we support bringing the new list forward by one year.

One element that was queried by the Local Government Association was the change from six to three months' notice to billing authorities of the new list, pushing the deadline from “not later than September” to December. That change will hit many local authorities, as they will be presenting—or, in many cases, would intend to have already presented—their budget proposals to council. That is important because, as employers, councils have to meet their statutory obligations to their employees for any changes that might follow, whether for redundancies or any structural changes within the organisation. It is important that councils can meet the January deadline for that, so the notice period is important. I therefore ask that the Minister meets representatives of the LGA

as a matter of urgency to address their concerns and decide whether something can be done to minimise the impact of that change.

Clause 2 addresses transitional relief and brings it in line with the new list proposals. There was a broader discussion, which I do not intend to pad out here, about business rates and their impact on the retail sector, the viability of businesses and the future of high streets and town centres. We share the concerns about those issues and would welcome further discussions to create a business rates system that is not only fairer but helps British businesses and industry to thrive in future, rather than—as business rates do at the moment—simply acting as a tax to occupy or exist. There are growing calls for change, and I hope they are heard and acted on by the Government beyond the scope of this Bill.

Rishi Sunak: I thank the hon. Gentleman for his typically thoughtful comments and join him in thanking all the witnesses we were lucky to hear from this morning.

During this morning's session, I was pleased that there was widespread support for the principle of the Bill, namely shortening the revaluation cycle to make business rates more responsive to economic conditions. It felt like all participants agreed that three years was the right place to end up, striking an appropriate balance between responsiveness on the one hand and providing some certainty and stability for ratepayers on the other.

I am pleased to tell the hon. Gentleman that my team is already in discussions with the LGA and will continue to be so. It is also in discussions with CIPFA, which

participates in a technical working group on business rates and business rate reform to ensure that the process for local authorities submitting their NNDR1 forms by the end of January is not unduly impacted by the change. As in the past, we have been able to work constructively with local government and CIPFA to ensure all the processes that need to happen for revaluation work for the sector, ratepayers and everyone else involved.

To the hon. Gentleman's last point, and without wanting to stretch the scope of the Bill, I understand what he says. I am glad he recognises the contribution of business to our economy and society—not least providing employment and the funds we need for our public services. We will always be keen to do what we can to support business. With regard to business rates, £13 billion of various reforms have already been enacted by the Government—most recently the retail relief scheme, which provides a third discount to retail high street stores on their business rates bill and has been warmly welcomed. The Government will continue to watch that issue closely.

Question put and agreed to.

Clause 1 accordingly ordered to stand part of the Bill.

Clauses 2 to 4 ordered to stand part of the Bill.

Bill to be reported, without amendment.

2.9 pm

Committee rose.

Written evidence reported to the House

NDR 01 Jerry Schurder, Head of Business Rates, Gerald
Eve LLP

NDR 02 Rating Surveyors' Association

NDR 03 Greater London Authority and London Councils

